

ICANN

**Moderator: Brenda Brewer
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3:00 pm CT**

Chuck Gomes: Thank you very much. This is the Design Team O meeting on the 13th of April 2016. Welcome to everybody on the call. Let me ask, first of all, if there's anybody who is on the call who is not in Adobe Connect. Not hearing anyone. We will do our roll call from Adobe Connect then. And we'll jump right into the agenda.

The - Items 3 and 4 on the agenda are really things that need to be done today just because they relate to the bylaws. And I think the deadline is today for CWG to get any input into the bylaws - the draft bylaws that are being worked extensively right now. So the - let's go ahead and - well before I do that are there any other things on the agenda that I didn't include in the agenda that we need to add? Of course we can add things when we get to any other business, but if anybody has any suggestions to the agenda please speak up now.

And I'll say that on Agenda Items 3 and 4, because they relate to budget, we'll probably have to come back to them, not to repeat everything, but to come back to them once Xavier joins us. The reason I didn't delay them until he gets on the call is I want to make sure we have plenty of time to cover them

without hopefully being put into a situation where you have to go longer than 90 minutes. So any changes to the agenda?

Okay then if - let's go ahead and look at a portion of the draft bylaws that is now on the screen. Hopefully everybody had a chance to look at those but I know I didn't give you very much notice so I certainly will understand if you haven't. I didn't finish my complete review of the draft bylaws until yesterday so that's why you didn't get much notice here.

And as you can see right at the beginning of this that at least 45 days prior to the commencement of each fiscal year ICANN shall prepare and submit to the board a proposed annual budget. Okay this is something I was unaware of and certainly our design team was unaware of way back when we made some of the recommendations we did.

And so we need to talk about the implications of this. So for those that aren't aware, and I think probably everybody on this call is, usually the final budget doesn't get proposed until June for the board to act on, okay. And the process has been improved greatly in the last year - two years actually. And so - but still the final budget - 45 days prior to the next fiscal year means, you know, mid-May so May 15, May 16 probably would be the latest that it would be done.

When we made our recommendations in Design Team O that the IANA budget should be approved earlier and, you know, we weren't aware of this possibility that the ICANN budget would actually be finalized, not necessarily approved but proposed for board approval 45 days in advance, so this - we need to take this into consideration assuming that it will be approved with regard to how we want to propose the DT-O budget process and in particular whether anything needs to be in the bylaws in that regard.

You can see the sub bullet points I inserted there, hopefully I recorded those accurately. Please correct me if I didn't. But the second sub bullet point there - well the first two I've really covered, I think, in my - the comments I just made. I still kind of lean towards having the - well let me say, I do support - like the idea of the 45 days requirement for the ICANN budget. So anything I'm saying here doesn't go against that.

The - but I still kind of like the idea of the IANA budget being put - being finalized before the ICANN budget. I think there's some advantages to that. But it's not what I think, it's what we as a design team want to recommend to the full CWG and ultimately up to the CWG, although there probably won't be time, at least today, certainly there won't be time to get the full CWG's opinion on all of this.

So - and I list some advantages that I think exist by - if the IANA budget is approved prior to the ICANN budget. And I give my own personal recommendation. But I'm perfectly willing to go to defer to what the full design team thinks is best. So let me stop there and turn it over to Paul.

Paul Kane: Excuse me. Thank you very much, Chuck. I'm happy with 45 days before. I'm happy for PTI to have its own separate budget. But I'm just looking at Section 22.4(b) and there seems to be some ambiguity. And I think it would be sensible within the bylaws to make sure there is no ambiguity, namely that PTI is the party responsible for administering the IANA service. And if they subsequently decide to acquire services from ICANN, they should be listed in PTI's budget, not listed in ICANN's budget.

And so I'm struggling with the budget - the IANA - sorry, ICANN's IANA department. There should not be an ICANN IANA department. IANA is

administered by PTI but if PTI needs to have some shared resources, which are purchased from ICANN, that should be a line item in the budget of PTI and should not be a line item in ICANN's budget. So I'd like some clarification as to why there is this ambiguity and why PTI, as an independent separate body within and affiliated to ICANN, is not having its own budget responsible for everything relating to the IANA function. Thank you.

Chuck Gomes: Thanks, Paul. This is Chuck again. And this would be a great time to have Xavier respond but I think it is accurate to say that PTI will have its separate budget. Now the next section in the bylaws, after the one we're looking at, is a section on - well excuse me, the - there are two sections in the bylaws. The first one with regard to budget, in the part of the bylaws we're looking at.

The first one deals with the ICANN budget, okay? And it has the same requirement of at least 45 days for presenting the final budget for board approval. Now board approval doesn't have to approve it 45 days in advance but it's the same for both. It's identical with regard to the 45 days before the start of the next fiscal year for both IANA and for ICANN. And they are separate budgets. I don't think there's any question about that. So that part of your question I think is resolved.

We don't know yet, as you know from the call that you and I were both on just before this, how PTI is going to be implemented within ICANN or totally separate from ICANN. We know it'll be an affiliate but how that will be structured we don't know. So that part of your question I don't think any of us can answer.

So now does anybody else - Alan, are you going to respond to Paul's questions? Because if you are I'll let you jump right in.

Alan Greenberg: I'm going to try.

Chuck Gomes: Go for it.

Alan Greenberg: If I understood the question correctly it's why are things appearing on ICANN's budget when they're a PTI function. And my answer is if they are services that are provided by ICANN, whether it's the full time assignment of a person or whether it's a fractional part of services provided by the IT infrastructure, they show up in both people's budgets. They show up on PTI's budget as an expense to pay in - because of a contract or whatever with ICANN, and they show up in ICANN's budget because they have the actual people and therefore they show up there. So they're going to show up both places.

On the ICANN side of course if it's contracted they'll show up both as an expense and as a revenue item so they actually show up in three different places. Thank you. I think that explains it but maybe I misunderstood the question.

Chuck Gomes: No, no I think you're on target there, Alan. This is Chuck again. And before I go to Paul, because I do want to hear from Paul, I would say it just slightly different than you did, because we don't know yet whether they - whether the PTI employees will be direct ICANN employees or not at this point.

Alan Greenberg: Yeah, no...

Chuck Gomes: It doesn't matter because PTI is an affiliate of ICANN so it does seem appropriate to me, that in ICANN's budget the expenses for PTI would be included because it is an affiliate but that's the only way - I look at it a bit differently. Whether the PTI employees...

Paul Kane: So...

Chuck Gomes: ...are direct employees of ICANN or not, PTI expenses need to be in ICANN's budget so there would be that level of duplications.

((Crosstalk))

Alan Greenberg: Yeah, Chuck...

Chuck Gomes: Go ahead, Alan.

Alan Greenberg: Chuck, yeah, to be clear I said if they are contracted then they will show up in multiple places. In the scenario that you're talking about now, regardless of where the employees - the employees show up and who are paid for and how they're contracted for, there is going to be a major ICANN - major ICANN expense of paying for PTI. And, you know, \$9 million a year or whatever it is.

Chuck Gomes: Yes.

Alan Greenberg: That will not be broken down by employee though.

Chuck Gomes: Right, okay that's fine. So I think we're saying the same thing. Go ahead, Paul.

Paul Kane: In fact I think we are saying the same thing in slightly different ways. I agree with Alan, there will be possibly multiple line entries. What we're actually addressing in 22.4(b) is effectively PTI. And the thing I feel uncomfortable with in this wording is that ICANN - it specifies ICANN's IANA department.

Post transition, if the CWG proposals are implemented, there should not be ICANN - there should not be an ICANN IANA department it should be PTI.

With respect to staff on secondment, what normally happens on secondment, particularly, let's take the ICANN environment, but in companies where, I mean, even in my organization where we have affiliate companies, you send over a lump of cash which the affiliate is responsible for. And if the board of the affiliate decide to purchase services from the parent then there is effectively a reverse payment back to the parent.

So the thing I think we need square brackets, basically, around the whole of the ICANN IANA department. And then it makes very clear, to those reading the bylaws, I mean, square brackets, the intent being to delete them, because Xavier is not on the call. But the intent is very clear then, that PTI will be responsible for its budget and can purchase services from whomever it wishes. And if it happens to be ICANN that's great and there'll be a line item going back to ICANN, as Alan quite rightly says, in terms of the income line but not in terms of the expenditure line.

