CHUCK GOMES: This is the Design Team O meeting on the 10th of August, 2016. Thanks go all of you for joining. A very important meeting, and I appreciate the quick responsiveness on the Doodle poll to get this done today so that we can have our meeting before the CWG meeting tomorrow. Thanks to Xavier and his team, and all of the ICANN staff, for putting the proposal out for PTI budget development and approval process.

And the first thing I'd like to ask, is there anyone who wasn't able to review the two documents? And I'm going to open it up for questions in a minute, but I just want to find out whether we need to have Xavier go through it, or we can just entertain questions and then talk about Design Team O recommendations to the full CWG.

So if you would like, Xavier, to go through the two documents, please indicate so. Put a check, an agree, in the Adobe, if you can. Is there anybody who's not in Adobe? Just let me know right now.

ELISE GERICH: I have been unable to get into the Adobe room, but will continue to try.

CHUCK GOMES: Thanks, Elise. Okay. I'm pretty sure you saw the document, so you probably don't need us to go through those. Thanks.

ELISE GERICH: Indeed, thank you.

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.

CHUCK GOMES: Okay. And that's not – go ahead. Xavier, go ahead.

XAVIER CALVEZ: Sorry, I apologize. I may be in a slightly noisy environment for a few minutes, and I'm not yet in the Adobe room either. But I'm hoping to be able to, at some point, connect into it. But I will start with describing, very quickly, the first document, being the PowerPoint document with the graphs. They describe, at a high level, the calendar process for the PTI budget process. We have reviewed the previous version of the second slide that focuses on the PTI process. And if we could go on that in the Adobe room.

We have done an internal review and are suggesting two small changes – well, two small – to changes that we think enhances the process from two perspectives. One, providing an earlier confirmation of the funding by ICANN of the PTI operations. And two, enhancing the, at least, perception of independence of PTI and of the decision of its board. So on this slide, you should see, towards the left of the slide, two red arrows.

These two red arrows point to the two changes that I just mentioned. If I start from the top, the first suggested change, versus the version that we looked at, I think, two weeks ago is to have a preliminary -- or let me rephrase – early commitment by ICANN to fund the IANA operations early in the year, and using the reference of expenses that we need to determine. But that could be, for example, a baseline set of expenses. Basically, that would be continued running of the IANA/PTI operations

on the basis, for example, of the previous year's [run] rate. But in this step, the amount would actually be relatively marginally important. What would be important is the commitment by ICANN to continue funding the operations of PTI that early in the year. And I think it would be helpful to associate an amount to that so that it gives substance to that approval. But it would be, basically, nearly the first step of the process, which then provides, I think, and is intended to – and if it's not achieving that purpose, then we should all discuss – but is intended to provide an early, uncontroversial, established commitment of funding of the IANA strategy operations by ICANN. This, therefore, would not only happen at the time the ICANN Board approves the budget of either PTI or ICANN. I would have already been approved at the outset of the process.

The second change is then – and it's correlative to this first change. The second change, which is indicated by the second arrow, is suggesting to replace the approval of the PTI budget from the ICANN Board to the PTI board, and therefore puts the integrity of the PTI process on the PTI board, and the process for PTI finishes with that. If you think about it, the funding has already been approved, on the outset of the process. The PTI board, after public comment and after public comment has been addressed, approves, then, its budget in a timing that allows then ICANN to take this budget into its own overall consolidated budget, and into the public comment process that will occur for ICANN as a whole, therefore inclusive of PTI. And then that ICANN overall consolidated budget, which includes the PTI funding already approved, and the PTI expenses already approved, then is submitted to public comment and is then approved by the ICANN Board at a later stage.

So those are the two changes that we are offering to enhance the process, from the perspective of early commitment of funding, rather than at the end of the process, as it was suggested in our version of two weeks ago. And a single approval, meaning simply only the approval of the PTI board, rather than the ICANN Board, on the PTI budget itself.

Let me stop there and see if there's any reaction. And, Chuck, if I can ask for your help, because not being in Adobe, I don't see who has any questions.

CHUCK GOMES: Sure. Yeah, Olivier has his hand up. Let's start with Olivier, and I also have a question. And before I go to Olivier, let me let you know that I am also in a small motorhome, and hopefully there won't be interruptions. But when I'm not on mute, if there are any noises, I'll try and go on mute quickly, unless I'm talking. So let me warn you on that.

Olivier, please, go ahead.

OLIVIER CRÉPIN-LEBLOND: Thanks very much, Chuck. And thanks for this amended graphic planning calendar, Xavier. I have a couple of questions on this, because I guess I'm a little confused on this at the moment. Okay, so with regards to ICANN Board preapproves baseline PTI funding, that's all fine with me. What I'm confused on is starting with the public comment. Because I guess that the actions here are all taken by ICANN Finance, and we have ICANN BFC and PTI board approves publication. So that's then in accordance with your department. Then the draft PTI plan is… So

operating plan and budget is published by your department. The public comment is also run by your department. Perhaps I'm wrong on that.

And then the responses would then come from whom? Would the responses come from the ICANN Finance department? From the PTI board? From the ICANN Board or ICANN BFC? I'm not sure on that.

And then once these responses have been made, and maybe even amendments might have had to be made, I see the PTI board approves the operating plan and budget. But wouldn't that be – I mean, the money, at the end of the day, comes from ICANN. So what happens if the PTI board approves it? When does the ICANN Board approve it? Or can the ICANN Board not approve it, while the PTI board approves it. I'm a bit confused. Thanks.

