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LOS ANGELES – Board with the Registries  
Tuesday, October 14, 2014 – 13:00 to 14:00  
ICANN – Los Angeles, USA

KEITH DRAZEK:

Hi, everybody. Welcome. So are we good with the recording?

Great. Thank you.

So good afternoon, everybody. My name is Keith Drazek. I'm the chair of the registry stakeholder group. And again, just a quick note to say we always appreciate these interactions with the ICANN board and we look forward to getting right into the substance of the discussions.

I think we've got four topics that we would like to discuss today. I expect we'll have the list of topics on the screen momentarily, but I can run through them very briefly.

The first is a discussion of RSEPs, the registry services evaluation procedure, and we'll talk specifically about two-character RSEPs and the GAC positioning, but generally about RSEPs.

The second item is the nominating committee board working group recommendations.

Third is the ICANN FY15 budget and financial processes, including a discussion of the process, the community process, for disposition of auction proceeds and over any excess applicant fees.

And then the fourth item that we've added today that I've advised Steve of is we want to talk about universal acceptance.

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So those are the four topics of interest today, and Steve, maybe I can hand it over to you for any initial comments.

STEVE CROCKER: Just the usual welcome and remembrance that we look at these as substantive direct engagements and we want to use the time to jump right in and make good use of the time.

Take it away.

KEITH DRAZEK: Okay. Thanks, Steve.

And before we get into the four topics, I just wanted to take one moment to thank the board on the issue of the ICANN accountability process.

On behalf of the registry stakeholder group, we appreciate the efforts of the board and the fact that the board and Fadi and ICANN senior staff listened to the community in terms of the requests and recommendations on the ICANN accountability process, and we genuinely appreciate that.

So just wanted to note a note of thanks there.

STEVE CROCKER: Thank you very much.

KEITH DRAZEK: Okay. So let's get into the substance.

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The first item on our agenda is the issue of RSEPs, and I'm going to look to my colleagues to help in teeing up some of these discussion points and explaining some of the concerns or questions that we may have about each one of the topics.

So Donna Austin, I'm going to turn to you first to lead the discussion on - - or at least tee up the discussion on RSEPs, and specifically on the issue of the two-characters and then we'll take it from there.

So thank you.

DONNA AUSTIN:

Thanks, Keith. Donna Austin for the record.

So Steve, we -- the registry stakeholder group wrote to you on the 30th of September to try to get out in front of what we thought was going to be a GAC discussion around the use of two-character -- two-character labels at the second level.

A number of registry operators have submitted RSEPs specifically seeking the use of two-character labels. At this point in time, most of those requests have specifically excluded the two-letter country codes, but to this date -- the first of these was submitted, I think, in March this year. To this date, there still hasn't been any resolution on those initial RSEPs, and there have been more coming in over the coming months.

So our concern initially, when we teed up this discussion, is that we were concerned that perhaps the GAC were going to issue advice this week which would essentially preclude the use of two-character country codes, in particular, at the second level.

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Now, we're heartened by the discussions of the GAC this week and we're hoping that GAC advice will not be forthcoming.

So notwithstanding that, we still have some concerns about the process that the RSEP has gone through. There was some surprise amongst those that initially submitted the RSEPs that even though there were no security and stability concerns or competition issues, it was considered that it would require a material change to the contract.

So that's kind of extended the time frame. It's endured a public comment period and we understand that staff have done an initial wrap-up of those RSEPs and the corresponding public comments and recommendations have been forwarded to the board.

We had some discussions with staff -- the GDD, in particular -- earlier today around this issue. We understand that the recommendation to the board was, "Wait and see what the outcome of the GAC discussion is," so -- but we would like some feedback on --

Obviously, we want to see a pretty quick resolution on this issue because it's been sitting out there for a number of months now.

We'd also like some kind -- I know it's hard to speak in hypotheticals, but we do need to understand, to some extent, how the NGPC will be reviewing this.

One of our concerns is that this is a contractual relationship that the registry operator has with ICANN. The GAC is not a third party to that contract. So we want to understand how -- you know, this is a good example, but even in the future, if there's GAC advice that comes down the track which is related to the contractual relationship between the

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registry operator and ICANN, what potential impact could that have on any possible changes to the registry agreement.

So that's kind of just to set up that first discussion on the two-character issue, and the RSEPs in particular.

There have been -- since those initial RSEPs that excluded country -- the two-letter country codes, there have been RSEPs submitted basically covering all of those.

So that's the first part of this discussion that we'd like to cover.

KEITH DRAZEK:

Okay. Thank you, Donna, and I've Chris in the queue. If anybody else would like to get in, just raise your hands.

CHRIS DISSPAIN:

Thanks, Keith.

A couple of things.