And I'm not sure if ICANN's budget detail specifically each line item and where the cash from in the incoming part. Normally it's just revenue received and it's a total sum rather than being broken down on a line item basis particularly on the incoming. Expenditure is normally very detailed but income isn't as detailed. But the thing I feel uncomfortable with is ICANN's IANA department. There isn't one. It's PTI. Thank you.

Chuck Gomes: Thanks, Paul. This is Chuck again. And I'm not sure why that's there, ICANN's IANA department. So I think you raise a good point. So I definitely support putting that in brackets at a minimum. I'm not - I don't know why it's

needed but maybe somebody can explain that. Grace, do you want to comment on that?

Grace Abuhamad: Yeah, I have to - I'm going to pull up the proposal now and double check but this language to me is almost just from looking at it is a - looks like a pure copy paste of what we had in the proposal. And I think why we included it in the proposal with this language was because of the time we were not exactly sure how the budget was going to be constructed and so we put in different - we wanted to cover the bases...

Chuck Gomes: Yeah.

Grace Abuhamad: ...and so we put in different options. I think what they probably did in the bylaw drafting is copy the text to try to stay as true as they could to the proposal. But maybe if we explained the intent you could explain the sort of the situation now.

Chuck Gomes: Yeah, this is Chuck. I think you're right, Grace. And of course so in other words it's our fault that the language is there - CWG I mean - and that's okay because we really didn't know it's going to all come together. We still don't in total. So this language I think can be fixed to deal with Paul's concern. Alan, go ahead.

Alan Greenberg: Yeah, I'll just muddy the water very slightly. Remember two of the three parts of IANA's responsibility will be flowing through ICANN, that is for the numbers and parameters. It is conceivable that at some time in the future they could actually - part of it could be performed by ICANN. I don't think so but it's conceivable.

There may be flow-through costs that are associated with it. Ultimately there may be charged associated with it that would have to be attributable to the IANA department within ICANN. So just from a bookkeeping point of view there may well be a need for an IANA department. Other than that I have no clue why it's there, it's probably history. Thank you.

Chuck Gomes: Thanks, Alan. Chuck again. And we've agreed in the last few weeks, that PTI would be performing the IANA services for all three operational communities. So any need for an IANA department seems like a stretch but maybe you're right, maybe there's this department with nobody in it and just for budgeting purposes, I don't know.

So anyway so can we agree then, as far as Section 22.4(b) that the language their - ICANN's IANA department and maybe we even go all the way - all costs for PTI, bracket all of that. ICANN's IANA department, comma, all costs for PTI, bracket that, and say that that language needs to be fixed. I don't know that we need to fix it. I think the attorneys and the bylaws drafters can fix it. But that needs fixing there. So is there any disagreement with that statement?

Okay, and I better look at the chat. Okay so okay so that we'll need to communicate to the bylaws drafters after our meeting today. But we're still back to the issue at hand. Are we okay with both the ICANN budget and the IANA budget, I'll call it the IANA budget or the PTI budget, whatever we want to call it, there are two different sections in the bylaws, one following the other, that - are we okay with both of them being finalized for board approval at the same time, 45 days prior to the commencement of the next fiscal year, in other words about May 15, May 16. Is that okay?

Or do we think that the IANA budget, as it's called in the bylaws now, IANA services budget, should that be finalized prior to when the ICANN budget is finalized? So now let me go to the queue. Alan, go ahead.

Alan Greenberg: That was an old hand but I was going to put up my hand so I'll speak very quickly. I'm not really upset about this a lot. I understand we really want a preliminary IANA budget early so the community can comment on it early. The finalization, I really don't have a strong feeling about. Thank you.

Chuck Gomes: Thanks, Alan. Paul, you're up.

Paul Kane: I don't have a strong feeling. I thought - and I have to say I cannot remember so I'm guided by my esteemed colleagues who have much better memories than I. But I thought the CWG proposal did require, did specify, did indicate a preference for the PTI budget being submitted months, plural, before the ICANN budget. And if you think - and I'm happy with the 45 days, personally, but I'm just trying to make sure that we accurately reflect what was in the CWG proposal.

But if you think of it logically if the PTI budget is up for review, people aren't happy with it, there needs to be time to have the PTI budget ratified so that when ICANN prepare their budget they know precisely the quantum that is required for PTI to have sufficient resources. I think that was the reason for wanting the PTI budget finalized months, plural, before the ICANN budget. But I'm guided by others on the call.

Oh there you are. Thank you, Alan.

Chuck Gomes: Thank you.

Paul Kane: I agree with you, by the way Alan, nine months isn't realistic but, you know, whether it's two, three months before the ICANN budget that might make sense.

Chuck Gomes: Well I guess I don't totally agree. This is Chuck. In that it depends what nine months mean. I don't think the nine months ever meant approved budget. So but we'll get to that when we get in the process. But I want all of you to focus on what Grace wrote in the chat. I think, Grace, I've tried to read it while I was listening, but I think what you wrote in the chat is an accurate reflection of what we talked about. Would the rest of you take a look at that and see whether you agree with that or whether there should be any tweaks to that.

Any problems with that? Can we just confirm that Grace has captured that correctly? I think she has but I'd like to see if - anybody that has any suggested edits. So that's what we need to communicate to the bylaws drafting - well, to the CWG and the cochairs of the CWG to be communicated to the bylaws drafting group.

Okay, I'm not seeing any problems with that. I do think that we - at least in, DT-O, intended, I don't know if we finalized it very well, Paul, that the PTI budget would be done prior to the CWG budget. I don't know if it's in concrete. That's why I'm asking the question why I am right now. You see if you go down to my fourth sub bullet, the little circle bullet there where I say my personal recommendation would be that the IANA budget be submitted for board approval with sufficient time to be approved prior to submission of the ICANN budget for board approval, which I think is at least part what you were saying, Paul. That would be my personal recommendation.

But if the design team doesn't think that's valuable enough, the three sub bullets just above that on the screen right now are three reasons that I came up

with why that's an advantage. And if you start the budget process nine months earlier there shouldn't be any reason why the PTI budget couldn't be approved before the final budget of ICANN is submitted. So anyway that's my own personal thinking. Let me give it to Olivier.

Olivier Crépin-LeBlond: Thanks very much, Chuck. Olivier Crépin-LeBlond speaking. Can you hear me properly?

Chuck Gomes: Yes.

Olivier Crépin-LeBlond: Okay, excellent. First, on the first point that Grace has shared with us on the chat, the action item regarding the suggestion to delete the term "ICANN's IANA department." I'm happy with that but I would still like to hear from Xavier about why that was put in the text. I just don't understand, in fact, why it was put there. Maybe there is a specific reason for it that we're not aware of so it'll be something that we need to ask Xavier as soon as he gets on the call.

Regarding the second point...

((Crosstalk))

Chuck Gomes: Let me interrupt you, Olivier, just a second.

Olivier Crépin-LeBlond: Yeah.

Chuck Gomes: I'm not sure that Xavier can answer that question. I think Grace has already answered it. It really came from our proposal. It's language right out of the CWG proposal. And that was because...

Olivier Crépin-LeBlond: Oh that's...

((Crosstalk))

Chuck Gomes: ...we had limited information. So I'm not sure...

((Crosstalk))

Olivier Crépin-LeBlond: Oh, that was our proposal, okay.

((Crosstalk))

Chuck Gomes: Okay?

Olivier Crépin-LeBlond: Okay. Oh okay.

((Crosstalk))

Olivier Crépin-LeBlond: Okay, sorry Chuck. All right so then the second thing is with regards to the current point, the nine months, I agree that we do need to give the community enough time to be able to review the PTI budget. And so we are going to have to have it submitted earlier, much earlier. I think that nine months might be a little bit much. But if I recall correctly one of the thoughts was that - and a PTI budget would not change that much between years so it wouldn't be such a huge exercise to have it ready that early.

Now that said, again, I think that at the time when we wrote this we weren't so sure or very - so much aware of how the PTI budget was established and it might be helpful if we were to change any of the timings to have a better idea of how long it takes and how feasible it is to have a PTI budget that's ready

nine months ahead of it being ratified or at least nine months ahead of the IANA budget being ratified. If one picks the 45 day period for the IANA - for the ICANN budget, sorry, to be shared one would then say, well, it's plus 45, it's still very far early ahead. So again we'll have to check on this one.

