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ROB HOGGARTH:

Good day, everyone. My name is Rob Hoggarth, if the ICANN Policy Team. David Olive is on vacation, and he asked me to play the welcoming/emcee role for the call today. Susie Johnson is also on vacation, so Kim Carlson is sitting in for her on our call logistics, making sure that everything is running on time. Thanks for that, Kim.

As I understand, the purpose of today's call is to gather input from the Chairs of the CCWG Accountability chartering organizations on proposed new cost control mechanisms. Now, this is part of step 2 of a two-step approach to produce reliable estimates for the cost of the transition and accountability work, and to manage costs going forward.

I understand that step 1 has already been completed. And now that you all have reliable estimates and those are available, it's time for you all to agree to a way forward to establishing the appropriate cost control mechanisms. And to help you all do that, on today's call we've got Cherine Chalaby, the Chair of the Board Finance Committee; Xavier Calvez, the CFO of ICANN; and Bernie Turcotte, the specialist and detail expert on all things cost and implementation work. So they'll all be here today to help you through the discussion.

David and Cherine worked on a draft agenda. And, Mathieu, you may also have been involved in this. We've got the [pod] of the agenda in the Adobe Connect room. I'll give everyone a couple of moments just to look that over and see if there's anything that you'd like to add or subtract from that agenda.

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

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Hearing nothing, I guess we'll proceed with that. Kim, I'd like to do just a quick confirmation of the attendees on the call. Can you run through a quick roll call, based on who you know is on the line and who are the participants in the AC room, please?

KIM CARLSON: Sorry about that, I was muted. On the bridge, we have Alan, Olof, Theresa, and Thomas – and Thomas is not on the Adobe room – Cherine, James, Julia, Mathieu, and Theresa are on the Adobe room.

ROB HOGGARTH: Great, thank you. And just for bookkeeping or housekeeping purposes, I want to confirm this call is being recorded. We will have a recording and a transcription. As some of you have shared, this is vacation season, so a number of other folks are also not able to join the call. So will have that information available, as well.

Cherine, I will turn over the microphone to you to conduct the introduction and purpose for the call. I'll let you generally run the call, but we'll be happy to play traffic cop, in terms of queues for any comments or anything like that. But, Cherine, over to you.

CHERINE CHALABY: Thank you, Rob. Thank you very much. And thank you, everyone, for attending during the holiday season. As Rob said, we set up this project cross-support team to assist the CCWG co-Chairs, and actually all of us community, to obtain reliable information about the project [of significant size.] And we set it up. The step of the first one was to

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produce reliable estimates, which they did. And I believe they reviewed the outcome and their estimate with the co-Chairs, and those went out. And everybody in the community, including the SO and AC leaders, saw the breakdown of the cost.

The next step really is to talk about how, collectively and jointly together, we set up some cost control mechanism going forward. And here, we proposed in a letter, which we sent to the co-Chairs on 28<sup>th</sup> of June, 2016, five cost control mechanisms.

The first one is the concept of using budget owners for the next stage of accountability work, particularly the IRP [stage 2] and the Accountability WS2, as well as other projects taking place. For example, transition implementation and [inaudible]. So that's a new concept which we, as a community, have not been accustomed to in the past. So we'd like input from the CCWG co-Chairs, as well as the SO and AC leaders, on the concept of budget ownership.

The second cost control mechanism is once we do agree on the concept of budget ownership, what would be the responsibility of the budget owner? And we drilled the costs and the estimate into five categories of costs: staff support, travel and meetings, [inaudible] common languages, external legal services, and other professional services. Now, we don't believe that budget owners should have responsibility for staff support or telecom language services, and so on and so forth. That would not be fair. That would not be right. But I think things like the cost of travel, excluding staff, and meetings, the use of external legal services, the use of other professional services, will be within the remit

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of budget owners, and that budget owners should have some latitude in making tradeoffs between these various costs.

So we'd like to have a discussion on the responsibility of budget owners, if that's okay. So that's the second mechanism. Part of that, as well, of the second mechanism is that we would like to consider budget as [inaudible]. And if it were to be exceeded, there should be a process for authorization. And the one that's been suggested here is that if, for example, the budget for WS2 for some reason needs to be exceeded, the budget owners would need to go to the chartering organization and ask for approval before submitting it to the Board, and the Board then agrees with the funding.

The third one, the third accountability, is really drilling down on external legal advice. We all know the value of external legal advice has been very, very helpful during WS1. I am sure that many in the CCWG felt that the input and contribution was a great success and helped us tremendously, and wish to continue with using external legal. And I think we're all kind of agreement on that line. But what we are saying is we need to wrap a budget around the amount that we need to use legal advice and be a little bit more clear on how we're going to use it. So, for example, for Work Stream 2 Accountability, the overall budget for FY17 is 2.988 million, of which 1.4 million is for external legal advice. So we'd like to have a discussion, how do we contain this budget? All right. So that's the third one.