CHUCK GOMES: Thanks, Olivier. My question is very similar, so let me throw it out there before Xavier gets a chance to respond. Is my understanding correct that the ICANN Board wouldn't approve the final PTI budget until it approves the full budget at the end of June? That's what it looks like to me in the plan. Am I understanding that correct? And I think you can see, that's certainly related to the question that Olivier is asking.

So, Xavier, can you respond to our questions?

XAVIER CALVEZ: Sure. Can you hear me?

CHUCK GOMES: Yes, we can hear you.

XAVIER CALVEZ: Okay. Okay. So I have my own confusion about Olivier's question, and I will nonetheless try to answer. And, of course, either or both of you will let me know if I am not ultimately. My confusion is that I don't see how there is any relevance to what department of ICANN operates a public comment process. The bottom line is that there is a public comment process. Whether it's Mr. X at ICANN or Mrs. Y at ICANN that publishes on the background, to me, is entirely irrelevant at the end of the day.

In this case, we are talking about the PTI budget. The answers to the comments would come from any staff members that has the knowledge about the topic that's the subject of the comment. And it's effectively on behalf of the PTI board that the public comment period is carried out, that responses would be formulated. Because at the end of the day, it's the PTI board that approves the budget. All this specific public comment process – and I'm assuming Olivier was referring to the PTI-specific public comment process.

So whether it's finance, whether it's policy, whether IT, in my view, means nothing, as long as the responses to the comments are produced and endorsed, and reviewed and endorsed by the PTI board, who ultimately approves all the [basis] that the budget that it would be approved, had been submitted to public comment, that public comment would have been addressed, and that the board would have that full knowledge at the time of approval. And when I said, "the board," I repeat, I said the PTI board.

CHUCK GOMES: Is it okay if I interrupt? Can I interrupt you?

XAVIER CALVEZ: Sure. Yes, please.

CHUCK GOMES: Let's see if we can get confirmation from Olivier that he's okay on the public comment process. I put in the chat that I think I'm okay with that part. That's not the part that my question related to.

But, Olivier, can you confirm, are you okay with what Olivier just said?

OLIVIER CRÉPIN-LEBLOND: Thanks, Chuck. Yeah, the public comment process is just to find out the shepherding of the process, in that we don't want things to fall between the cracks. Thus, I just ask who was responsible for the whole shepherding. And I gather, yeah, it could be Mr. X or whoever it is, or Mrs. Y. But as long as they keep that ball and it's not passed on in between different departments was one thing. That was my point.

But secondly, of course, then the development of the PTI budget itself and the approving of this budget by the PTI board was the question that I had. Because ultimately, the money doesn't come from the PTI board, or it doesn't come from PTI. It comes from ICANN. That's the important approval. Hence, the question that you did ask, Chuck, which I agree with. So I'd like to hear that. Thank you.

CHUCK GOMES: Thanks, Olivier, for confirming that on the public comment part. And I, of course, interrupted Xavier before he could finish. So let's let him continue now.

XAVIER CALVEZ: So can maybe Chuck [rephrase] the part of the question that Olivier and you, Chuck, have on the development and the role of the budget, just to make sure I have [it here] and I actually respond correctly to it?

CHUCK GOMES: Sure. The specific question I asked, and I think Oliver just confirmed, was really wanting to know the same thing, is am I correct that in this process, the ICANN Board would not approve the final PTI budget, the one that was developed after public comment and approved by the PTI board and so forth, until the end of June, the same time that approves that full ICANN budget? Is that a correct understanding on my part? And then I'll follow that up, once you answer that.

XAVIER CALVEZ: Hopefully it won't be a matter of interpretation. But I would say, no, it's not correct, because the ICANN Board will have preapproved the baseline budget at the very beginning of the process. Now, I'm not saying that… At the end of the process, the ICANN Board will also approve the ICANN budget, in which there will be also the PTI budget, already approved a few weeks or months prior by the PTI board. But the ICANN Board will approve the funding of PTI in the month that started

the overall process, at the outset of the process, even before PTI budget is developed.

CHUCK GOMES: So if –

XAVIER CALVEZ: Go ahead. Go ahead.

CHUCK GOMES: Yeah, sorry. So when ICANN preapproves the baseline PTI funding, my understanding is that funding could be added to the budget by PTI board and then by public comment and so forth, so that baseline funding may change when you get to the end of the process. At the beginning of that nine-month window, is the Board going to not only approve the baseline funding, but any additional funding that is approved by the PTI board and as a result of public comment in advance, without seeing it?

That's what I'm getting at. It seems to me that baseline funding may change in the final budget as a result of public comment. Otherwise, there's no use having public comment. So what I'm seeing then, there's a baseline funding that's approved nine months before. But then there's a development process involving PTI, and involving the PTI board and involving public comment, that may result in the…

The third-last step on the second slide says, "Respond to community feedback and update draft." So the budget may change at that point.

Then PTI board approves it. And that all happens probably before, let's say, the early March timeframe, when the ICANN operational plan and budget is opened up for public comment.

But what I understand the process then, the ICANN Board doesn't approve its operational plan and budget, which includes the PTI final budget – not just the baseline funding – at the same time, the end of June. That's a critical point, Xavier, because the CWG proposal says that the PTI budget has to be approved well in advance, as you know, of the regular budget. And that's the only catching point that I see in this process.

Now, let me stop and let you talk. Sorry to take so long.

XAVIER CALVEZ: No, no, thank you. We're trying to work through it, so it's important to spell out clearly what we are thinking. I guess what you guys don't see is the value of the early approval by the ICANN Board of the funding o PTI and the single approval of the PTI board. So I would preface – I'm going to try to explain it further, to make sure that there is no value in that structure that we are suggesting to go by. And if there's not, then we can just ignore it.