Chuck Gomes: Thanks, Olivier. This is Chuck again. So I don't think the nine months - first of all let's recognize that the nine months is in the CWG proposal. Okay? But I don't think it's precise enough that it's going to be a problem for us. And Xavier and Elise are going to be working on the process and they will consult with us on a process for the development of and approval of the IANA budget, the PTI budget.

So they're going to be coming back to us with that. We may not see that for a few weeks down the road, maybe just in early June or so. But I think we can work around - we can't change the nine months, okay? But we can define what that means because the CWG proposal wasn't explicit in that regard.

So I think we can cover that. I don't think we need to worry about that point right now. The more important thing is what do we want to come back with in terms of a recommendation for the bylaws? Because if we leave - other than the change we've already said needs to be made with regard to the IANA department and so forth, do we want to suggest a change to this?

And I suggested a possible change in that last - in that bullet point that I just read, my personal recommendation there, so that we don't - if we leave it as-is the two budgets will be submitted at the same time or they would - the requirement would be that they be submitted no later than 45 days prior. So what's the feeling?

I mean, do we want to suggest a change that for the PTI budget it be submitted with - like we can do it generally like I said for board approval with sufficient time to be approved prior to submission of the ICANN budget. That's a general way of saying it.

We could put - earlier days, we could say at least 75 days prior. I kind of lean towards a more general statement, whatever that means. But I really need to hear from the rest of you on that. Grace, I think your hand was next.

Grace Abuhamad: Thanks, Chuck. So I hate to do this but I am double checking the proposal and I came back - I want to come back a little bit on the ICANN's IANA department language. In our proposal we refer to an ICANN IANA department but that exact sentence that is up on the screen in front of you, is not present in our proposal. So the language itself was constructed, right.

But when reading the proposal there is discussion of what those direct costs are, "Direct costs for an IANA department would include costs to cover dedicated personnel and associated costs of delivering the functions." Right, so that's the current status of the IANA department. I'm not sure - I don't have the expertise and I'm not sure exactly how those costs would change if - I know there's some discussions right now about PTI staff being contracted, etcetera.

I don't know if ICANN, like Alan had said earlier, may need an IANA department in terms of budgeting for ICANN as an organization and budgeting for staff that's contracted or things like that. So I just - maybe that language was inserted for a specific purpose and it may be worth asking, I'm not sure at this point.

Chuck Gomes: Thanks, Grace, for clarifying that, that's good to know. This is Chuck, again. The - so I think we still want to bracket that same text. It needs to be - it needs to be fixed and we're not going to have time to fix it on this call. We'd have trouble - probably have trouble doing that anyway because there are better drafters of bylaws than probably any of us. But I think we still need to bracket ICANN's IANA department, all costs for PTI. Let's get that - suggest that that be fixed to reflect the current situation. And I think your description still probably gives enough information that will help them do that. Thanks.

Paul, go ahead.

Paul Kane: So very briefly, on the - I think it's better - your wording is good in that you're saying sufficient time. But I don't know what sufficient time is. And so it may be prudent just to say a number of days, you know, number of months, specify the number of months. I think nine is too many because let's assume, I'm being hypothetical here because I have no comment, let's assume PTI submits a budget which is not acceptable to, I'm going to say, the community.

Then PTI needs to have sufficient time to be able to amend that budget. It needs to have sufficient time for consultation, amend the budget, get the community approval effectively on it, and then submit it to ICANN saying this is the approved one. So I think sufficient time isn't adequate but I think nine months is too much. I think, you know, we need to stipulate a time whether it's 75 days, 45 days, whatever, but I think it'd be sensible to stipulate a period.

Chuck Gomes: Okay, Paul, thanks. This is Chuck. So first of all 45 days is the same as the ICANN budget so if we want to do - have it done before the ICANN budget 45 days doesn't work, okay. Nobody is suggesting - and certainly I'm not suggesting that we say at least nine months prior, nor do I think that the CWG

proposal is explicit enough. I don't think it says that a final budget has to be submitted nine months before.

So I think we have some leeway there. So please don't understand that I was suggesting it could be as much as nine months. That would be crazy. Okay. But we can't change the fact that nine months is in there so we'll deal with that when we develop a process with Xavier and Elise. And, Elise, feel free to jump in at any point if you want to comment.

So the question is that we need to resolve, let's put the nine month thing on the back burner for developing the total process for developing the IANA budget. And what we - what I'm asking for a decision on right now do we want the - do we want to recommend that the IANA budget - the final IANA budget for board approval be submitted earlier than when the ICANN budget is submitted? And right now the proposal is that the ICANN budget be submitted 45 days prior to the start of the next fiscal year.

Okay, Alan, go ahead.

Alan Greenberg: Thank you. I'm starting to get really confused as to what finalized means and when the public comments occur on these things.

Chuck Gomes: Let me go through that, Alan, if you don't mind, okay?

Alan Greenberg: No I don't because, you know, I'm a little bit confused. If we're talking about the ICANN budget being finalized 45 days that's halfway through May.

Chuck Gomes: Yeah, by finalized - in other words there's an ICANN budget - okay, let's back up. Okay, and let's talk about ICANN budget process right now. We're in a public comment period that started March 5, okay, on the draft ICANN

budget. That will end on the 30th of April. There will then be some sessions with various community groups, including the CWG, and I'm sure the ALAC and the Registry Stakeholder Group and so on, that will be occurring the first couple weeks of May.

And then staff will - and that'll give staff a chance to get any clarifications to the comments that were submitted and then there's going to be a - they're going to take all the public comments and they're going to produce what I'm referring to as a final proposed budget that will be presented to the board for their consideration in June for the next fiscal year.

So when I'm - so the draft budget for ICANN happens in, you know, early March. Now there was work that was done to develop that prior to that, okay? A lot of work. And so what we're talking about here, when it says - and I'm giving you my interpretation, we can confirm it with Xavier - when it says "at least 45 days prior to the commencement of each fiscal year, ICANN shall prepare and submit to the board a proposed annual budget."

That is - keep in mind that's after the public comment period, after the public comment period - public comments are incorporated, okay, so staff decides well, based on public comments we're going to make these changes to the draft budget and we prepare this budget for board consideration.

Does that make sense? So there's a lot that goes on before this 45 day deadline including the public comment period and the response to public comments.

Alan Greenberg: Is it back to me yet?

Chuck Gomes: I'm sorry, what?

Alan Greenberg: Are you asking me? I'm not sure who you were asking.

Chuck Gomes: Yes I was, Alan. You were the one that expressed confusion. I'm sure you weren't alone.

Alan Greenberg: Okay so what we're saying here is we're expecting IANA, PTI, whatever, to produce a budget that they consider what they need at the same time as everyone else. If you look at - when does the policy department have to submit a budget? They have to submit it before the comment period starts. And they're submitting the budget, they're submitting the budget that they believe is reasonable and ICANN Finance has said, we think we can make all of that balance.

Chuck Gomes: And they did that back in January and February and maybe even sooner.

Alan Greenberg: Exactly. So we're saying the same thing. All we're saying is IANA has to have finished their budget planning in advance of the beginning of the public comment period on the fiscal year budget.

Chuck Gomes: Yeah, well actually the IANA part of it can have a separate public comment period.

Alan Greenberg: But it's going to have to be - it's - they may have a separate comment period and maybe it's in advance of that. But they have to finalize...

Chuck Gomes: Yeah.

Alan Greenberg: ...it after - after a public comment if they are having one, they have to finalize it in time to incorporate it into the ICANN budget that is presented to the

community. They are nested. We can't avoid that. That's where the money comes from.

Chuck Gomes: Yes. Yeah, that's fine. Let's let Elise jump in.

Alan Greenberg: Go ahead.

Elise Gerich: ...Chuck and to mention that Xavier and I have been looking at the process which would backend us into, you know, having a IANA functions operators budget. I don't know what to call it. I'll call it that. In time to then join the thread for what would be ICANN corporate budget public comment period and then eventual board adoption. And there would be many phases that would start earlier for the IANA function operator's budget because there is the community involvement with that budget that's independent of the public comment period for the ICANN budget.

