

Michelle DeSmyter>Welcome to the New gTLD Subsequent Procedures Sub Team - Track 1 - Overall Process/Support/Outreach Issue call on Tuesday, 21 November 2017 at 03:00 UTC.

Michelle DeSmyter:Agenda wiki page:

https://urldefense.proofpoint.com/v2/url?u=https-3A_community.icann.org_x_n51EB&d=DwIFaQ&c=FmY1u3PJP6wrcrw113mSVzgfkbpSS6sJms7xcl4I5cM&r=8_WhWIPqsLT6TmF1Zmyci866vcPSF04VShFqESGe5iHWG1BLwwwehFBfjrsjWv9&m=270bwXhmZrln1a_nS9gwsBnqR1jofLHCn1LS8D08cLw&s=ej93WUfgL70SAnP7qGyGtOSG2QBcckenU4opw0auH80&e=

Maxim Alzoba (FAITID):Hi Jeff, it is bit louder then usual

Maxim Alzoba (FAITID):5.58AM here

Jeff Neuman:Still waiting for people.....

Jeff Neuman:Did Christa and Sara try their mics out?

Maxim Alzoba (FAITID):I can not use mic, too early

Rubens Kuhl:Loud and clear

Jeff Neuman:great!

Jeff Neuman:Yes!

Jeff Neuman:Thanks both

Jeff Neuman:We might as well get started

Rubens Kuhl:And Adobe Connect is working with Firefox 57. I was afraid the upgrade would make AC to stop working.

Sara Bockey:Do we have enough people who are not staff or subpro?

Jeff Neuman:Its up to Sara and Christa

Cheryl Langdon-Orr (CLO - PDP Co-Chair):I am still in another non ICANN call sorry it will end soon

Jeff Neuman:No problem CLO

Sara Bockey: I think there are only 3-4 people who are not staff or Sub Pro, how many do we need for quorum?

Jeff Neuman:Lets get it underway

Jeff Neuman:Even if a short call

Jeff Neuman:We need to keep pushing forward

Kurt Pritz:It's about quality, not quantity

Michael Flemming:and we are the quality ;)

Jeff Neuman:Well at least Kurt is ;)

Michael Flemming:>.<

Karen Day:I am without audio tonight.

Trang Nguyen:Trang is on audio only

Michelle DeSmyter:Thank you Trang

Trang Nguyen:Apologies, I mean to say that I am in the Adobe Connect room, and without audio.

Jeff Neuman:Thanks Trang

Cheryl Langdon-Orr (CLO - PDP Co-Chair):ok all my attention is now he

Cheryl Langdon-Orr (CLO - PDP Co-Chair):here

Rubens Kuhl:A percentage would (1) not reflect optimizations

(2) could allow for it to go real low after just a few rounds

Jeff Neuman:I dont think we should set a number

Maxim Alzoba (FAITID):leftovers of the previous round fees are still not spent

Sophia Feng:What's the reason for making a floor?

Rubens Kuhl:50% of previous round, after 5 rounds: 3.1%

Cheryl Langdon-Orr (CLO - PDP Co-Chair):the policy basis, approach does make hood sense from my personal perspective

Steve Chan:@sophia, you can see some pros and cons on slide 4

Jeff Neuman:So, the greater of the "floor" and the Cost-recovery amount

Steve Chan:the reasons for a floor are in blue on that slide

Jeff Neuman:cool

Sophia Feng:got it, thanks steve

Jeff Neuman:Are there also some other restrictions we can place to try and prevent "squatting" other than with the price. Not sure there are other ways, but just thought I would ask

Rubens Kuhl:I understand the reasoning for preserving security and stability, but we shouldn't have a problem with it becoming a commodity.

Rubens Kuhl:I think that's the defintion of IANA. ;-)

Maxim Alzoba (FAITID):so far ICANN acted as a regulator, what changes?