But I want to preface that we're completely fine reverting back to what we were offering two weeks ago, because we thought it would be actually better to offer the changes that I have talked about today. But if it's not better, then obviously we do whatever we think is best. When I say, "we," is together [by some default]. But I want to make sure at least the concept of the changes is clear. And then you'll let me know

whether it makes sense or not. And I'm going to really compare one with the other and try to see pros and cons of both.

If we would have, let's say, ICANN Board approval, let's say for example, immediately following the PTI board approval at the end of the PTI budget development process, which Chuck indicated [inaudible] would be in the timeframe of, let's say, February-ish. We feel that either of those two board approvals is a rubber-stamping. If we say we need ICANN Board approval, then why do we need PTI board approval? Because it doesn't matter. One of those two approvals doesn't actually matter.

The PTI board, on its own, is an affiliate of ICANN. And as a result, I don't see any circumstances under which the PTI board will approve something that the ICANN Board would not be able to approve, which is why we also suggested that the ICANN Board has visibility on the PTI budget early on in the process. So this is what I would call the inadequacy, or at least the perceived inadequacy, that we saw in the previous version of the budget, whereas there is one of the two boards that's just rubber-stamping.

Now, then we felt – when I say, "we," the ICANN staff, and I discussed that with Akram and a few other people in the team, since we last spoke, before this call today – we felt that what matters from ICANN – from ICANN – is the commitment to fund the IANA operations, which is why we suggested, why don't we have an ICANN Board approval of the funding of PTI on the outset?

So then there is the question that Chuck focused on, which is, what if the ICANN Board's approval – which was provided at the beginning of the process on a, let's call it, a baseline budget, as I used that word – what ultimately gets approved by the PTI board is different than what the ICANN Board has approved on the outset? I completely agree with the validity of the question in that this would be something that would need to be resolved.

I think that we could conceive an ICANN Board approval on the outset for the funding of PTI at the beginning of the process. That would include an envelope for improvement, an envelope for growth. That doesn't have to be consumed by the way, but just simply that allows to the comfort of mind of everyone in the community to be able to work in earnest into the process of developing the PTI budget.

And then on the back end of that exercise, the PTI budget is developed. It may contain things that were not included in the basis that was used for the ICANN approval at the beginning of the process. And that may exceed the envelope that was then approved. By the way, that is true, even if you have an ICANN Board approval after the PTI board approval. That scenario could appear in any case. Having an ICANN Board approval after the PTI board approval, at the end of the process, does not at all preempt or address better or differently that scenario that I think Chuck was pointing out to be.

So I think that at least the advantage that I see in the step of having the ICANN Board approve an envelope – and it could be an envelope-plus. It could be last year or the run rate of operating IANA, plus 5% for the sake of allowing for possible improvements, for example. That may very

well come from the consultation on the development of the budget. But if there would be 5 million wanting to be spend on the IANA functions because we want, for example, to replace the KSK facilities, of course, it would probably not fit in this baseline-plus envelope provided by the Board on the outset, and it would need to be discussed as part of either the public comment. And maybe ICANN will need to be able to participate in those discussions as part of the development of the budget process, and there would need to be a decision from the ICANN Board at some point on that.

I agree. And I think we can probably handle this type of situation. What if the budget is exceeded after the end of the PTI process, versus the envelope that was preapproved? That I think we can handle, as well. But by the way, if you have ICANN Board approval right after PTI board approval on the back end of the process, you have the same issue. So those approaches do not – would need to be handling this specific event in the same fashion.

Let me stop there, because I want to make sure that I've understood the question and that you've understood what I am saying we are offering. And I just want to repeat, I'm not married, nobody's married, to this process changing versus the previous one. So we can make it both work. We felt that this one was offering to the community a stronger and earlier commitment from the ICANN Board on the funding of the PTI operations, which we felt was an element of importance. If it's not important to the community, then we can ignore that step if we want to. Let me stop there.

CHUCK GOMES: Thanks, Xavier. First of all – and I'm speaking for myself. I'll let the rest of the DTO members speak for themselves, either in the chat or audibly – I think there is value in that step that's added in the preapproval of the baseline PTI function. To me, that shows the continuity, the commitment to ongoing services. And as you, and the rest of the ICANN team, know, the commitment to continuity is a critical issue. So let me personally say I think there is value to that step that you've added.

Now, what I understood you to say is that if the PTI board approves the PTI operational plan and budget, then that's just as good as the ICANN Board approving it. I predict there are some people that question that. But maybe what we need to do is solidify that assumption. Instead of making it as an assumption, state it as a fact. But we can come back to that.

But what I want to do, and I'm going to jump away from my Adobe screen for a minute, because what I want to read is the requirement that's in the CWG proposal so that we focus specifically on that, because that's what DTO is going to have to recommend whether this thing is satisfied or not. And the requirement is cited in three places in the CWG proposal. And you're familiar with it, and I can cite where it's at if anybody wants that. But it says, "The IANA budget should be approved by the ICANN Board in a much earlier timeframe than the overall budget." Okay?

Now, I think what you're saying – and I'm going to go back to Adobe so I can watch the hands, and so forth. Let's see, here we go. So what I hear you saying is because they have approved the baseline funding, and because the PTI board approves the operational plan and budget well in

advance of the full ICANN operational plan and budget, that that requirement is met.

I suspect that some may think that because changes may have occurred – as you've agreed – after the nine-month window and the baseline funding, and some may think that because the PTI board approved it, that may not fully satisfy the requirement in the CWG proposal, because the CWG proposal says that the ICANN Board approved it. Now, they did approve the baseline, and the PTI board approved it. But will that meet the requirements that specifically says the ICANN Board has to approve it well in advance of the other budget?