Chuck Gomes: Right.

Elise Gerich: Does anything that I just said make sense?

Chuck Gomes: Yeah, it does.

Elise Gerich: But I think I'm supporting what you're saying in that this 45 days has to do with when everything has to be ready to get into the main stream of the ICANN budget.

Chuck Gomes: Correct. And the main stream being what the board is going to look at for approval.

Elise Gerich: Right. And it could very well be...

((Crosstalk))

Elise Gerich: ...that the PTI board has looked at something in advance of that.

Chuck Gomes: Yes. And we'll work on those details. So I know it's hard. It's easier for me because I've been so closely involved with the budget process over the years. But make sure everybody is clear on what we're talking about at this - what is now called 45 days prior to the start of the fiscal year. That's after the - all of the processes for the IANA budget have occurred, whatever those will end up being. It's after the draft budget has been commented on by the whole community. And that - talking about the ICANN budget there. And after staff has responded to the public comment period.

So then they produce this budget document that's no longer called a draft budget. And that's what's going to go to the board for their approval. And so the question that I'm trying to get us to answer is do we want that - whatever that cutoff is, whether it's - whether it's 75 days for PTI and 45 days for the ICANN budget, do we want to make those different? Right now in the draft bylaws they're the same. Did that make any sense?

Apparently not.

Paul Kane: I know what it's like chairing a meeting when no - I know what it's like chairing a meeting when no one replies so let me reply and I've put my answer in the chat. I think it is prudent that the PTI budget is ahead of earlier than the ICANN budget, just that PTI will have its own fund, will have its reserve money and therefore it has stability which is our main goal.

We don't want to have the staff of PTI, whether on secondment, however they eventually are, I hope it's secondment, but however they end up, we need to have certainty for the staff of IANA and they need to have the budget ratified beforehand in case ICANN's budget doesn't get through. So I'm in favor of it earlier. Thank you.

Chuck Gomes: Is there anybody that disagrees with that position? So, Paul, you're saying essentially the same thing I did ignoring the details of what it might look like. Anybody disagree with that? If not, then...

Alan Greenberg: It's Alan. I don't disagree but, remember, we do have the caretaker budget, we do not have an issue that staff will not be paid.

Chuck Gomes: Yes, that's - and of course the caretaker budget kicks in if the IANA budget is vetoed. So I don't think we need to worry about that part of it in terms of the decision we're making right here. So I'm not hearing any disagreement. So what do we want to recommend, because the bylaws are being finalized as we speak, okay. What do we want to recommend? And, Elise, please feel free to express concerns if you have any.

I suggested language in my personal recommendation. Paul suggested that we might need to be more specific. So one thing we could do, we could say that the IANA budget be submitted for board approval with sufficient time to be approved prior to submission of the ICANN budget for board approval but not later than, and we could put in 75 days, before the next fiscal year. I'm going to put you on the spot, Elise, but you can reject it if you want.

I mean, is that something - assuming that we start the process way back in, you know, the nine months earlier and so forth, and maybe even before that in

terms of developing a first draft budget for PTI. Go ahead and comment please.

Elise Gerich: So thanks. And I can take my hand down then since I'm commenting. I think your proposal is a fine one, Chuck. I think the 45 days is okay because it's consistent with my vision of what a process might look like. And it's not that it's going to be 45 days to develop the PTI budget, which I think is what I hear everyone concerned that there won't be enough time and it won't be done in advance.

The process that Xavier and I are exploring, which we will be proposing and, you know, looking for your suggestions and feedback shortly, is that there's a whole planning cycle that happens well in advance of that 45 day window that's in the bylaws. And it seems to me that right now if we change that we're just kind of picking a number out of the air without any real knowledge about it.

And this has worked for us before in the ICANN mainstream budget, but we're talking that we're going to have to do something for the PTI budget that gets us ready by that timeframe to join the ICANN mainstream budget because, after all, as Alan said so well, that's where the money comes from. So I think the 45 days is fine. I think your language of sufficient time is flexible enough and that it could very well be we take 90 - not 90 - the nine months up to that point of 45 days where the budget goes into the mainstream. It could be it takes shorter depending on the process.

So that's my input. And...

Chuck Gomes: Thank you very much, Elise.

Elise Gerich: ...I'll take my hand down.

Chuck Gomes: Okay thank you very much. And feel free to put it up again if you want. But 45 days doesn't work in the current language because that would make it identical to what the ICANN budget - when the ICANN budget has to be submitted so I just want to clarify that one point. So the question - and everybody seems to agree, and, Xavier, welcome. We're going to look forward to hearing from you in just a second.

There seems to be agreement in DT-O with the idea that the IANA budget should be submitted with enough time in advance of when the ICANN budget is submitted. So keep in mind the way it stands right now, and the bylaws haven't been approved, the new bylaws, it calls for the ICANN budget to be submitted 45 days in advance.

So the - this would - our recommendation would suggest that the PTI budget has to be submitted earlier than that, okay? And I propose very general language in that regard. Paul suggested we might need to be more specific. So let's go to Alan and then we'll get to Xavier, who we're looking forward to hearing from.

Alan Greenberg: Sorry, old hand.

Chuck Gomes: Okay. Go ahead, Xavier. You're up.

Xavier Calvez: Hi. This is Xavier. Can everyone hear me well?

Chuck Gomes: yes.

Xavier Calvez: hello?

Chuck Gomes: Go ahead, Xavier, you're on.

Xavier Calvez: Hello, can everyone hear me?

Chuck Gomes: Yeah, we're hearing you...

Elise Gerich: Yes, we can hear you, Xavier.

Chuck Gomes: ...but you don't seem to be hearing us.

((Crosstalk))

Xavier Calvez: Hello? Okay, thank you. Thank you, Chuck and apologies for joining the call late. I just would like a verbal confirmation, an audio confirmation that you can hear me.

Chuck Gomes: We can. But you don't seem - I don't think you can hear us.

Xavier Calvez: Thank you, Chuck. And thank you, Grace. So Elise just indicated that she and I have been starting to work on a process. I think that everything that everyone has said, that I've heard at least on the topic, makes sense. What we are suggesting to look at is without defining necessarily a number of days, that we ensure that the process for the IANA budget precedes the process for ICANN.

So if we can basically anchor the IANA process to be completed with ideally something like maybe a PTI board approval prior to the ICANN process being completed, whether it's 45 days, 50, 75 or 90, actually matters I think a little bit less in the sense that if we have the IANA operating plan and budget developed, communicated with engagement from the community, consensus

obtained, completed, answered and then approved by the PTI board prior to the ICANN process being finished, it sounds to me, and of course I'm seeking confirmation, it seems to me that we're actually achieving the objective.

Whether that gets completed one day prior to 45 days or three months prior to 45 days I'm not sure how much it matters. So I have taken the documents that Chuck has shared with us over the past couple of days, notably the one relative to the bylaw drafting, and reworked the paragraph that Sharon had provided to - tried to describe something that goes down that path of, one, anchoring a separate IANA budget process against the ICANN budget process and ensuring that this IANA specific budget process is completed prior to the ICANN budget process being completed.

And we discussed no later than this morning with Elise that the aim of the IANA budget process should be a board approval from the PTI board on that budget process. And then that conclusion, for the IANA budget, becomes an input into the ICANN budget process but then is submitted for public comment.

Therefore there's - the IANA budget process, as part of the ICANN budget process becomes an assumption, not a parameter. What I mean by that is, the IANA budget process will have been approved by the PTI board and is not up for debate. It will have already been subjected to engagement, community input, consensus, response and finalization. And by the time then that has occurred then it becomes an input into the ICANN budget process where ICANN will have X amount of revenue, Y amount of expenses, among which an approved amount of expenses for the IANA functions included in it.

But that amount is not up for debate. It will have already been approved. And that's the structure that we're suggesting which makes I think a little bit more

relative the notion as to whether it should be 45 or 50 or 75 days. Let me stop there and see if there is any questions or comments on what I just said.