The fourth one is really related to the third, the procurement, should there be a procurement process for external legal counsel? We are suggesting, for example, the establishment of a legal committee,

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reporting to the co-Chairs, and then the legal committee filters and analyze the various requests that come throughout the work that's taking place in the community, and then requests a proposal from independent legal counsel. So that's the fourth control mechanism.

And finally, the fifth one is tracking and reporting of expenditures. We have, at our hands, the co-Chairs, the [PSCD] is there to support them. The [PSCD] can provide, for all of us, ongoing tracking of expenditure as it's incurred and as [inaudible] [completion].

So those are the five control mechanisms. If we are today get input from yourselves and get some agreement around those five, that will be a great step forward. Also, we need to be very specific in support of the co-Chairs and be clear on what amount of the budget is their responsibility. Because clearly, the whole budget for many parts of the budget next year is 8.8 million, but not all of it is the responsibility of the co-Chairs. It's really a subset of that. So we need to have clarity on what is the subset.

So with that, I will stop. And I think I'll pass on now, I think, to Mathieu. And then Mathieu will talk, and after this we'll have Xavier and Bernie talking again about the cost controls.

Any questions so far, or shall I hand over to Mathieu and then we'll take the questions afterwards?

I see no questions. So, Mathieu, if you're... Would you like to take the floor?

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MATHIEU WEILL: Thank you, Cherine. Just checking whether everyone can hear me all right?

UNIDENTIFIED MALE: You sound good.

MATHIEU WEILL: All right, thank you very much. And hello, everyone. I'm the ccNSO-appointed co-Chair of the CCWG Accountability. Just a few comments before we dive into the proposed cost control mechanisms, from our side on the working group. First, we need to remind ourselves that Work Stream 2 is actually nine subtopics, in addition to the subgroup that is working on implementing the independent review process analysis. And this whole package has been agreed. It was part of the supplemental report that was agreed on by all chartering organizations and the Board in Marrakesh. And this list is not expanding. So this is the list we've agreed on previously. And although it's a long list of items, it's something that is being explored right now, and the groups are starting to work as we speak now.

So it is in order to support these groups that these estimates are being produced, with remarkable support from the [PCSD] and great insights from the Board Finance Committee, as well. And I think what's important, I won't repeat everything that Cherine has already introduced, but is to remember that in the budget, there is an \$8.8 million figure that all the IANA stewardship transition project expenses. And the [inaudible] can you see that on the slides, at the expenses that

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are basically under some form of control from the CCWG. It's roughly \$2.1 million.

So it's important not to confuse the various types of expenses and maintain clarity on what the scope is. And obviously, the working group is willing to play its part into maintaining a reasonable and financially responsible approach to cost management. But it can't be expected to manage costs that it has no control over, obviously. And I think that's well described now, well understood by all parties.

Secondly, we can report now that we have had the discussion within the full cross-community working group. This was really important, because, as co-Chairs or Leadership Team, there are no powers for us to derive work or constrain the working group in any way, until it has been discussed with the group. And I'm happy to report that the proposed mechanisms that are going to be introduced seem to be acceptable for our group so far. So it's a good way forward. I think it's the outcome of a very good discussion with both Finance Committee and with extremely helpful insights from the [PCSD]. And this particular type of support is greatly appreciated.

So before diving into the mechanisms themselves, final reminder that the cross-community working group is established upon request from its charter. And the SOs and ACs, all the chartering organizations, they are the organizations we are designed to report to with our recommendations. And it's really important for us to get your feedbacks, in terms of whether there's still value in the work that is being planned. And even at some point, we'll have to question whether there's value for money in this. And that's the reason why we have

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reached out to the SO and AC Chairs, in order to get your insights regarding the estimates. And we will certainly do so on the proposed control mechanisms, as well.

And I'd like to close by saying at this time, regarding the estimates, we've received one answer from the chartering organization, which is an answer from the GAC. I think ALAC has also indicated some form of support way earlier on. But we still are waiting from feedback from the other organizations.

That was it for my comments at this point. And I would like to [inaudible]. And I don't know if there are any questions or whether we dive into the mechanisms?

CHERINE CHALABY:

Why don't we dive into the mechanisms and then do it quickly, and then open the floor for all discussions, so everybody has all the details [inaudible]? Okay with everybody?

All right, shall I... Xavier and Bernie, in your hands.