Specifically talking about the two-letter codes, I think if you make a distinction -- if you choose to make a distinction in your application between -- by saying, "We won't use country codes, existing country codes, but we'd like to free up all the other two-letter codes," that kind of -- that kind of accepts that there is a -- that the two-letter country codes should have a protection. And the challenge there is, of course, that we don't control what those are.

So you could have a -- you could have a new country tomorrow that was two-letter country code that wasn't currently protected. So I think you

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either have to say they're all in or they're all out. I don't think it works by saying we'll corral the existing ones because the existing ones are added to or retired over time.

And the only other point I would make is I'm not sure -- I'm not sure because I can't remember how much outreach on this topic there has been to the ccTLD community, but off the top of my head, I can see some arguments about confusion, the possibility that, you know, au dot something would be taken to be Australian and in fact wouldn't be, but I'm just making that up as I go along. But I'm not sure if there's been a -- how much contact there's been with the CCs about this.

I'm sure they've got an opinion, even if the GAC doesn't.

KEITH DRAZEK:

Okay. Thanks, Chris.

I've got Akram in the queue. Anybody else who wants to get in, raise your hand.

And Edmon.

AKRAM ATALLAH:

Thank you, Keith.

Akram Atallah, for the record.

Just a point of clarification. The two-character codes would not be dealt with by the NGPC because this is -- the RSEPs are all registry agreement issues and they'll be dealt with by the board.

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So it's not an applicant issue, it's a registry issue. Therefore, it will be dealt with by the board.

I think that we have a proposal in front of the board to actually approve everything except two letters, to move things forward. That hopefully will be clarified by the GAC. We have a meeting between the board and the GAC today, and maybe there could be some clarification from the GAC on the issue and we'll see where we go from there.

But we are trying to move things forward as much as we can, and if you have any input to that, please let us know. Thanks.

KEITH DRAZEK:

Okay. Thank you, Akram.

Edmon?

EDMON CHUNG:

Edmon Chung here.

So I just want to make sure that the point is not lost, and also to bring this discussion a little bit broader as well.

So obviously the specific issue of two-character is of concern, but I think in general the process and the scope of the RSEP is, you know -- and the parameters for RSEP is really the bigger concern.

And I bring up another example here.

In the Tokyo roadshow recently, I was very alarmed to understand from the GDD staff that they would view -- if there's a change in one of the

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code points in an IDN table, for example, they would view that as requiring an RSEP, a separate RSEP all on its own.

And that's very alarming for me. And I -- I'm guessing Ram would probably be just as alarmed. Because as we are trying to make sure that everyone uses a same language table for the same -- same languages across different TLDs, we're asking basically -- if that's what the staff's position is, it means that one change in, let's say, the Chinese table would require the hundred registries to each put in an RSEP for one code point change. I don't think that makes any sense at all. And, you know, I think that's indicative of the -- some of the approaches or the processes that are now put in place for RSEP on the -- you know, I think earlier today the staff mentioned that they're taking an -- I'm paraphrasing probably -- ultraconservative approach and that's probably not something that we think is appropriate, and perhaps a more reasonably conservative approach would be better.

And I guess others from -- from my -- from the community can add to that.

KEITH DRAZEK: Okay. Thanks, Edmon.

I've got Ching and then Ram.

CHING CHIAO: Thank you, Keith. Ching Chaio, dot Asia. Just a point of clarification here.



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So Akram, you mentioned about putting together a proposal to accept everything except the two-letter code. Is that proposal will become prior to GAC's, you know, giving us any advice or what will be the time line of that particular proposal? Because if that comes before, that's a little bit troubling. Thank you.

AKRAM ATALLAH:

So this is Akram.

We received a letter from the GAC basically saying that they have only issues with two-letter codes, not two characters, so you could use a letter and a care- -- a letter and a number. You could use a number, number. You could use --

So we -- we do these papers to the board before the meeting, so -- so what we propose to the board is -- what we're proposing to the board is to allow some of the RSEPs that are out there that are waiting for this to happen to move forward by approving two -- all the two-characters that are not two letters to move forward until we hear from the GAC on their review.

But today, I said -- like I said, there will be another -- a meeting with the GAC, and if we hear from them, we can actually move accordingly.

KEITH DRAZEK:

Okay. Thanks, Akram.

Ram?

RAM MOHAN:

Thank you. This is Ram.

Edmon said "alarmed." I'd add "frightened," "unnerved," more words like that. And I've been pretty vocal about it both inside of the board as well as with staff members, with very good reception to the concern.

Because the current process, the way it is, if we leave it as-is, it's effectively a self-inflicted denial of service. Or it will -- or it has a risk of becoming that just from, you know, innumerable registries submitting an ever-increasing number of requests for things that have potentially already been approved in another forum.