Chuck Gomes: Thank you very much, Xavier. This is Chuck. And it sounds like you're in sync with what we've been talking about in terms of the IANA budget being done before the 45 day period for the ICANN budget. One thing I want to get clarification from you, it sounds like you've been working on some rewording of the paragraph from Sharon, which am I correct in assuming that that's the paragraph that is in Section 22.4(b) as you see right at the top of the screen there? Is that the - have you come up with some changed wording for that paragraph or are you talking about a different paragraph?

Xavier Calvez: Thank you, Chuck. No, I'm talking about specifically that paragraph. I rewrote it a bit last night. I tried to - sorry, yes, I rewrote it last night. I tried to circulate internally to see if it makes sense and I got some couple small modifications. I will circulate it with the group to see if it makes sense. But it basically reflects what we just discussed.

Let me just read it quickly and I'll provide it in writing to everyone as soon as possible. Basically I'm suggesting the following. And honestly, Sharon paragraph, I did a - I put together a document that tracks changes. I think I've basically changed every single word on it so it - brand new.

It starts as follows, "Separately and in addition to the general ICANN planning process, ICANN shall prepare and submit to the ICANN Board a proposed operating plan and budget for the IANA functions for the upcoming planning cycle. Such proposed operating plan and budget shall provide appropriate information to enable a consultation process allowing for broad community engagement and input including appropriate steps for addressing such community input."

“The proposed operating plan and budget for the IANA functions resulting from such process, shall be submitted to ICANN as input prior to and for the purpose of being included in the proposed ICANN operating plan and budget itself then subject to a broad consultation process including appropriate steps for addressing community input.”

So in short it's basically saying we should have a separate IANA budget process. That process should include consultation of the community and consensus. Once finalized this IANA budget process becomes input into the ICANN budget process which then is, itself, submitted to public comment. So my point being that the IANA budget process, if we follow what I am suggesting in terms of wording here, needs to be completed, done, before we publish the ICANN budget for public comment.

So if I look at today's dates, for example, we publish the ICANN budget - an operating plan and budget - on the 5th of March. If I go by the description that I'm suggesting, that would mean that the IANA budget will need to have been developed, communicated, received input from community. That input taken into account and then approved by the PTI board before March 5.

I'm not suggesting dates in the (unintelligible) that I offered but I'm suggesting a sequence that requires that the IANA budget is completed before the ICANN budget is submitting for public comment. Now I think that if we enter that then again the number of days doesn't matter.

Chuck Gomes: Okay. Thank you. This is Chuck. And I'll get to you in just a second, Paul. But that's a lot more aggressive than I was thinking. If that's doable I think that's great. You know, going by this year's dates of - date of March 5. If that's doable I think that's fantastic. That more than meets what we've agreed

to on this call. And so - and we can come back and talk about that more. But let me jump over to Paul.

Paul Kane: So I'm in full agreement. I think Xavier's proposal is - it's workable. The only comment - when you read it out the first ICANN - when you said "ICANN" the first time around I think you possibly were meaning PTI is the party that formulates the budget rather than ICANN formulating the budget. But provided PTI is formulating PTI's budget, submitting it to PTI's board, board ratifies it and then it goes into the ICANN process, we're in full agreement. And I do - I think you're bang on there, Xavier.

My comment were if we were going to use Chuck's language, but I think Xavier's language is better, no disrespect, Chuck, it's only just I would say submitted for IANA budget to be submitted for PTI board approval with sufficient time for it to be approved prior to submission of ICANN's budget for ICANN board approval just to distinguish both. But Xavier has been somewhat more prescriptive than your original suggestion. So thank you both. Thanks.

Chuck Gomes: Thanks, Paul. This is Chuck again. And by the way, no disrespect taken. I like Xavier's proposal really well. I was trying not to be so aggressive and giving more time. So, I mean, if this is something that seems doable and I know that he's talked with Elise, then I think this is a great proposal. So let me open it up. Is there anybody that doesn't like or has any concerns about what Xavier has proposed, understanding that we'll see it in writing later.

Okay, well thanks for the great work you've put into that. So is it fair to assume that that will be sent to the DT-O list as soon as possible after - and you can just send a clean version. I don't think you need to show all the redlines because it was mostly changed, which is okay. And so I think we can

- I guess we have to decide logistically I know the CWG's deadline is today for getting input into the draft bylaws. But, Grace, can you comment on that?

Grace Abuhamad: Yeah, Chuck. So I spoke with Jonathan and Lise this morning and they, you know, the reason we have this deadline is we are trying to make sure that we get the CWG feedback to the bylaws coordination group by the end of day today or very early tomorrow morning. In order for that to happen I need to be able to compile all the information we've received on the list. There's a few outstanding items and then the chairs need to review that and pass the information along.

I think as long as we can get - Xavier just sent his text in I think. But if we can get the work - the sort of the outcomes from DT-O in by end of day today in the US I can still put that into a document for the chairs to review and they can then do their steps, you know, while it's early morning in Europe. And I think that would still meet the deadline. So I think we're okay on timing.

Chuck Gomes: Okay.

Grace Abuhamad: If you need more than, you know, more than a few hours after the call then that may be something where the chairs come in later and feed that information to the bylaws coordination group later on. And I don't know exactly how that will work.

Chuck Gomes: Thank you very much, Grace. Chuck speaking. Let's - so let me ask those on the call, obviously we have people that aren't on the call, but is there - if we allow say two hours, we can say three if you want, if we allow two hours after the end of this call to review the language that Xavier has proposed and provide feedback, is that sufficient? Can everybody, at least on the call,

respond in two hours? And I hate to give such a short deadline but it is what it is. Alan, or, I mean, Xavier, go ahead.

Xavier Calvez: Yes, thank you Chuck. Just to make everyone a little bit more comfortable with the pressure that we're putting on ourselves on the deadlines in two hours' time window and so on is that yes, we need to get this quickly to the team. Having said that this is so that we provide a first comprehensive draft of the bylaws for public comment. It doesn't mean that it's that and it's done. It doesn't mean that there's no other pass at this later. And if there are corrections to be made whether through the public comments or immediately after it we will have the opportunity to do that.

I don't know if everyone feels like me but I'm slightly uncomfortable that - with the fact that we're really doing things on the fly here including writing bylaws, which normally should be something that you're really careful, that you're really thoughtfully and so on.

So I think that we need to acknowledge then the fact that we're trying really to work on a real time basis, that this has risks and challenges and that as a result we should allow ourselves the right for error or the right for a second pass at this which will happen - which will be possible during the public comment process and immediately after. Stop there, thank you.

Chuck Gomes: Thanks, Xavier. This is Chuck. The - and the point you make is really important because, keep in mind, what's happening next in the bylaws, okay? They're going to be finished in time to publish for public comment, I believe, on the 20th, okay? So he is absolutely right that there will be opportunity for comment including on the things that we're doing on the fly right now in the public comment period on the bylaws. So it's not as if today's the end, okay. But we need to get something close enough to what we're comfortable with

that the whole community then can look at that. So I'm really glad you made that point that that's really important.

Now I see in the chat that Alan can't - if we made it three hours would it work, Alan, or does...

Alan Greenberg: No, I'm fully committed for pretty much the rest of the day. But honestly, I'm happy with what I heard and I'm sure anyone else will catch things that will correspond...

((Crosstalk))

Chuck Gomes: All right so let's - let's give two hours. If somebody doesn't make it and they have a huge issue we'll deal with that if we have to. Okay? And, Xavier, if you can look at the notes and see if Grace has - she has tried to capture there your wording.

If you can glance at that while we're wrapping this agenda item up and then if there are any adjustments to that, if you could send it to the DT-O list as soon as possible after this call so that people will have two hours to respond and then Grace will have - and, Grace, you don't need - I don't think you need - well unless there's some issues that come up I'll certainly try to be alert and get back to you if there are any issues.

But let's go two hours from the end of this call to - for everybody to respond with anything. Otherwise, we will assume that the language can be submitted to Lise and Jonathan as well as to the full CWG, at least for their information, there won't be much time for them to respond, if any.

Xavier, is that a new hand?

Xavier Calvez: It is, Chuck, thank you. And since we're doing things on the fly let me call in Elise to let me know if she thinks that the correction that Paul has suggested that Grace has reflected in the text on the notes makes sense. It does from my point of view but I want to make sure since we're, again, doing things on the fly that, as Elise and I discussed today on this that it does make sense and I think it does. Elise, do you have any thoughts or comments on that?