And let me let Olivier jump in, because he's got his hand up. Go ahead, Olivier.

OLIVIER CRÉPIN-LEBLOND: Thanks very much, Chuck. And I wanted to add to what you just said. I totally agree with the points you're making. I wanted to also add, well, two things, really. First, part of this whole exercise that we're going through is to do with trust, and with the trust that ICANN will continue funding PTI. And I recall remembering some discussions that we have had in the past, where there was some distrust about not just the daily running expenses of PTI, but certainly, expanding PTI in the future. As you said, major key rollover or equipment that needs to be updated, or some major expenses that would not be part of the baseline PTI funding. And that's where we then have a question mark as to whether the ICANN Board needs to approve that added expense early enough.

My reading of the IANA proposal was that it would need to be agreed as early as possible. And so even these added expenses would need to be in there. And so I just don't understand why – okay, I'm certainly in agreement, have the ICANN Board preapprove the baseline PTI funding. Is it a major problem for the ICANN Board to then also approve the OP&B immediately after the PTI board approves it? Because I still believe that the purse strings are controlled by ICANN at the end of the day. And I don't equate the PTI board approving the plan and budget on the same level as the ICANN Board approving the plan and budget. Thanks.

CHUCK GOMES: Thank you, Olivier. And hopefully that made sense. And I suspect – I don't know – would the full CWG accept PTI board approval as being ICANN Board approval? I suspect that they might not. I agree with you. I suspect all of us on this call agree with you that it is extremely unlikely, because the PTI is a subsidiary of ICANN, that the ICANN Board would not approve something the PTI board approves it. But looking at the history of the CWG, we all know that, okay, it may be very unlikely, but let's cover it. And the requirement is very specific in the CWG proposal.

Now, could we get the full CWG to agree that this process, as it stands right now, meets that requirement? I don't know. I think it's a little bit questionable, and I think that's what Olivier and I are doing. And I see in the chat that Cheryl doubts if they would either. So that, in my opinion – and I want others to venture their opinions too – is the only possible flaw in this plan. And so now you said, Xavier, that there might be fixes

to what the concern is, and so maybe you want to talk to that. I don't see any other hands in the chat.

I will tell you, since you're not in Adobe, that Mary said, "+1 for the baseline PTI funding approval by the Board." So I think we're all in agreement that the first step, the first red arrow in slide 2, is a good one. That's really a nice move. The only problem that I have – and I think the rest of DOT – is that specific requirement of ICANN Board approval of the PTI budget, well before the full operating plan and budget for ICANN is approved.

So let me stop and give you a chance to respond.

XAVIER CALVEZ: I won't address the distrust comment that Olivier alluded to, because this conversation is going to sour. It makes my skin cringe. So on the board approval, I didn't say that the PTI board approval was equivalent to the ICANN Board approval, and vice versa. I'm not saying it's necessarily equivalent, because, to your point, in theory, the PTI board could decide something different than the ICANN Board, or at least have a different perspective. The decision then would be the result of more parameters, but could have a different perspective.

So I don't think the two are the same. What I'm saying is that if one approves, the next one – whichever comes next – is simply rubber-stamping. So let's assume the ICANN Board would approve first. The PTI board can just approve it if they want to, but what did that change? I think at the end of the day, if it is perceived that – and, sorry, just one last comment on the PTI board approval before I go to the next

comment. If the PTI board approves a budget, you have to look at the reality of the structure that we're looking at for PTI, which is an affiliate. There is absolutely no way that the PTI board is going to approve something that the ICANN "parent," in quote, will not approve. So a meeting that decides, for those of you who have worked in groups with full-on subsidiaries, I would assume you understand what I'm saying.

Now, I think that if, for the formality of the process, if optics, you think that the community will agree with your collective perceptions that it's necessary that the ICANN Board approves the budget formally, and I would say in addition or as a replacement of the step that we currently have for PTI board approval, I see no issue in doing that, at least at this stage, until we have all walked through that process at least once. I don't see an issue of that happening. As I said before, that's what we had before, and we were all looking at it and thinking it makes sense. So I have no problem with that.

I think we can do the first step that's suggested here. I think it's actually unnecessary, but if it helps, then it helps. And when I say, "the first step," I'm talking about the ICANN Board approval of the baseline something, the way I suggested a quick definition of. So I think we can do both. I don't see an issue in doing that. It may appear a bit heavy. It may appear a bit… I actually feel that it's not absolutely necessary. But is it helpful? Maybe it is. And honestly, it may evolve over time if we all think that some specs are not necessary after a few years. But I think it's all possible.

So let me stop there and let [everyone rant].

CHUCK GOMES: Okay, thanks, Xavier. Olivier, your hand is up. Go ahead.

OLIVIER CRÉPIN-LEBLOND: Thanks, Chuck. I realize I speak a bit too much. I'll try and be very brief. I agree with you, Xavier, that the ICANN Board having to approve after the PTI board approves would very likely be rubber-stamping. But I do also realize that we are dealing with three operational communities. And we have seen in previous – well, on several occasions, the level of distrust. And this is where I'm saying not the level of distrust in the ICANN Board from any of us on the call. I'm just saying as a level of distrust we have seen, as in people wanting things to be always down on paper, etc., etc. And we're seeing this when it comes down to the intellectual property discussions. That it would certainly make people feel happier if that rubber-stamping would take place.

And you did say that it might be heavier than it should be, since the ICANN Board would have already preapproved the baseline PTI funding. But if this is indeed rubber-stamping, then it shouldn't be so heavy. Thank you.

CHUCK GOMES: Go ahead.