BERNARD TURCOTTE:

Thank you, Chérine. I'll start off. As you can see, these are actually the slides that were used with the CCWG Accountability when we presented this topic. And just to be cautious that we want to still have the questions, we'll go through this quickly. Do I have slide control? Let's see, yes, I do. These are the topics. I think Mathieu went through those quite well. As we talked about, the [process list] for Work Stream 2, reminder is about \$3 million US.



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And the CCWG accepted the notion that, yes, there should be a legal committee to filter, analyze, refine, ensure clarity, and approve the requests for legal advice, and determine which firm is best suited to respond. The process is that the committee will meet once a month. It's based on subgroup requests documented and shared before the meeting. Rapporteurs may attend the relevant portion of the call. The legal committee ensures that the request is a legal issue and not a policy issue. And with supported from the [PCSD], the legal committee tracks legal expenses with clear distinction between what is related to scope, versus any other legal costs.

Counsel may be invited to attend parts of the legal committee meeting to ensure clarity of expectations and context. Reminder, counsel participation to the CCWG and subgroup calls is exceptional only, meaning that that there is no expectation that lawyers will attend either the subgroup calls or the CCWG plenary. The CCWG accepted to reactivate its initial legal committee, which is being led by Leon Sanchez. Also includes Samantha Eisner, from ICANN. And you have the rest of the names there.

In reality, the budget ownership, which the CCWG co-Chairs will be the owners of the budget, if you remove the things that Cherine was talking about, which includes Work Stream 2 and parts of the IRP IOT, ends up with being just a little bit over 2 million of the total of the 8.8 million that Cherine was talking about. So that sort of [cranes] it.

The guidelines for the legal committee is probably the most interesting part for this group. If ICANN Legal already has an answer available to the questions, it can be shared immediately to avoid extra costs. This was

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generally accepted. So I think, for me, this is an important step. I think Samantha Eisner has worked very hard to bridge the gap with the CCWG after Work Stream 1. And there is an understanding that this is a new phase. And if ICANN Legal can help and proposes answers which will, A) be much quicker, and B) will not bring on any additional costs, then the CCWG should use those. And there was absolutely no objection to that.

The committee [made the] request that ICANN Legal or external firms, based on a case-by-case assessment. Decisions would have to take into account cost, delays, respective skills, as well as potential requirements for independent advice. The committee is encouraged to use ICANN Legal as much as possible. Sidley [Austin] will coordinate to decide which firm is best suited to address any request that goes their way. If the CCWG requests advice from Jones Day, that Jones Day should either disclose that ICANN, and not the CCWG, is their client for purposes of the memo, or enter into an engagement letter, just to make sure that there's an understanding, if Jones Day is being used. And there was an understanding that if Jones Day is capable of providing an answer more quickly and cheaply, then they should be used. And I think that supports, again, the notion that we're in a new era, working with ICANN Legal and their external counsel.

Once the LC had determined it needs to hire external legal counsel, it forwards the request, with relevant details, including estimated costs and a report from the [CCSD] on the financial impact to the co-Chairs for approval. So the co-Chairs are the budget owners. And once the legal committee has made the decision, then they cannot go out and hire any external legal counsel. They need to send that as a budget request with, if you will, a note from the [PCSD] on the impact so they can make a

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decision. The co-Chairs will consider the request and the financial impact as soon as responsible, and provide a formal response to the LC, which will be documented on the CCWG Work Stream 2 wiki, if approved.

So there was a lot of material here, and I see James has his hand up. So I'll be glad to take a question at this point. James?

JAMES BLADEL: Thank you. Can you hear me?

BERNARD TURCOTTE: Very well. Thank you.

JAMES BLADEL: Okay, great. And thank you for putting this all together. And I apologize if I've missed this connection previously. But in the fourth bullet point regarding CCWG requesting advice from Jones Day, I think I already know the answer, but if ICANN Legal staff requests advice from Jones Day, will that also be submitted through this committee if that request is relevant to the transition, CCWG Work Stream 2? In other words, is this specifically to requests that original with the CCWG? Or will this legal committee also process Jones Day requests originating from ICANN?

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**BERNARD TURCOTTE:** Thank you for that question, James. Right now, if ICANN Legal is going to use Jones Day against the budget of 1.4 million for Work Stream 2, the notion is that the legal committee is overseeing that.

**XAVIER CALVEZ:** Correct. And I just want to supplement that, James. If there is... I think you can really look at it from the perspective of if it's a question that helps the work relative to WS2, and it's a need to require legal advice, then it's a legal committee decision, including if Sam, as part of a discussion relative to a topic, would suggest that Jones Day could help, and that would be the sense of the committee, then it would be also something that would be managed through the committee as a request to Jones Day.