So I think there is a real need to streamline the implementation and allow some common-sense things to prevail.

My suggestion perhaps as a concrete thing to do is to ask staff to come up with some ideas for a proposal on the implementation part of it, because we're not talking about the consensus policy component, but the implementation part -- to come up with a proposal that we can then collaboratively work together in a way that keeps to the original spirit of what RSEPs are about, while at the same time ensuring that the common-sense components actually carry through.

Right now, there is -- it's very common, but I don't know about the sense.

KEITH DRAZEK:

Thank you, Ram. And I should note -- I have Jordyn next in the queue, but I just wanted to note that during this morning's discussions between the registry stakeholder group and the GDD staff, Akram and his team,

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there was, I think, a common agreement or understanding that we should probably look at this together and work on this question together; that perhaps the RSEP is not actually maybe the appropriate tool for everything that is currently being funneled into the RSEP process; and that maybe it would be worthwhile identifying alternate mechanisms for dealing with certain issues.

So I wanted to note that I think there was a -- we ended up in a good place with the staff this morning on, I think, a path towards, "Let's try to figure out how we can improve this -- you know, where we are." But I think it does -- it will help inform this discussion generally if you hear from some other, you know, sort of perspectives about, you know, the concerns that we actually have.

So Jordyn, over to you.

JORDYN BUCHANAN:

Thanks, Keith.

Yeah, just to build on that point and the point that Ram just made, I think it's important to not try to use the RSEP when it's not the right tool for the job.

RSEP's designed to review registry services to see if there's security and stability threats, and in particular the introduction of new registry services or significant modification of registry services in the contract.

Something like I'm already offering Japanese as a -- Japanese registries and IDNs as a registry service and I want to make a slight modification to that, if we view that as needing to go through the RSEP process, I think

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as Ram said, that becomes this self-inflicted denial of service attack. It means that every minor operational change becomes, instead, something that ICANN staff has to review, and as we've seen, it actually makes it impossible for staff to do their job effectively because there's just too much volume.

And the other side of the RSEP process, which is predictability from the registry operator's point of view in terms of timing and understanding how the process is going to work, has completely failed as a result of just the sheer volume of intake into the process.

So I think if there are legitimate concerns around, you know, security and stability issues, perhaps around updating IDN tables, that, you know, perhaps in the IANA review process or something like that when you update your tables there's a quick check to make sure what the new tables are saying, or something like that, but not using this heavyweight RSEP process.

And to Keith's point, I think we should be engaging with staff, we should be working together, but I think it would be really helpful if the board helped provide staff with some guidance that this ultraconservative stance that Akram relayed to us earlier today isn't the right one. We need to make sure that there's operational flexibility, both for ICANN and for the registry operators, proportional to the realities of the situation and, you know, we can't use this one tool for every possible change that a registry operator is going to make to the services that it offers because it's just -- it doesn't scale and it ends up being, I think, incredibly bad for both the staff as well as the registry operators.

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And so I really look forward to working with the staff to develop some of these procedures but I think it would be helpful for the board to provide some guidance to reiterate the importance of operational flexibility and the need to honor the other half of the commitments about -- on the RSEP, which are the timeliness commitments, in addition to this conservatism that Akram articulated earlier today.

KEITH DRAZEK: Okay. Thanks, Jordyn. So I've got Bruce and then Jon in the queue. Jon Nevett.

BRUCE TONKIN: Yeah. I was just going to reinforce what you just said, Keith, in that I think you're absolutely right. I mean, I was involved in the early days of the development of the RSEP and it was intended for genuine new services that might have security or stability issues, whereas what you seem to be describing are mostly naming issues, I think, and really finding streamlined methods for -- for dealing with some of the names that are already called out in the registry agreement as names where there can be cooperation between parties to issue, and we need a scalable method for doing so.

So I agree. I don't think RSEP is an appropriate forum.

KEITH DRAZEK: Okay. Thanks, Bruce.

Jon Nevett?

JON NEVETT:

Thanks, Keith. Real briefly, Akram, we -- I think we would hope that the recommendation to the board is not just non-two-letter codes being approved but all two-characters being approved, and if we get some kind of GAC advice to the contrary, then you take that into consideration when the board reviews it. But to do this incremental step, that does nothing for us.

You know, we applied for these two-characters in March. If we have to wait another meeting, for example, that would be almost a year before these are approved, and we want -- and the whole point of the RSEP process is to give certainty to registries in operating our business.

This is a -- a matter of contract; this is not a matter of policy.

So this -- there shouldn't be a role for the GAC in this process, but understanding, you know, waiting to this meeting to get the advice, but assuming we do not get advice, we would expect an approval of all two-characters coming out of this meeting, and not that we have to wait even longer. Thank you.