XAVIER CALVEZ: Just to respond, when I say, "heavy," it's not that it's not possible. It's just heavy because it creates steps in the process that are logistically

challenging. And when I say, "challenging," it's just more work. When I say it's heavy, it creates a governance framework that is heavy. Again, it's not undoable. But I think that in designing a framework of governance, you want to ensure that you create limits and that you preempt events that you don't want to happen. But creating then, within those limits, steps that are nice to have, versus necessary, then creates complexity, whether we see it today or whether we will see it later in years. That's my only point.

Having said that, it's not an argument about not doing it. So I'm leaving it at that. Sorry, Chuck, that I interrupted. Go ahead.

CHUCK GOMES: Oh, no, that's fine. I'm glad you did. So in my opinion – and I want confirmation from the rest of the DTO members on this call – but in my opinion, if you added an ICANN Board approval of the PTI board-approved operational plan and budget, somewhere in between, when the PTI board approves it and when the final ICANN budget is approved, it probably makes this process a no-brainer to get CWG support. Like you said, whether it really adds that much or not, or adds complication, I think that's a step, if you take it, makes the approval process easy.

Now, if anybody on the DTO team on the call disagrees with me, please indicate in the chat or raise your hand or something. But I think adding that step, because the proposal, stated three times in the CWG proposal, is very clear that the ICANN budget approves it. And people are going to assume that that's the final budget, in case any change were made to the baseline. I think we can assume that. And again, you

can't see the chat, but others in the chat – Mary, Olivier, and Cheryl – have all agreed with that.

So if you can add that, like Olivier said, that rubber-stamping step somewhere before the end of June, like it happens now, I think that makes the process very easy to get CWG support and to clearly show that the requirement in the CWG proposal is met. And I see a plus from Mary in the chat, and Olivier is typing. So does that make sense, Olivier? I mean, does that makes, Xavier? Excuse me.

XAVIER CALVEZ: Absolutely, done. I've already made the change in the file.

CHUCK GOMES: Okay. Well, then, the next thing we need to cover today, I've prepared – and we don't have to use it, but I thought it was an easy way for us to communicate to the full CWG on this issue – a little table, a matrix like has been used in the CWG to track the IPR stuff and other things. So I tried to follow the same format. And right now, if that can be brought up, that would be great.

And it obviously needs to be modified, because right now, the last column just has my personal comments. And that can be eliminated. And we just need to fill in the DTO assessment on that. And that enables stuff there.

XAVIER CALVEZ: Chuck?

CHUCK GOMES: Yes, go ahead.

XAVIER CALVEZ: Chuck, sorry to interrupt. I apologize for talking now about the agenda of this call, because I wanted to check with you if you intended to bring up the two points that I had inserted in my e-mail to you on Monday that I think are, if not required, at least useful to [process] and that it would require an action from the DTO. And I just wanted to check with you, if you intended to bring those later on, after this second document that you would like we look at. And the reason I'm asking is because those two points are actually in relation to the process that we just discussed. And I thought that it may be useful to address them at the same time.

CHUCK GOMES: Sure. And I appreciate that. Actually, I think if we cover this table, those two questions are answered.

XAVIER CALVEZ: Okay, yes, thank you.

CHUCK GOMES: Okay. If you look at my personal responses that I CC'd the DTO on, on that, I think the first one is easy. The second one depends on what we've just been talking about. And so I think it is answered in the

affirmative – and again, I'll let others comment on that as we go through. So if we can take a look at this table, let's then come back and see if those two questions that you raised are taken care of and there's support from DTO on this.

So if you look – and it looks like everybody has scrolling capabilities. So requirement number 1 is repeated, I think, five times in the document in some various forms. But basically, that's just that the PTI budget development process has to be transparent and that there has to be detailed, and so forth. The one question I ask here, the bylaws require budget transparency and itemization detail to the project level and below is needed. If not, should this be stated elsewhere? And if so, where?

So there's nothing in the bylaws – and I'm not suggesting that it has to be in the bylaws. It could be somewhere else. But I'm curious what other DTO members think for this particular item. We know that the overall ICANN budget and operating plan development process satisfies these conditions now, or I think they do, in my opinion. And they're going to do the same thing. But should that be stated somewhere? And I'd love to hear a response from Mary or Olivier or Cheryl, or all of them, if they can.

Any of you want to – okay, Cheryl, thank you.

CHERYL LANGDON-ORR: Thanks, Chuck. Yeah, my only hesitation is doing anything with the bylaws. I certainly don't particularly – because I think what we've got in general does cover it. Operational procedures, that sort of stuff, sure,

yes, that's just good practice to have that codified somewhere, and bound up and stuck on a shelf and read from time to time. It'll act as a good reference. So I'm not objecting to that aspect being captured and officially identified in a form of document. But I do not believe we need to do it in bylaws. Thanks.

CHUCK GOMES: Thanks, Cheryl. So let me ask a follow-up question of you. So do you think it should be documented somewhere else? And if so, where?

CHERYL LANGDON-ORR: I'm always happy to have good practice usage of standard operational procedures for things. That can be part of the governance suite of documents for either or both organizational entities. I don't think the ICANN bylaws is required there.

CHUCK GOMES: No, that's good. And I kind of lean the same way with regard to the bylaws. Let's listen to Olivier, and then I'll make a suggestion. Go ahead, Olivier.

OLIVIER CRÉPIN-LEBLOND: Thanks, Chuck. Currently, are any of the budget processes detailed in the ICANN bylaws? I think that they're not to that granularity. And that's why I totally go along with what Cheryl was saying.