I think that, of course, to put things in context, if ICANN, on a different topic or on a topic that's not related to WS2, needs advice from its legal counsel as a corporation, that would not be part of the scope of that, of the legal committee, nor of the 1.4 million.

**BERNARD TURCOTTE:** Thank you for that expansion, Xavier. Alan, I'm going to ask you to wait just one second. I want to see if Mathieu, who has his hand up, is just following up on that. Mathieu, is that the case?

**MATHIEU WEILL:** Yes, thank you, Bernie. I think I want to stress what Xavier just said, because it's actually clarifying one of the last outstanding issues that we have so far. Xavier, if I'm quoting you well, you said that any requests

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originating from ICANN related to the transition or Work Stream 2, but that would not be upon request by the group, would not go through this legal committee. That's fine and agreed and was clear. But also would be outside the scope of the cost that we've identified so far, the 1.4 million.

I think if we can confirm that, that's the last outstanding issue for our group, which I was hoping to clarify in this call. So it would be really helpful if you could confirm that so we can report to the group. Thank you.

XAVIER CALVEZ:

Thank you, Mathieu. So what I was pointing out is that legal advice in relation to the WS2 is part of the scope of and mandate of responsibility, the model proposed of the legal committee. Whether it's ICANN Legal in person, being Sam, would suggest to use ICANN Legal for the purpose of the WS2, or for any other purpose within the WS2, or for any other firm, this cost would be within the 1.4 million. I was simply pointing out that if ICANN, as a company, needs advice from its external legal advisor on anything else than WS2, or on a transition topic related but not part of the WS2, then it's not part of that envelope, is the bottom line. But if it's WS2 related, then it's under the scope of the legal committee and the envelope associated to that overall by WS2, is the 1.4 million.

I didn't assume – and I think that was your question to clarify, Mathieu. I did not assume that ICANN Legal would direct advice on WS2 topics that

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would not be somehow determined, and therefore decided, by the legal committee.

BERNARD TURCOTTE:

All right, thank you, Xavier. And I think we're almost through this presentation, so we can go on to further clarification in the next part of the call. But I would like to go back to Alan Greenberg, who's been waiting patiently. Alan?

ALAN GREENBERG:

All right. I've got a whole host of issues, and I'm not going to try to raise them all now, because we're going to run out of time very quickly. The first one is I really want clarity on what we are doing and what ICANN is doing. And I'm getting more confused as I hear comments.

Mathieu sent out a message on the 29<sup>th</sup> of June, which broke down some things. One of them, however, it says the 1.4 million – this is in Work Stream 2 – is for external legal and it's not yet been divided between the CCWG and ICANN. It sounds like now it won't be divided and it's all CCWG. So I think we really need a nice, clean table showing all the costs and which part of the CCWG is responsible for, and exactly what is it, because otherwise, we're working with a black box.

There's an implication that things should go to Jones Day. And I think the wording used is, "if they can answer it." There's a trust issue that clearly is present with many members of the CCWG. And therefore, there is discretion on not can they answer, but will we trust the answer? And somehow, again, we need clarity on that. "Can" should not be the

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operative word. And there's also an implication that Jones Day's costs are lower than our external legal costs for other things. And again, I haven't seen any numbers like that.

So if you're going to ask the chairs of the chartering organizations to take responsibility, I want real clarity, and I don't want mixed messages. And there's a number of other examples of things that have been said in both directions in this call. And instead of asking the questions one-by-one, I think we want real clarity. There's a number of other more specific issues on what the things include and what are the processes going to be, but I'll hold those until the rest of the presentation. Thank you.

BERNARD TURCOTTE:

Thank you, Alan. I think some of your points are good. And I see Xavier has his hand up. So before going to Byron, I'll give Xavier a shot at this.

XAVIER CALVEZ:

it was an old hand. But nonetheless, I can fully recognize the need for clarity from Alan. And I think that one of the actions that could follow this call for us is to probably work with Mathieu and others to try to put together maybe a more succinct, simple, and clear document as to the scope, the buckets with the amounts in front of them, and which resources they correspond to.

I think, Alan, that the details of how each bucket would be managed and would be functioning, I think it will be a little bit more clear under that document. How far in the details do we go in the management of, or

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the description of the management of the costs, may be challenging. I think there's been a fair bit of description relative to the legal committee in the documents that Bernie went over. And I'm not sure how much more detail can be provided on things that are yet to happen. But I think as long as they're responsibility is well defined in the scope of the costs and managed is well defined, I think it will help a lot.

I will take the action with Bernie to work with maybe Mathieu to put together a more straightforward, clear note that would contain the information that then defines very clearly the scope of what the mandate would be.

BERNARD TURCOTTE:

Thank you, Xavier. And you should lower your hand so I don't pick on you again. Byron, I see your hand is up.