Maxim Alzoba (FAITID):is seems to be an organisational issue on ICANN side and more relevant to operation management then to pricing

Sophia Feng:I think some perception from the first round applicants is not about the application fee amount, but with the disclosures of how ICANN spend the fees, so the education of such transparency shoud probably be improved in the second round

Kurt Pritz:i don't get the registry of registries concern - whatever it is, I think we are already in that situation. Isn't ICANN more of a registrar? (Rhetorical question.)

Donna Austin, Neustar:To Kurt and Jeff's earlier agreement about the policy, is it possible to turn the considerations into the policy principles as it relates to setting application fees in general rather than ceilings or floors.

Maxim Alzoba (FAITID):who is going to say that - it was the cost? this round ICANN is still depleting what was above the cost recovery

Sara Bockey:@Donna, I was thinking the same. That's a good point/idea

Rubens Kuhl:Accounting for inflation, 50k in 2000 would be 72k today.

Rubens Kuhl:185k in 2012, adding inflation, would be 199k nowadays.

Maxim Alzoba (FAITID):and this round staff numbers grow without any correlation with the number of Registries , so it is an operational issue too

Rubens Kuhl:Maxim, ICANN staff grows proportionally to the number of countries they want to please, not to number of registries.

Jeff Neuman:I would like to make this an action item.

Julie Hedlund:@Jeff: What is the action, exactly? Sorry to miss it.

Jeff Neuman:Can we send around the link....I have my hand raised to follow up on that Julie

Maxim Alzoba (FAITID):given the current situation where ICANN spends more than earns (if we do not talk about excess fees and auction fees and new round fees), any amount will be consumed , the only difference is the time till the +1 round

Trang Nguyen:@Jeff, can you clarify which risk assessment the WG is asking for? Risks change by program phase.

Maxim Alzoba (FAITID):As I understand the current position of ICANN is that excess fees = 0

Jeff Neuman:@Trang - the assessment Kurt was referring to and that is referred to in the cost document Christa was discussing

Jeff Neuman:I think it is a good point Donna has raised....but ICANN does have insurance

Trang Nguyen:@Jeff, thank you! That predates my time at ICANN so I don't know much about it. I'm sure someone within ICANN remembers it.

Jeff Neuman:I am sure their policies would cover everything (above a deductible) assuming no willful transgressions

Kurt Pritz:@ Sophia: Hi ! Is there a perspective on fees for the next round from the prospective of China or Asian applicants? (not on the risk amount but on application fees in general.

Maxim Alzoba (FAITID):next point of spending might be few GDPR fines of 4%/20M multiplied by some number

Michael Flemming:Yes, but that is an eye opener to what happens with excess funds and how we would determine what would be excess. From what we just heard, it could be questionable whether or not excess fees as we see them for the first round are "excess" in ICANN's eyes.

Donna Austin, Neustar:@Jeff. ICANN may have insurance, but if the intent was to have a program that was cost neutral, then it makes sense that any unforeseen expenses be funded from the program fees.

Maxim Alzoba (FAITID):what is the current speed of depletion of the reserved funds? it might give us some understanding of how much required for the next round

Jeff Neuman:@Donna - A deductible at most is \$1 M (and that is

usually for large security class action cases)

Jeff Neuman:So the only thing unforeseen would be that deductible

Maxim Alzoba (FAITID):if ICANN loses hard - insurance next year is going to be quite different

Cheryl Langdon-Orr (CLO - PDP Co-Chair):cost neutral

Donna Austin, Neustar:I wonder if we can make this much simpler. The policy is that excess application fees be returned to the applicants. The applicant can opt to have the application fee returned or used as a credit to ongoing fees.

Maxim Alzoba (FAITID):the issue with the cost recovery is that ICANN adds more and more to the definition of costs (IANA added out of thin air e.t.c)

Rubens Kuhl:ICANN is non-profit, so they can pay vacations in Hawaii for NextGen and still get away with it.

Jeff Neuman:OK, so there is an assumption that the floor will be greater than the actual cost

Jeff Neuman:In talking it through finally a little lightbulb went off in my head :)

Donna Austin, Neustar:So what you're saying is that the floor amount is not a refundable component to applicants?