Elise Gerich: No, I'm looking in the notes. I see proposed text from you, Xavier. I'm not sure what the change is from Paul.

Chuck Gomes: I think it's in blue.

Xavier Calvez: So let me - yeah, so it starts in blue. The - so I'm reading, "Separately and in addition to the general ICANN planning process," this is where the change occurs, "PTI shall prepare and submit to the PTI board a proposed operating plan and budget for the IANA functions." That's the change that Paul has suggested.

Elise Gerich: I'm okay with that.

Xavier Calvez: Yeah, I think it's actually consistent with what you and I discussed this morning but since I had drafted this before you and I discussed this morning I had not updated the draft, and when I read it I also wanted to comment on the PTI versus ICANN and Paul did it for us so I'm happy with that.

Elise Gerich: The only comment I have about using PTI and PTI board and codifying it in the bylaws, and I raised this on a previous call, is that at some point in time maybe there's not a PTI, maybe there's some other acronym or some other...

Xavier Calvez: Right. Right.

Elise Gerich: ...something. And so the ICANN bylaws have to be changed every time, I guess, that we put PTI into it. And...

Xavier Calvez: Right.

Elise Gerich: I know one time we mentioned that there was a proposal to just say, as relevant, but if we continue to embed, I guess, PTI in the ICANN bylaws I guess they have to change if something were to change. Not that I'm expecting a change in the near future but the bylaws usually last a long time.

Xavier Calvez: Let me comment on that. I've had the exact same concern. And I think to your point, we've raised it before. Sorry, Cheryl, I'm just jumping in. We've had it before. I think that if we can simply flag this again to the bylaw drafting team I think they will adequately handle that and consistently handle it across the bylaws. And I'm suspecting that things may have become more clear during the public comment process where, on the backend of that, we'd be able to correct and replace where relevant PTI with a different language, if need be.

So I think that at least the intent is adequately captured with that language. But I do have the same concern as you have. And I think if we can, Grace, if we can ensure that the CWG also gets that message in addition to the text, that would be helpful. Thank you.

Chuck Gomes: Thank you very much, Xavier and Elise. Get to you in just a second, Cheryl. And my understanding is that staff has some name that they're going to want to propose for PTI in the future. I'm sure, like Xavier just said, that that will all be workable either during the comment period or just after the comment period on the bylaws so hopefully we'll - so because none of us wants

additional bylaws amendments after this huge effort happens if we can avoid them. Cheryl, your turn.

Cheryl Langdon-Orr: Thank you. And, Xavier, you're always welcome to jump in front of me especially if you're going to say pretty much what I was going to say. Well done. I think what it does is highlight one of the reasons I raised my hand and the is to say we need to make sure this gets not just into the process that Grace has outlined in terms of our timeline today but we've got to get this in as earlier fashion as possible to the bylaws drafting team, which of course includes the legal counsel.

And it's important that when that happens they know that this is something that Elise and Xavier are specifically comfortable with. I think that will help them not feel that they need to go to their various trenches and start looking for loop holes and concerns that may come up.

I'm very comfortable with it. That's the other reason I put my hand up, I'm - I don't expect you'll hear from me unless there's a typo when you send it out because I think this does the job admirably. But this will not necessarily be bylaw language. This is instructions for bylaw languages to be drafted. But we've only got like two hours to do it in.

So can we, then, assuming that it probably will be the bylaw language, unless there's, you know, an obvious global thing that is going to happen such as the use of the PTI terminology, can we literally get, for the want of a better word, out to the bylaw drafting team as early as practical just with a heads up note and so that they're prepared? Because this language hasn't had the to and fro that other language has.

And to that end if Jonathan and Lise aren't subscribed to DT-O list can they get it, you know, in the right now timing rather than in the two hour timing? Because every little bit of time is going to help. And I know Grace will manage the process perfectly. I just want to make sure that we remember that we can't not have legal go through it. Thanks.

Chuck Gomes: Thanks, Cheryl. This is Chuck. And I - you make a very good suggestion. So when the language is sent out to the DT-O let's - I think they're on the list but just to make sure let's put them directly send it to Jonathan and Lise so that they know what's happening and get a little bit advance heads up. So that's well said. Grace, go ahead.

Grace Abuhamad: Thanks, Chuck. I was typing in the chat as well. Jonathan and Lise are on the DT-O list. I don't believe that they will be - it's very late and so I think that they are expecting a document from me by midnight UTC and I think they would then be working on that early tomorrow morning. So I don't know if they will receive it - if they will be able to receive it in the next two hours and actually look at it and consider it.

But I think they will - I'll make sure to make very clear that this text came from Xavier, was agreed to on the call and Elise also agrees with the text and so, you know, I can make that very clear in the email and I hope that they would be able to transfer that very early tomorrow morning.

Chuck Gomes: Thank you very much, Grace. This is Chuck. And thanks - special thanks to Xavier and Elise for the work - the advance work they did. It really brought this together very nicely. So much appreciated.

Now we need to jump to Agenda Item 4 because we've been asked to provide some feedback on the caretaker budget principles. And I did review those just

yesterday, as I finished going through the draft budget. And I sent around late yesterday my comments. And so you can see that those are up right now. I know we're running out of time here but where my concern was - first of all let me say if anybody has any concerns about any of these principles and the examples please speak up because we need to communicate those today as well.

Where my concern came in, and it's not a huge concern, is with Principle F, okay so 1F there. And I shared a situation - let me just - because we're doing this on the fly let me just go ahead and read F.

So it says, "Notwithstanding any other principle listed above, prevents ICANN, in its responsibility to fund," and you have to obviously connect this clause to the lead-in clause up at the top.

So, Notwithstanding any other principle listed above, prevents ICANN, in its responsibility to fund the operations of the IANA functions, from initiating activities that are subject to community consideration, or for which that community consultation has not concluded, including without limitation, preventing implementation of the expenditures or undertaking the actions that were the subject of the IANA Budget that was rejected by the EC and triggered the need for the Caretaker IANA Budget."

Now let's make sure - I'm sure everybody understands this but I'm not going to assume that anyway just to play it safe. The caretaker budget, if - the bylaws provide that the community, the empowered community, the EC, can reject the IANA budget, okay. And once that happens a caretaker budget kicks in unless it can be resolved before the start of the next fiscal year. Okay.

So what this paragraph - one concern I had about this paragraph, there are several situations, probably a lot of situations where the community might reject the IANA budget. And in at least one situation it might be that we think that it's - there aren't enough funds. And in that case I'm not sure we would want to prevent expending any funds related to the rejection.

In other words, my thinking is it'd be okay to go ahead and spend funds if the concern is that we don't think there's enough. In other words, go ahead and spend what's budgeted. And this clause, I think, Clause F, would prevent that I believe. So all I'm suggesting is maybe this should be reworded in situations - now if there's a particular thing that is in the budget that is funded that the community disagrees with, totally, that's a different situation. And I think this clause is okay.

But it - this clause and the way I read it - prevents using any of the funds related to the rejection and maybe - now if - also if we thought that too much money was funded then this clause may apply. But does what I'm saying make any sense? Is that a concern we should have? I'm just concerned that we may not, in every case, want to not - disallow any spending on the issue related to the rejection. And I think this clause does that.

Olivier.

Olivier Crépin-LeBlond: Thanks, Chuck. It's Olivier Crépin-LeBlond speaking for the transcript. And you - I also read this in the same way that you do. I wonder if one was to say "preventing implementation of the additional expenditures," and again, of course we're looking at this on the fly. But maybe look at another language to make sure that we're catering for both situations where we see that the IANA budget is under the amount that it should be or below the amount that it should be.

It definitely doesn't make sense to block all expenditures if we think that it's not enough. So there could be a case and this one would obviously be preventing implementation of the additional expenditures rather than the expenditures.

Chuck Gomes: Yeah, and - thanks, Olivier. This is Chuck. And that was my concern. It seems to me that it's a little bit too limiting. Anybody disagree with that concern? Go ahead, Alan.

Alan Greenberg: No, I don't disagree. And you'll recall in the CWG when we started talking about this kind of thing, we - the issue was raised of you can reject budgets for various reasons. If you recall we originally, you know, presumed that you would only reject the budget for one reason and not the other and you'll remember that we said, well, if we reject the budget then only increase it by 10%. And that didn't cover the case that we were rejecting it because it was too high to begin with.