BYRON HOLLAND:

Hi. Thanks, Bernie. This may be a question that's a little far in the weeds, so feel free to say so if that is the case. But I'm struck by the fact that the legal committee can basically direct all the budget, but ICANN, for issues related to WS2 would have to go through the legal committee. So does that mean that this committee could reject requests by ICANN for budget and legal advice on WS2? So if ICANN, the corporation, is requesting specific advice for WS2, which means it has to go through this pool of funding, but the legal committee could potentially block that or say no. Is that, in fact, the case? And then, would ICANN be bound by that and not be able to tap into some other pool of money associated with it?



**BERNARD TURCOTTE:** Thank you for that question, Byron. I see Mathieu has his hand up. And I think it would be probably great to hear from him on this one. Mathieu?

**MATHIEU WEILL:** Thank you, Byron. I think that the misunderstanding that we're trying to clear up, and certainly we need to make that clearer in the document. But the idea is not that when ICANN needs expertise on Work Stream 2 related issues for its own sake, it is not going to pass through this legal committee. We are in no position to constrain the Board, for instance, for asking for legal expertise. It wouldn't be a good approach. So I think the short answer to your question is, no, that's not going to be the case, because this [grouping] process applies to requests that are initiated within the CCWG. I hope that helps.

**XAVIER CALVEZ:** Maybe I will add a little bit. I think that's correct, Byron. I think in the sense of if legal advice is necessary for the purpose of each of the work streams under WS2, to ensure that the work goes through, then that advice is part of the envelope that's being managed by the legal committee. If ICANN Legal – and it shouldn't be viewed as ICANN Legal. It should be viewed as if ICANN needs the counsel of its external legal advisor, needs information that pertains to ICANN as a corporation for its own advice, which is not a WS2 objective and purpose [and] ownership, even though it may be related to a topic that pertains to, I don't know, the accountability of SOs and ACs, but it's for the advice of

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ICANN, then ICANN of course can go to its general counsel on this topic, like for any other topic: labor related or litigation related or whatever.

But if the advice [sought] is in relation to pursuing furthering the work of any of the work streams under WS2, then it becomes a scope of responsibility of the legal committee and the decision of the committee to then decide where to get the advice, the best advice, and to possibly suggest, “No, we don’t want to have Jones Day do this. We’d rather have this firm do this.” And that’s the decision of the legal committee. But I think it may be helpful to distinguish the need for advice from ICANN as a corporation, to be advised by its external advisor, versus the purpose of this WS2 work, which then is under the control and ownership of the legal committee. Thank you.

BERNARD TURCOTTE:

Thank you, Xavier. All right. I think what we’ve gotten to here is starting to clarify some of the points that Mathieu said we’re on the leg of, and I think this call will help that. Xavier, your hand is still up. If you don’t want me to go back to you, please lower it.

Let’s finish off the slides, and then there can be some more discussion. I think we’re at the end of the slides anyways. So that completes my part. Xavier, do you have some slides you want to show?

XAVIER CALVEZ:

I think between Cherine and you, a lot has been said on the cost control mechanisms, so I simply want to make a few comments. Cherine has pointed out on the need and why we’re doing this. At the end of the

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day, what we are suggesting through the cost control mechanisms is simply to use the leverage of what I would call common business practice, to really support the work of the community in this WS2 exercise. And it's not limited, of course, to WS2. There is also the IRP work happening under this project.

But it's simply to allow the work of the community to happen as effectively as possible, with the highest quality possible, and with the most effective and cost-effective approach. So the objective is to support the work being done. Then under a management of that activity, that allows to minimize the costs while achieving the objective. So I think we need to be really clear that the staff and the Board supports completely the use of the resources that are configured to be necessary to go through this work. And we are on the same thing, which is that we all complete the work that the WS2 part of the project is trying to achieve. And to do that, we need to put in place resources. We are simply offering to ensure that there is cost control mechanisms that then allow that work to happen in the most cost-effective fashion. But the objective is for the work to happen and to be completed.

So I will leave that aside. As a result, the mechanisms that we are offering are those that many of you practice on a daily basis in [inaudible]. Some of you don't know them. Of course you do. But it's simply to have a clear owner of the activities and the responsibility for directing the activities, and managing the cost of the resources that support the achievement of those activities. That's the [budgeting issue] that Cherine described.

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And I also wanted to clarify that within that ownership, we had tried to [inaudible] a little bit the authority that was effectively possible for the co-Chair, in the case of WS2, to take on. And that's what Mathieu explained earlier. We had suggested, and in agreement with everyone I think, to carve out, for example, the management of the staff. Even though the staff is a resource that supports the work, it's difficult for an employee to be managed, effectively, under all aspects of responsibility of managing a resource by someone who's not within the company and who is not the supervisor of this employee. So we had suggested that the staff is excluded from the scope for that reason.