CHUCK GOMES: Thank you, Olivier. So what if we were to, in the column that's DTO assessment, that we make a statement, something like this, "The DTO recommends that the CSC monitor the transparency and itemization of the budget and make recommendations in that regard, as needed." Something like that. The CSC is going to be overseeing all this. Does that make sense? And then we would be able to say that this is fine. The plan supports this requirement. Does that work? I see a check from Cheryl, Olivier. Mary, what do you think? Does that work for you too? And I see Xavier, a checkmark.

Okay. So one of my problems today is I've got to find time, because I'm going to be traveling, to update this matrix. But I'll try and make – and I've got a two-hour call right after this one. Okay, so everybody's okay with that. I'll figure out how to get this done, and I'll remove the column that has my comments. And I'll put in a statement like that. What I'd like to do today, if I can get it done, is send this off to CWG, if everybody on this call is supportive of that. And we'll talk about that at the end.

Okay, let's move on then to the green items. If you scroll down, the next requirement is the itemization of direct costs. And I think this is the same situation. In other words, we could respond the same way. CSC can monitor that, and if there needs to be more, the CSC could recommend that, or it could happen in the public comment period, and so forth. So I think we're okay there. And I see Cheryl is supporting that, as well.

So let's move on, because I think that's the same kind of issue. Let's go to the light blue items. And there are three of them, three occurrences in the CWG proposal. PTI should have a yearly budget that is reviewed

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and approved by the ICANN community on an annual basis. This is compliant, in my opinion. So unless there's any disagreement on that, we can just say, "Compliant with the CWG proposal." Okay. I see checkmarks again.

And then we go to the purplish items. There are, again, three occurrences of this item. PTI should submit a budget to ICANN at least nine months. Again, this is compliant. And that would be the recommendation of DTO.

So going on then to the grey-shaded items, again, three occurrences of this, but they're almost identical, if not identical. I think they are in this case. The ICANN budget should be approved by the ICANN Board in a much easier timeframe. With the modification that's being made, again, we can just say, "Compliant." It makes this one really easy. Whereas before the change that Xavier just communicated, this would have been a different response. So that's why I was… What we discussed mostly on this call related to this item. So I think we've solved that. Anybody disagree, speak up.

And then the last two items are really just what we're doing and what staff has done, in terms of preparing a process. And I think we can kind of say now that this is – assuming the CWG approves it – that this requirement is done. It's not so much being compliant as just being done, if the CWG agrees with our recommendations.

Now, let me stop there and ask two questions. Number one, is there anybody on the call that disagrees with anything I've concluded here, to put in that column under "DTO assessment"? Speak up if you do. And

then I'll try and get out a version of this. I may do it during my next call, if I can't get, because it's not really going to be too hard, and send it around to this group first and let you do it.

And then the second question I was going to ask is to Xavier himself. Does this indeed address the two issues you raised in your e-mail? So, first of all, anybody disagree with the plan with regard to the use of this table and the changes of the table?

Okay. Then, Xavier, can you – oh, Olivier, please, speak up.

OLIVIER CRÉPIN-LEBLOND: Thanks, Chuck. There's just one matter for potential confusion on this table, which is the columns that say, "See above." If you look at the DTO assessment, the, "See above," and above all of that is a blank box, directly above that. So that was just a little confusing, maybe.

CHUCK GOMES: Sure. And what that is, because I didn't want to say what the DTO assessment was until we had this meeting. So in other words, what will be filled in there is the conclusion, like for example on the first two, number 1 and number 2, we're going to say, "Make a comment with regard" – somebody – is that me that's causing that? I don't know. I can't mute, obviously, but it's gone away.

So I'll fill those in and send this around for everybody to review. But the yellow one and the green one are going to be filled in with the comment about CSC monitoring it and then taking action as needed. The blue one

is going to say, "Compliant," in that empty box. So those will be filled in with what we talked about just now. Does that make sense, Olivier?

OLIVIER CRÉPIN-LEBLOND: Yeah, thanks.

CHUCK GOMES: Okay, good. Good. All right. I didn't want to be so bold as to say what DTO assessment should be until we had this call. Anyway, now, Xavier, has this addressed the two questions that you ask in your e-mail?

XAVIER CALVEZ: Thank you, Chuck. I'm not sure. So my first point is relative to the part of the table that is, I think, number 4 on the – there are several number 3s. So number 4, the first purple box at the top of the third page.

CHUCK GOMES: Yes.

XAVIER CALVEZ: Right. And that's the topic of my first question. And you copied here the fact that we have the requirement in purple. And that requirement says, "Submit a budget to ICANN at least nine months in advance of the fiscal year." So what we have currently in the process is that we submit a proposed budget to the PTI board. And that would also be submitted to the ICANN BSC, which is not the Board, but nonetheless the representation of the Board, nine months in advance.

So my point is, I think it would be helpful to make explicit, or to state, from the CWG that submitting a proposed budget meets the requirement as [fermented] in the proposal, because the proposal is silent as to whether it's a final or a proposed budget. So if the proposal would be interpreted as a final budget, we don't meet the requirement currently. But if it's understood as being a proposed one, then we do meet the requirement. And I think that clarification should be made explicitly for clarity for everyone. Sorry.

CHUCK GOMES: No, that's a very good point. And I don't think any of us – and anyone can correct me if I'm wrong on this – any of us ever expect that nine months in advance, the final budget would be presented. So we never – I mean, because we wanted a community interaction process to follow that. So I will add the word "proposed" in front of "budget" in this document so that we… That's a very good point. Does that cover that?

XAVIER CALVEZ: It does. I think we just need to make sure that everyone understands that the proposed process, therefore, is accepted to meet the spirit of the proposal for which a proposed budget meets the requirement. My point is that you can put "proposed" in front of "budget," but we also need to say that it's fine, meaning it does meet the requirement, the spirit of the requirement.