Karen Day:@Donna that would be good but how would we ensure agreement on what excess is?

Justine Chew:@Maxim, you are spot on. No one seems to know what the true cost is to ICANN.

Rubens Kuhl:Perhaps the difference between the floor and the cost could be a credit towards yearly fees ?

Rubens Kuhl:(if that applicant actually becomes a registry)

Donna Austin, Neustar:@Karen, I think to do so would make it a complicated administrative exercise.

Karen Day:but a decidedly easier policy one ;)

Maxim Alzoba (FAITID):then we need to ensure that formula is finished before the next round

Maxim Alzoba (FAITID):legal consultations for 30M USD were not supposed to be a part of new gTLD process ... and currently it happened to be

Maxim Alzoba (FAITID):(IANA ones)

Jeff Neuman:Right....the yearly fees pay for the operation of the organization

Maxim Alzoba (FAITID):@Jeff, I am not sure it works this way ... is it in FY18?

Maxim Alzoba (FAITID):I mean that it looks like ICANN spends more than earns from Registries and Registrars

Rubens Kuhl:Maxim, currently ICANN is "in the blue". It might change when registrar numbers go down and gTLD registrations go down, both likely to happen, but for now they are (+).

Jeff Neuman:Its a contingency fund for the survival of the program

Jeff Neuman:Not to mention that we could use some of the auction funds for future auctions

Cheryl Langdon-Orr (CLO - PDP Co-Chair):restricted reserve funds use also intriguing

Donna Austin, Neustar:@Jeff, but where does that money come from? the applicants? or ICANN's operating budget?

Justine Chew:Yes, with decision on rounds still pending, would we be amiss if we could even suggest that the ENTIRE excess funds be kept in reserve for the FOLLOWING round, and not the NEXT round?

Maxim Alzoba (FAITID):@Justine it looks like ponzi scheme

Justine Chew:This might allow ICANN time to determine with some finality on the true cost?

Rubens Kuhl:Do we have a figure for legal costs incurred so far in IRPs and court proceedings related to 2012-round ?

Maxim Alzoba (FAITID):determination comes with depletion of the leftovers of the previous round excess fees

Kurt Pritz:Another policy reason for a floor price: mitigates risk of a short fall

Sophia Feng 2:Do you have financial review of the first round on report yet?

Jeff Neuman:We should suggest this, but make sure that it is not a full blown review that would delay subsequent rounds

Sophia Feng 2:Do we have some preliminary financial review of the first round on report yet?

Jeff Neuman:I think this has been a GREAT discussion

Cheryl Langdon-Orr (CLO - PDP Co-Chair):good plan Christia

Donna Austin, Neustar:@Sophia,, ICANN has done a reasonable job of reporting on costs in the operating plan and budget since 2011. I think ICANN could easily pull that information together

Justine Chew:@Maxim, if there were to be strict legal prohibitions or something like that to apply to the reserve (like what would apply to the contingency)?

Maxim Alzoba (FAITID):@Justine, non-for profits are not about saving money ...

Jeff Neuman:Great questions Kurt. If you dont have it yet, we can put it as an action item

Sophia Feng 2:I think i have issue with my microphone

Michael Flemming:My perspective is of the dotbrand perspective. Large pieces of realty

Sophia Feng 2:The chinese applicant find the the first round fee was too high, if the second round is about 50% then it is definitely more acceptable

Justine Chew:@Maxim, non-for-profits are about not making

profits.

Michael Flemming:So the large amount justifies the cost, but could be cheaper, but not too cheap.

Michael Flemming:I would go for maybe 60 to 70% in that regard

Michael Flemming:don't want to put an amount on it, of course. We need principles to justify future costs.

Maxim Alzoba (FAITID):bye all

Sophia Feng 2:And also transparency with how icann spend the application fee should be communicated with chinese applicants more in the second round

Cheryl Langdon-Orr (CLO - PDP Co-Chair):great call thanks everyone and special thanks to Christa... ð bye for now then...