Now, it doesn't mean that the CCWG co-Chairs, they would have the responsibility of WS2, could not [hail] to ICANN in this case when they need Theresa or [Rakram], "We think we need more resources to help with this. And can you please try to find a way to support this activity?" So this doesn't mean that the co-Chairs could not request or need more or different type of support and they could not make that request because they don't manage that budget. It would be, in this case, a more client relationship, if you see what I'm saying, whereas the staff would try to accommodate the request for the needs of the group, to ensure that staff support can allow the work to be done.

Therefore, as a result, in the scope – and we'll make, to Alan's point earlier, we'll make this more clear in the note that I suggested we produce. Effectively, under the responsibility of the co-Chairs, there would be the travel associated with the WS2 work of the community. So supported travelers, which currently includes three face-to-face meeting at ICANN meetings of the CCWG, and the legal costs, which we have discussed.

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Along those mechanisms, which we haven't touched a lot over the past few minutes, there is also, of course, the support that the WS2 co-Chairs, and of course the rest of the project as well, would receive from the [PSCD] to help, one, communicate the costs of the project on a regular basis. Just like for any project in any organization, they're responsible for the project received information about all the costs on a timely basis. And also support the co-Chairs in any analysis of costs that they would like to conduct, to make sure the understanding of the cost is adequate. And the predictability of the cost for the future is also adequate.

So it includes understanding the costs that occurred, and of course being able to forecast the costs that would come in. And then, of course, the [PCSD] would support that activity, which would then allow the co-Chairs, as an element of the responsibility on budget ownership, to be able to redirect resources and possibly to request resources additional, under justification to be able to pursue and complete the work.

I'll stop here and see if there's any other questions. I didn't want to go too much into details on the basics of what has already been said. Thank you.

CHERINE CHALABY:

Thank you, Xavier. Olof, you said at the beginning that you had some points or comments to me on behalf of the GAC. Do you want to make those?

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OLOF NORDLING:

Hello, Cherine. Yes, actually, that should have been transmitted. It's a letter that went to Leon and Thomas Rickert, as co-Chairs. I can spell it out, so why not? It says, as follows:

“The GAC welcomes the efforts of ICANN to better plan and budget the use of resources for any activity it undertakes, as the GAC believes that accountable and transparent planning is an essential element of good governance in an institution such as ICANN. At the same time, the GAC recalls the agreed understanding among the ICANN community, which has also been confirmed by the ICANN Board, that Work Stream 2 issues will be given the same priority, bearing, and diligence as Work Stream 1 issues so that the work carried out in Work Stream 2 will be concluded successfully and within a reasonable timeframe, with results that are supported by the whole ICANN community. The GAC has no objection to your proceeding with this matter and presenting the proposed FY17 budget to the ICANN Board to the approval as estimated expenditure, with the understanding that it will be possible to request additional resources, should this be necessary for successful conclusion of all issues of Work Stream 2. [inaudible] for any question, please e-mail the GAC leadership. Best regards, yours sincerely, Thomas Schneider, Chair of the Governmental Advisory Committee.”

That's the full extent of the letter. And, well, I think that says as much we can say, at least carrying water for the GAC Chair himself. Thank you.

CHERINE CHALABY:

Thank you, Olof. I think we're broadly all in agreement with the GAC's letter.

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Alan, you said that you had further questions, but I note in the chat that you said you might [inaudible] those in writing. Would you like to say something about that now, or would you want to put everything in writing afterwards?

ALAN GREENBERG:

Thank you, Cherine. I'll put them in writing, but I'll summarize now. I think I'm hearing that there's going to be clarity on the budget amounts. I would also like to understand how some of these numbers were derived. If you're going to ask us to come back, if we have to exceed them and justify why we need to exceed them, I want to have some idea of how they were derived. I honestly don't have a clue how one is predicting what the legal costs are going to be. But obviously, some rules of thumb have been used. Otherwise, we wouldn't have numbers with three significant digits in them. And I think we need to understand that.

We also are going to need reports coming back in a timely manner for how we're tracking these amounts. And I'm presuming we will get reports – “we,” the co-Chairs and the Chairs of the chartering organizations – will get reports not only on the CCWG matters part, but on the ICANN matters part, as well. Because clearly, if the ICANN parts are being exceeded, we want to know that as well, because that means the estimates were not good. And we need clarity on all of those things.

There's some more specifics that I'll go into. But essentially, Xavier mentioned something about following good business practices. And that's all we're asking for. At least that's all I'm asking for. I don't expect

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people to be able to make decisions and take responsibility unless they have good access to the information. Thank you.