CHUCK GOMES: So in the next column, DTO assessment, we'll put, "Compliant."

XAVIER CALVEZ: Understood.

CHUCK GOMES: And that's the DTO recommendation. Okay, so I'll add that. Good. Now what else? Is there anything else with regard to those two questions that you ask in your e-mail? Does this address them? Do you feel like DTO is saying what it needs to say to the CWG?

XAVIER CALVEZ: Sorry. So while you were speaking, I was trying to go back to the proposal. And it's paragraph [11.63]. Sorry to be sounding [inaudible] on the legal references. But the paragraph [11.63] speaks to the continued funding of the PTI. And I was trying to ensure that we are able to link the structure or the process to explicitly the commitment of funding. And as I said in the e-mail that I sent to you, Chuck, which you forwarded to the group, we believe that between the first step and adding now the added step that we discussed on this call – sorry, the first step being the step whereas the ICANN Board would approve a baseline-plus type of envelope of funding, and the Board approval at the end of the process, plus the caretaker budget. Because what if the Board-approved budget is challenged through the empowered community? So plus the caretaker budget, reflects the commitment of ICANN to fund the ICANN operations, which is a requirement of the CWG proposal.

And I was trying to go back to the specific language of the paragraph [11.63], and I'm not finding it right now. But I think that I'm suspecting we're fine. I think we're fine. But I want the DTO to say whether or not you are fine.

CHUCK GOMES: So let me make a suggestion in that regard, because you raised a really good point, I think. And that is what if we were to add another row to this table. And we'll make it number 7, just to make it easy, and put that requirement in here. And I'll need some help finding the exact reference. We can add a row here. And in fact, if you can e-mail me, if you can find the specific requirement and the language, so it'll make it easy for me to update it. Let's add a row 7 that states that requirement, gives the reference to the section that you're trying to find.

And does anybody disagree that we would say that this plan is compliant? Let me get back over to Adobe. I'm not seeing anyone. So does that cover it, Xavier?

XAVIER CALVEZ: Yes, I think it would. But I just want to make sure that everyone understands the question and sees that the response that I think is adequate is also adequate.

CHUCK GOMES: To be affirmative, rather than from a negative point of view, if Cheryl and Olivier and Mary would all enter checkmarks if they are in agreement on this, that would be appreciated. So I see Cheryl's

checkmark. Olivier and Mary, if you could check "agree," assuming you agree, of course. If you don't, put a red X. Thanks, Olivier. And, Mary, I want to make sure you agree. And you can also enter text in the chat, whichever is easiest for you. So we just need concurrence from Mary. And Mary is typing, so we'll get hers in just a moment. Okay, it's okay by Mary.

So, Xavier, we have it. For those on the call – Alan's not on the call. But we're just going to have to, because of the timeframe, going to have to assume Alan, and any other members that have participated, will be in agreement. But they will have an opportunity, as part of the CWG, to disagree with anything that we recommended today. Okay.

XAVIER CALVEZ: That works for me. Thank you.

CHUCK GOMES: Okay. So, Xavier, if you would send me, as soon as possible, the quote of the requirement from the proposal, and the section reference, that will make it easy for me to finish this table and send it around. Okay? And the sooner you can do that, the better, because I'm going to be traveling a little bit later. And if I don't get it done in the next couple hours, it's going to be later in the day. So that's probably not the end of the world, but it would be nice if we can get it done earlier.

Olivier, your turn. Go ahead.

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OLIVIER CRÉPIN-LEBLOND: Thanks, Chuck. On what Xavier was saying here, I think that the diagram that he's given us, where the ICANN Board preapproves the baseline PTI funding, satisfies this totally. So I'm happy with that.

CHUCK GOMES: Xavier, I assume you're going to update the two documents to reflect the change that we agreed on today, as well, so that it shows that added step of Board approval earlier. Is that correct?

XAVIER CALVEZ: So I have updated the PowerPoint. When you say the two documents, what are you referring to, the other one?

CHUCK GOMES: It's probably only the one that needs to be updated. That's fine. Yeah, there was a – was it a Word document or something else, in addition to the PowerPoint.

XAVIER CALVEZ: Yeah. Sorry, Chuck. The second document is the bylaw language, which I think you also – thank you.

CHUCK GOMES: That's right. Nothing needs to be done on that. So just update the one. My mistake. Okay.

So I think we have finished. The goal will be to get this out to the CWG. But I'll try and run it by all of you via e-mail before doing that. And then if Xavier will send the updated process. And feel free to note that DTO talked about this today when you do that, send that to the CWG, that would be good. And then hopefully this will be on the agenda tomorrow for the CWG meeting. I suspect a big part of the CWG meeting is going to be on IPR stuff, but this is one that I think needs to be on there as well. But we'll let the Chairs decide on that.

Any questions or anything else we need to cover?

XAVIER CALVEZ: I have a question in the queue, Chuck.

CHUCK GOMES: Go ahead.

XAVIER CALVEZ: Thank you. I thought that the process relative to the bylaw is that we would – we, this group – would suggest bylaw language that mirrors, from a bylaw standpoint, the requirements and the suggested approach to address the PTI budget, because there's a paragraph 9.2 and 9.3 in the bylaws of PTI that speaks to the budget and planning requirement. And that's what I referred in the second document, that I think that the DTO should review, and possibly validate, that this language does address and meet the requirements from a bylaw standpoint, that sets the requirements for the budget process.