So I'm not sure how you (unintelligible) this kind of thing. But I look at the wording here and say undertaking the actions that were the subject of the IANA budget, I'm not sure what that says. I mean, the subject of the IANA budget is the whole IANA budget. I think it's sort of saying were the subject of the reason why the budget was rejected or something like that as opposed to...

Chuck Gomes: That's correct.

Alan Greenberg: ...being the subject of the budget.

Chuck Gomes: I think that's correct, yeah.

Alan Greenberg: Yeah, and if we say that then we're perhaps better. But we still have an issue of did we reject because it was too low or too high. If we're rejecting it because it was too low and saying you can't spend the money at all, then you're making it even lower. So I don't...

Chuck Gomes: Thanks, Alan. This is Chuck.

((Crosstalk))

Alan Greenberg: I guess one of the problems...

Chuck Gomes: ...fix it.

Alan Greenberg: Yeah.

Chuck Gomes: ...as long as we communicate the concern there are people that can - that are more qualified to do this that can fix the language.

Alan Greenberg: Yeah. I think one of the problems is we're calling principles, which means they're inviolate, whereas they are really the guidelines which should guide how you create the budget. But there probably are always going to have to be exceptions. And we may be doing ourselves damage by saying they're inviolable principles.

Chuck Gomes: Thanks, Alan. This is Chuck. Xavier, you're up.

Xavier Calvez: Thank you, Chuck and thank you, everyone. Since I actually wrote that Annex F, or at least 95% of it, the Paragraph F, the concept there was simply to say that the caretaker budget should exclude activities that would be the reason

why the IANA budget was being vetoed to begin with. So if there would be something planned into the budget that the community says makes no sense, we don't want that to happen, we're going to veto the budget because of that, by definition the caretaker budget should not include that contentious activity.

That was the concept that this paragraph was trying to capture. And then that's been also further readjusted by I think the bylaw drafting team that put it in more comprehensive and legalese type of work - word.

So I think that if we do manage to make sure that this is the principle that is translated into this Paragraph F, just wanted to remind everyone that was the original intent in - I'm not fully sure, to Alan's point, that the grammar here makes full sense.

And I think, Chuck, you confirmed that what we're trying to prevent here is that ICANN implements actions that were the subject of the rejection by the empowered community and that triggered the caretaker budget meaning we don't want things to be in the caretaker budget that were the subject of the controversy to begin with.

If that's the case I think that's the spirit of that Paragraph F and that was the original intent and we just need to make sure that the language that is ultimately used adequately does that.

Chuck Gomes: Thank you very much, Xavier. And I didn't know we had the drafter with us, that's great. So I'm going to take advantage of that, if you'll let me, and could you maybe take a crack at this to fix the wording? It's clear that you understand the concern. I like the word - the way you threw the word in, "contention," anything that's contentious with regard to the rejection. Is it possible to get you to take a crack at this and send it to the list shortly?

Xavier Calvez: Sure, no problem.

Chuck Gomes: Thanks. And I apologize for imposing on you. But since you're the original drafter I figured you could probably do it quicker than any of the rest of us. So thank you. I appreciate that. Alan, go ahead.

Alan Greenberg: Thank you. I just wanted to mention that when you're trying to redraft it make sure you cover the case where the budget is vetoed because some part of the budget is woefully under-funded by - by the judgment of the community. You know, we believe you should have put \$14 million and you only put \$3 million in it or you only put half of what we thought in it. It should cover that case. That is, you shouldn't be reducing the amount to zero because we thought it was too low. So just think about that as you're drafting the words. Thank you.

Chuck Gomes: Thanks, Alan.

Xavier Calvez: Thank you.

Chuck Gomes: Very good. Okay. And okay now there's one more thing, at least we have to cover, and I know we're about out of time because - and now I'm getting to the message from Sharon Flanagan that I sent around yesterday, if that can be put on the screen because they asked for feedback on the PTI budget dependencies. Is it possible to get that up there? Thank you. I see that's happening.

This is another thing that's crucial for today to give feedback on. We won't try to cover anything with regard to operating plan comments. We're going to have to get that in our next meeting. But the - you can see on the screen - and

I'm trying to - so I'm having trouble getting up to speed myself here. So note the text highlighted in Number 3 and 4 and then I think there's some below too in 6.

Actually I'm going to jump - if you can scroll down to 6 I think - and 6 and 7 - let's look at 6 first because I think it may be easier. It says "PTI should submit a budget to ICANN at least nine months in advance of the fiscal year to ensure the stability of the IANA services. It is the view of the CWG Stewardship that the IANA budget should be approved by the ICANN board in a much earlier timeframe than the overall ICANN budget."

And this is what I was referring to earlier. Submitting a budget to ICANN nine months in advance, notice it doesn't say it's a final budget. All it's saying really is that a budget has to be submitted nine months in advance. That's why I was saying earlier, before you got on, Xavier, on the call, that I think we've got flexibility there. In the process that Xavier and Elise are going to work with us on in developing, I don't think - some sort of a budget, it can be called a draft budget or a first draft budget, nine months in advance of the next fiscal year.

And it kind of kicks - and there could be even steps before that where, for example, CSC suggests that maybe some of the SLEs need to be changed. And so I don't see this as a problem. I think all we need to do in Number 6 to clarify, it's not - it doesn't say a final budget or an approved budget. It's just part of the process that we're going to go through in consulting with the community. Does that make sense? Xavier, go ahead.

Xavier Calvez: Thank you. I just want to point out that the discussion that we had earlier on the paragraph that I redrafted, which is actually if you look at Number 5 that's right above the - the Number 6 that we're looking at now, if you look at the

paragraph at the bottom, Number 5 on the right, that's the paragraph that I rewrote and that I copied and pasted into the notes earlier during this call. And that I think is actually aiming at addressing not necessarily the specific timeframe of nine months but the sequence as per which the IANA budget is completed prior to the ICANN budget is completed.

And rather than work on a timeline, nine months in this case, Elise and I worked on a sequencing that ensures, irrespective of the timeline, whether it's 12 months or two months in advance that the IANA budget is finished before the ICANN budget. And is finished with the materialization of a PTI board approval which is the ultimate validation and formal approval, legal approval if need be, of what that IANA budget is.

So it feels to me that this paragraph actually addresses not only the Paragraph 5 but also the Paragraph 6, if we are - if the community, who submitted this design (unintelligible) is accepting the idea that the structure of the process and the sequence that we're suggesting is addressing the original intent that was the subject of this nine month approach.

Because I have worked on the - to suggest that what we suggested earlier with the mindset that nine months was a translation of an intent, and I focused on the intent, rather than on the nine months, we didn't try to design something that was achieving the nine months, we tried to design something that was achieving the intent behind the nine months. So let me stop there and let everyone react on that.

Chuck Gomes: Thanks, Xavier. The - let me go to Paul. Go ahead, Paul.

Paul Kane: So I have to say it's getting quite late over here and I think Xavier's language is excellent - Xavier's and Elise's language is excellent. I think it deals quite

admirably with 5, 6 and 7. And as Cheryl put in the chat, I very much in favor and I hope it will be sent to Sharon so she can do the bylaws. I'm actually - I'm hoping the call is going to end fairly soon, to be candid.

But I'm struggling with Items 3 and 4. Can we just sort of deal with those? Because I think now the new language which I think Xavier has drafted, we all agree with the correction, I think this also sort of addresses 3 and 4, or certainly my understanding of 3 and 4, but I may be mistaken. So our time may be better spent just on 3 and 4 if we may.

Chuck Gomes: So with regard to 6 and 7 though, we need to communicate something. And, Xavier, I'm relying on you an awful lot here, but since you gave that explanation if you can put that in writing so that we can respond to Sharon in that regard for 6 and 7 that would be much appreciated. Let's take a look at 3 and 4, okay.

Cheryl Langdon-Orr: Hang on, before you do, Chuck. Cheryl here.

Chuck Gomes: Sure. Cheryl, go ahead.