CHERINE CHALABY:

Thank you. Any other questions before I wrap up the session and agree next steps?

Okay. So let me try and wrap up the session. First of all, I want to say great thanks to the CCWG co-Chairs for the work and the effort that they did, and their collaboration in putting these cost control mechanisms together with the [PCSD]. So thank you. And I really feel there has been a high level of cooperation. And seeing that we are in this together as a community and not this is the BFC or the Board or the committee, let's all work together. So I fully support the approach [in what we're doing].

Alan said he will send an e-mail with a question that he has highlighted, but he put it in writing. Just as a quick answer to one of your questions, Alan, yes, the report will get from the [PCSD] on a timely basis, will be for the entire cost and not just the CCWG, the entire 8.8 million, because this is our cost as a community. Whether it's ICANN, whether it's CCWG, it doesn't matter. This is our money collectively, and we need to keep track and control and report of it. So we'll definitely do that.

Also, Alan sends an e-mail, all the questions. Then me and Bernie, working with Mathieu, will produce a note responding to those questions and the other questions from James and from Byron. But basically, clarifying what is the scope, what's the budget, how [inaudible] is going to be used, and so on and so forth.



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So all in all, my sense is that these cost control mechanisms are generally accepted by the CCWG, as well as the BFC. And I guess, at one point, we will need some confirmation from the chartering organizations they're also in agreement with that, subject, of course, to the clarification note and all the questions being answered in this session.

I see Mathieu's hand. Mathieu, your hand is up. Mathieu?

MATHIEU WEILL:

Thank you very much, Cherine. I want to also thank you and the BFC for the cooperation approach we've been using. As you mentioned, the co-Chairs, we are willing to play the role in this with our best efforts to manage costs as efficiently possible, and even be budget owners, although we are volunteers. Now, we all need to bear in mind that this is still [inaudible] consensus-driven process. So there's a number of uncertainty factors here. But certainly, I think we're setting the framework for efficient management here.

I also want to reaffirm that we will need – and that was also mentioned by Alan – a lot of support from the [PCSD], in terms of tracking, of reporting, of assessing impact of the potential requests. And this team is going to be highly needed in this process.

And finally, I'm glad that you could confirm that this process was meeting your expectations after the discussions. We noted that in the letter, that the budget, especially for legal advice, would be [released] once there's agreement on the cost control mechanisms. And it would be great if you could have some kind of timeframe for receiving this sort

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of approval from the BFC, to make sure everything is in place and so that we can reassure the various groups that everything's in place for their work to proceed efficiently. So that's probably the last item, and I'd appreciate some insight during this call. Thank you very much.

CHERINE CHALABY: Thank you. Thank you, Mathieu. And quite right, you need that approval.

May I ask Alan and Byron and James, and any other [representative], how long would it take for you to be in support of these cost control mechanisms, once we sent you this clarification note? Do we need another call, or is it okay go get this by e-mail saying, "We agree, let's move on"?

Quick comment from Alan and Byron and James at this stage?

ALAN GREENBERG: I don't think another call will be necessary, unless there are things far more obscure than you're predicting they're going to be. How long it will take to get the ALAC? I'm not authorized to approve something for ALAC, so I'm going to have to go through the ALAC. That will certainly take a week or so, maybe somewhat longer.

CHERINE CHALABY: Thank you. Byron, James, any comment?

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JAMES BLADEL:

Just a note that I think we – and I apologize. I have been off the grid for about a week here. But prior to leaving, I thought we had a pending request to have a similar webinar for the GNSO council to possibly present these cost control mechanisms, and also to address any questions that councilors may have from representing their stakeholder groups and constituencies.

Presuming that all of that were acceptable, then I think the earliest we could approve this proposal would be sometime at our meeting. And I don't have the exact date. It would be in September, early September, I think the first week of September. And that is probably our earliest opportunity to review and approve the proposal.

But I would like to just reiterate that I think we would like to have another opportunity to go through these with the council.

CHERINE CHALABY:

Thank you. Byron?

BYRON HOLLAND:

Hi, Cherine. Our position would probably be more consistent with what you just heard from James, who would need to have a – we would need to bring this before our council. And certainly, a webinar would be helpful, although I'm not sure it's necessary. But I would want to take this to the council. Based on what I've heard, it's my impression that it shouldn't be a challenge there. However, it would have to go through that process.

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CHERINE CHALABY: And time-wise?

BYRON HOLLAND: Again, our next – I'm going to have to get back to you on my next council meeting. I don't have the date at my fingertips.

CHERINE CHALABY: All right. So just trying to hopefully wrap this up in the next few weeks so that the various SOs and ACs, during the first week of September, could give us their response.