And then be able to submit that to the Sidley lawyers for incorporation, with it added if need be, from a legal standpoint. But for incorporation into the PTI bylaw draft. And remember, Chuck, that we had discussed that. That would be also agreed that it may be – and I think if it's still worthwhile – putting this as a public comment into the public comment forum for the PTI bylaws, so that that information is made public.

CHUCK GOMES: Good point, Xavier. And again, let me go to Cheryl and Olivier and Mary. Are you supportive of the bylaws edits that were sent around? I can say I am. Go ahead, Cheryl.

CHERYL LANGDON-ORR: Yeah, I am too. And the only thing, working it slightly, is we need to watch our timing on all of this really, really closely. We can't dally on any of it.

CHUCK GOMES: Agreed. So you're supportive of the bylaws edits that were made. Olivier and Mary? I've got a +1 from Olivier. And, Mary, are you okay with the suggested bylaws changes? In other words, what we're going to say, as Xavier suggested, is that we support – the DTO supports the recommended bylaws changes, relative to the budget process. So, Mary, just need a response from you. Mary, are you still on the call?

I don't know, did we lose Mary.

CHERYL LANGDON-ORR: She's still in the AC room, Chuck.

CHUCK GOMES: Yeah, that's what it looks like to me too. So anyway, so that we don't –
                        okay, she's typing now.

CHERYL LANGDON-ORR: Yeah. Just while Mary's typing –

CHUCK GOMES: +1, okay. Go ahead.

CHERYL LANGDON-ORR: I'm wondering if Nathalie can just double check. I remember that DTO
                        update was certainly on the agenda. What I don't remember is in which
                        order. I would like to suggest that if we're not ordered above the IPR –
                        geez, call it a discussion might not even be accurate; discourse. Maybe
                        we can request, even at the outset of the meeting, that we're dealt with
                        earlier in the agenda. I just think this part needs to be done, dusted, and
                        moved beyond, as soon as possible. And that means, even in the CWG
                        meeting.

CHUCK GOMES: Cheryl, you raise a really good point. And I'd like to suggest that you
                        send that to the Chairs. And you can CC the full CWG, and you're
                        welcome to state that we discussed this in the DTO call today. If you
                        would do that, I think that would be very good.

CHERYL LANGDON-ORR: Happy to do so, Chuck.

CHUCK GOMES: Okay, thank you. All right. And, Xavier, does that take care of the bylaws issue?

XAVIER CALVEZ: Yes, it does. Thank you.

CHUCK GOMES: Okay. And so you're welcome to send the bylaws with the proposed edits and to say that, on the DTO call today, the DTO supported those. And if I need to confirm that, I'm more than happy to do that. I don't think anybody will question you saying that.

XAVIER CALVEZ: What I'll do is I'll copy the DTO. I think my channel, just from a logistical standpoint, so that everyone is clear, is my channel will be to send that to ICANN Legal so that ICANN Legal can send that to Sidley. I actually don't have direct access to Sidley, not that I think that matters. So I will copy the DTO in that e-mail to ICANN Legal, asking them to forward that to Sidley, as the agreed language for the bylaw. At least the proposal from the DTO for the bylaws.

CHUCK GOMES: Thanks, Xavier. That makes sense. And, Cheryl, notice that Yuko confirmed that the – but it still might not be bad, Cheryl, that you send the message to the Chairs and CC the CWG that we support the fact that it's before, because we think that this needs to be resolved very quickly. So if you could just reword your message you send out, that would be great.

Okay, anything else? Go ahead.

XAVIER CALVEZ: Yes, Chuck, just one last request from me. About my earlier comment, is that you and I had discussed the idea that once we have an agreed position, we should publish it as a public comment. I think it would be appropriate – and I'm just making a suggestion, of course – that you, as the Chair of the DTO, make that publication, if we want to do it, because it would be inappropriate or me to do it, I think. I shouldn't be acting on behalf of the DTO.

CHUCK GOMES: Well, I agree with you on that. But what I'm assuming is that this will all become part of – well, with regard to the bylaws public comment period, should we have a separate public comment period about this?

XAVIER CALVEZ: No, no, no, no. Sorry to interrupt. I think we had discussed that while the public comment period was going on, on the PTI bylaws, we could submit a specific comment into that existing, ongoing public comment period on the bylaws to say that there's an edit to the suggested

language currently in the publication for public comment. And this is what the edit is, so that we have a transparent position on that specific part of the bylaw. The changes are relatively minimal. But for pure transparency purposes, you and I had discussed that if we would come to a conclusion with this team prior to the end of the public comment period, we would submit any change to what's been published as a public comment, so that everyone has that access, at least [crosstalk].

CHUCK GOMES: Okay. That makes sense. Somebody help me. When does that public comment end? Does anybody know? I'm traveling most of the rest of the week, so I'm trying to see when I –

UNIDENTIFIED FEMALE: [crosstalk] August 11th.

CHUCK GOMES: Oh, so it's tomorrow. So I need to try and get time to do that.

XAVIER CALVEZ: Forget it then.

CHUCK GOMES: No, no, I'm not going to forget it. I just will try to find that. So I'll write myself a reminder on that. Now, it'll be from me. I won't try – because there's not going to be time to turn it around with DTO to approve and

everything. So I'll submit it as the leads for DTO, and hopefully that'll be okay, unless anybody objects to that.

Okay. All right. So some important action items. I really appreciate all of you responding so quickly to this call. It's been a very productive call. And thanks again to Xavier and all of staff for the work you did on the process and working with us so effectively. That's very much appreciated.

All right, anything else? Okay, thanks all. We'll talk again, I guess, tomorrow on the CWG call. Have a good rest of the day.

[END OF TRANSCRIPTION]