Cheryl Langdon-Orr: I would have thought if we send the language that we're about to circulate that Elise and Xavier have come up with in terms of the process that we all agreed with and we will confirm in the next few hours, that's really got all of this covered. So if it goes out to Sharon in response we've got a clear note says - and by the way this language is also going through the following process, blah, blah, blah, or I'm sure Grace can handle that for us as well. Then that's probably - pardon the use of the, you know, killing two birds with one stone.

Chuck Gomes: This is Chuck. Thanks, Cheryl. I'm not sure it is direct enough with regard to the nine months that's in the proposal. But I wonder if we could call that an implementation issue.

Cheryl Langdon-Orr: Yes, I would.

Chuck Gomes: So that might - we can identify that the nine months is an implementation issue on the process that's - the CWG proposal says we have to develop a process, we're going to be working on that with Xavier and Elise and they've already started thinking on that, as you could tell. So I think that if we do that I think you're right on that. Paul, did you want to talk about 6 and 7 before we go to 3 and 4? Or, Xavier, did you want to say anything else on 6 and 7? If so, speak up, otherwise we'll go to 3 and 4.

Xavier Calvez: Okay thank you, Chuck. On 6 and 7, I think your suggestion makes sense. I just would want to pay attention or to bring up to the group that we need to declare a priority. Is it nine months or is it an objective to achieve? What Elise and I have discussed is something that tries to achieve the objective that we understand behind the nine months. It may not meet the strictly speaking nine months in the sense that the sequence that we propose may lead to a finalized IANA budget, maybe five months in advance of the yearend or in advance of the beginning of the year that it covers.

But even if it would be just five months instead of nine it would still achieve the objective intended that there's been an earlier process, a completed process, a process that includes community input and that is concluded before the ICANN budget process is completed.

So I just want to make sure that you, as a group, define what your priority is in the language and that this priority is spelled out. If it's nine months then what

we're offering is not necessarily guaranteeing that five months - that nine months. If it's the principle then I think the language addresses it and then, yes, the implementation would take care of the sequence and associated timing.

Paul Kane: So just very briefly. Just, Xavier, before you joined the call we were only interested - were just focused on the principle, the nine months I think everyone on the call agreed, was there more as a placeholder rather than a defined time period. So I think we're all on the same page. And I'm planning on leaving the call in five minutes. If you want to discuss 3 - I don't understand 3 - but if you want to discuss 3 may I suggest we get on.

Chuck Gomes: All right well for Paul's sake, maybe others too, let's go ahead and go to 3. You can see it there that the CWG Stewardship recommends that the IFO's conference calls should be transparent and ICANN's operating plans and budget should include itemization of all IANA operations costs at the project level and below as needed.

The highlighted language, you know, in the bylaws they don't do that, okay. The bylaws don't require itemization to the project level and below. My own - Xavier will recognize this from me from all of our budget work together, the - I think that needs to be in the bylaws. At least to the project level and below as needed. And I'm not going to rehash all the discussions we've had on the ad hoc finance group on this.

But Xavier and his team have accommodated that. And I think the same thing should happen with the IANA budget. So the - in here it's called the IFO, the IANA Functions Operator. So does that make any sense?

Paul, what happens is the - sometimes on a bigger project, even with IANA if you get one on their bigger projects, that's why sometimes you might have to go below the project level. But if - I'm assuming the IANA budget would be broken down into portfolios. And sometimes a portfolio is at too high a level and, for example, a registry operator, whether it be a C or a G, might need a little more breakdown, at least to the project level is what this is talking about.

And all this is, is the carryover from work that's been done the last few years on the ICANN budget. And staff has responded to that very well and provided that level of detail and it's made it much easier for the community to submit comments and to evaluate whether the funds are adequate or not. Did that make any sense, Paul?

Paul Kane: Yes it makes sense and thank you for the clarification. I'd welcome hearing from Xavier but I'm not sure if it needs to be specified in the bylaws. As a matter of good practice, if there is a sum more than X, then fine, let's have it break down. But specifying it in the bylaws (unintelligible) the right place but I'm guided by the group. I'm struggling a bit so anyway thanks. Yes, it makes a lot of sense. Thanks, Chuck.

Chuck Gomes: Well let's hear Xavier.

Xavier Calvez: Thank you, Chuck and thank you, Paul, for the question and the comment. So with the intent to address the concern, which is to have really the right level of information. And obviously "right" is a very subjective notion. And Chuck has indicated that we've been working with the community and the staff together over the past few years to define what is right. And we are using today a benchmark of the project. We have 340 projects at ICANN today and we are providing the budge at the project level.

As Chuck has helped us identify in the past, sometimes project doesn't - is not granular enough because some projects may actually be large enough that you want actually a more granular information. And that's the - both the need and the potential issue that led me to suggest a more general description in the text that I proposed, that is aiming it should be the appropriate information.

And I'm bringing you to the line that says, in the text proposed, on the notes, proposed text from Xavier with Elise's okay with the text as well in parentheses, five or six lines down there is a line that starts with "such proposed operating plan and budget shall provide appropriate information to enable a consultation process allowing for broad community engagement and input," and so on and so on.

So I replace basically project level and below as needed by appropriate information. The reason why I was being so narrow and high level is because appropriate is appropriate. What appropriate is at different points of time may be different. Today we are thinking project is fine and below as needed. Tomorrow it may not be sufficient to have the project or we may change the vocabulary that we use to describe the lowest level of granularity.

And if we change that vocabulary then project level is not going to be relevant anymore. And if we have that in the bylaw then it doesn't work. So if we say appropriate information it's appropriate information as agreed upon between community and staff in the future, whatever that is whether it's portfolios, which is more aggregated than projects, whether it's projects, whether it's the next notion as project, whether it's less, whether it's more granular than project because we feel that this is what is appropriate, then that's what it will be.

But at least we don't define what it should be, we define what objective it should achieve which is the appropriate for consultation process. And that's the rationale behind me suggesting appropriate information instead of project level and below as needed.

Chuck Gomes: Thanks, Xavier. This is Chuck. Fully agree. And it isn't appropriate to have the terms project or portfolio in the bylaws for sure. I really like the way you worded that. If you can put that in writing and send it to DT-O in terms of the appropriate level you stated a sentence that I thought covered it really well. And if you can send that to DT-O we'll - and I think that works for both 3 and 4.

Now did we cover all of...

Xavier Calvez: Sorry, Chuck, it already is in the notes. Sorry, Chuck, it's already in the notes, I was simply reading the sentence in the notes, the second sentence in the paragraph that I had offered earlier. So if you go back to the notes that Grace provided the (unintelligible) text from Xavier, I think the - yes, Grace just highlighted in bold what I just read. So it's there already. I don't know if you see it.

((Crosstalk))

Cheryl Langdon-Orr: Cheryl here. That's why I thought the text actually covered (unintelligible).

Chuck Gomes: Okay and if the notes can be sent out right away that will help too. So all right I know we're way over. We've covered the things, I think, that had to be covered for the bylaws drafting that's going on. And Brenda has kindly said

she's going to send out a Doodle. We do need some more meetings. I've put some availability of my time to help them set up a Doodle poll.

We're going to - we don't have a lot of time for ICANN budget comments if we want to submit any of those. So please respond to the Doodle polls for some next meetings. We may need a couple more meetings next week or one later this week and one next week. And rather than take more time on that we'll just handle that in that manner. Xavier, something else?

Xavier Calvez: No, sorry, it was an old hand.

Chuck Gomes: Okay all right, good. Is there anything else we need to cover on this call? Thanks for those of you who were able to stay beyond - I guess everybody stayed beyond at least some. I think it was very productive. Sorry to have to rush like this but it's part of our reality right at the moment in this whole process. So thank you very much and please respond to the Doodle poll.

Please take a look in the next two hours at the language. I think we're really close so if you have anything, if we don't see it in two hours then Grace will be authorized to go ahead and send it on. And, Grace, I will help in terms of the responses on all three items as much as I can so that we can get that done.

Cheryl Langdon-Orr: Thanks, Chuck. Thanks, everybody. And thanks, Xavier and Elise, this has been...

Chuck Gomes: Yes.

Cheryl Langdon-Orr: ...really very timely language coming in from you two, I'll just say.

Chuck Gomes: Absolutely. That's very true. So this is Chuck. And I will adjourn the meeting now.

Cheryl Langdon-Orr: Bye.

Chuck Gomes: The recording can stop.

END