Alan, when do you think you can produce your e-mail with your questions? [crosstalk] Xavier –

ALAN GREENBERG: I will try to get it out today. I've got a bunch of other calls and other commitments, but I will try to get it out today. And just for clarity, the ALAC position will be somewhat similar to what Byron and James said. A webinar would be useful, if you could produce one. If not, I'm prepared to raise the issues myself. But probably a webinar of some sort for all of the councils or committees would probably be a useful thing. [crosstalk]  
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CHERINE CHALABY: Okay, is that one webinar for ALAC, one webinar for GNSO, one for ccNSO? Or just one webinar for everybody together?

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ALAN GREENBERG: Personally, I would think one for everyone would be sufficient, but I won't speak on behalf of the others.

CHERINE CHALABY: Okay. So we will – is that okay, James and Byron? One webinar for everybody to ask the questions?

ALAN GREENBERG: You may want to schedule two, just for time zones.

CHERINE CHALABY: Okay.

XAVIER CALVEZ: Cherine, may I jump in for a second?

CHERINE CHALABY: I was just going to come – okay, go ahead. I just need to [crosstalk]. Go ahead.

XAVIER CALVEZ: Sure. It's just from the logistics of these webinars. James was referring to a meeting of the GNSO council that was attempted to be organized a couple of weeks ago and couldn't because of logistics and availability. And I think he was referring to a GNSO council where their council could be asking their questions.

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Question for both James and also Byron, and maybe Alan as well, in the meetings of your councils or groups, is it useful to offer – and you don't have to answer now. Maybe you can confirm later. Is it useful that you invite us to present, and then the decision can be made by your councils, which would allow logistically to avoid having separate webinars from your council meetings, during which the decision would be made? And if that would be workable, then I would offer that we show up [inaudible] under your invitation, of course, at each of the ccNSO, GNSO, and maybe At-Large council meetings, to help present the information, answer possible questions, and then leave the groups to make their decision. Just offering that as an alternate.

CHERINE CHALABY:

Okay, James's hand and then Alan. James?

JAMES BLADEL:

Oh, sorry. So thank you, Xavier. And just procedurally, I don't think that's going to work for the GNSO. In order to make any kind of decision at the September meeting, we would actually have to have the documents submitted for discussion by, I think, August 22<sup>nd</sup>. So I think if we were to follow your proposal, we could do it that way, but the next opportunity then to take a decision on these proposals would be at our October meeting. And I think that would probably move the calendar out a little bit further than you would like. So generally thinking, if we were to do this within the confines of the existing GNSO calendar schedule, then it would stretch out into October.

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CHERINE CHALABY:                   Okay. Alan, your hand is up?

ALAN GREENBERG:                   Yeah, the same would be true for us. Our next meeting is the essentially the last week of August. So we couldn't make a decision at that meeting. And besides, cutting out enough time from our meeting for this kind of presentation, I think, would be really difficult. Our meetings tend to be pretty full. And cutting out 30, 45 minutes, which I think would be required to present this reasonably and allow for questions, would probably be really difficult. So I would suggest a dedicated call. I don't much care whether it's dedicated for all three groups or just one-by-one.

CHERINE CHALABY:                   Okay. All right. We'll figure out the logistics. So basically, we'll have either three webinars or two webinars, and we'll sort out the logistics and come back to you, [the SOs and ACs], with a proposal.

In terms of, when would you – so Alan will produce a letter by today or tomorrow. What about, Xavier and Bernie, when would you be able to discuss this material response and send the note out? Can we do this rapidly?

XAVIER CALVEZ:                    I would expect that over the next few days, and maybe by the end of the week possibly. We just need to check each other's availabilities. But I know Bernie and I are working and available, and we will make sure we

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help Mathieu, bring in Mathieu, as [inaudible]. But nonetheless, to ensure we get that done within the next few days.

CHERINE CHALABY:

Okay. All right. So we will – just to summarize then, Alan will produce a note today or tomorrow. Xavier and Bernie will work with Mathieu and produce a response for everyone within a week. Three, we'll try and hold webinars before 22<sup>nd</sup> of August. And four, we hope we will get a response from the SOs and ACs, let's say, by the 10<sup>th</sup> of September, whether they are in agreement or not with the proposal, subject to having those webinars held by the 22<sup>nd</sup> of August or something along that line.

Okay. Well, thank you everyone. And thank you again to the CCWG co-Chairs. Really appreciate the way we work together on this and where we're heading. I think it's a very good examples of trust, as well. We can trust each other and work together. This has been a very, very good example of that. So thank you, everyone, and meeting is closed. Thank you.

**[END OF TRANSCRIPTION]**