KEITH DRAZEK:

Okay. Thanks, Jon.

So I don't have anybody else left in the queue. If there are any other comments, feel free to raise your hand now before we move on.

But I would just, I think, wrap up -- put a line under that discussion by saying, you know, predictability, proportionality, timeliness, and making sure that it's the right tool for the right job is really what we're looking

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for here. And we look forward to working with Akram and his team and the staff in trying to smooth things out here. So thank you.

Okay. Next item on the agenda, Nominating Committee board working group recommendations. I'm going to hand this over to Ken Stubbs to lead, and then we will get some other input from others on the floor. Thanks.

KEN STUBBS:

Thank you, Keith. I'm operating on the assumption that the proposal that was prepared by the board working group was sent pretty much directly to the community for comment prior to bringing it before the full board for discussions and so forth. So from that standpoint, I'm going to approach it.

We spent a significant amount of time in reviewing the proposal and talking to members -- previous members of the Nominating Committee as well as members of the various components of, let's say, the GNSO. We're very concerned about the proposal because it approaches the issues that are currently -- or represent, we will call them, problems, the Nominating Committee in a way that frankly to many does not make a lot of sense.

First of all, it argues that the Nominating Committee would work better with more members, okay? Secondly, it also places an emphasis on diversity by adding additional members to the Nominating Committee from areas that are not principal impact areas in terms of operations and so forth for ICANN.

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Thirdly, it does not address the biggest problem that exists according to most of the Nominating Committee members that I've talked to, and that is the lack of education and the way that the Nominating Committee's sessions are managed. And let me explain what I'm talking about.

Having been on four Nominating Committees, the first thing I hear when people first come into the Nominating Committee is various things like we need to have -- we need new blood, we need more women, we need more people from certain areas.

The principal responsibility for the Nominating Committee as it relates to the board is to put the best candidates forward, those people who can act in a directorial capacity for ICANN, who have a clear understanding of the organization, who have a clear understanding of the operation of the organization.

And what we find is that many of the people that come to the Nominating Committee, number one, don't have that understanding; and, number two, they do not understand their remit. And their remit is to bring somebody to the board whose responsibility is a fiduciary responsibility to ICANN, not a responsibility to represent the organization that they belong at ICANN and to advocate for the perspectives of that organization.

Also, I'm going to make one more point. There is a significant need for additional education and actually screening. In the last few years in meetings I've been in, purportedly the people who represent the various constituencies understand that these meetings are to be held in English. Many of the people in this room are not English speakers. They



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know that when you get into a heated debate in English, it's very easy to get lost. The faster people talk, the more difficult it is for them to be understood. There needs to be more training in this area for people that are managing these debates and discussions.

I've seen situations where people have come up to me after they voted and they realize they voted the wrong way because they misunderstood the question they were voting on.

The other point I want to make is a significant amount of the resources, finances, people, and everything that are being utilized inside the organization are being utilized in relation to activities of the GNSO. Gutting the GNSO in a case like this does not give the opportunity for people who have a clear understanding of this -- of this area.

And I'll make one more statement. I was very surprised that they would even consider bringing members of the GAC into a voting position. Every member of the GAC that I've talked to has been very uncomfortable about being put into a situation where they would have direct votes for members of the ICANN board. It makes no sense to me at all. Thank you.

KEITH DRAZEK:

Thanks, Ken.

This is Keith.

Let me open it up for anybody else that would like to speak on this topic, either from the registries or the board, staff.

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GEORGE SADOWSKY: I'll speak on it. I may want to hear what other people have to say first who are not on the board or the committee.

KEITH DRAZEK: Okay.

So we have some comments in queue. But who else would like to jump in on this one?

So, I mean, I'll take a stab at it. I think -- I think at a high level both the discussions about changing the structure of the NomCom with relation to the GAC and as well as the proposed voting threshold changes with regard to the 2/3 requirement for board rejecting GAC advice, I think have struck many in the community as being perhaps premature in the context of other accountability or structural discussions that we may be having over the next 12 months or six months or whatever it may be. You know, with the announcement of the IANA transition, the IANA stewardship transition, the accountability discussions that are going on, it seems in my conversations with others in the community that both of these topics actually could be related or could be impacted by those other discussions. So that's just one initial reaction that I've heard from folks, is that it appears to be perhaps premature to be making these recommendations, perhaps not premature for floating the ideas for discussion. But certainly if it were to rise to a recommendation or a decision, that that would likely be premature.

Let me just stop there and see if there was anybody else who would like to jump in.

Chuck, go ahead.

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CHUCK GOMES: Thanks, Keith. Chuck Gomes.

I just want to reinforce one of the points that Ken made, and that is that a lot of emphasis in the report was placed on parity. But there are different ways to measure parity. The way it was done in the report, as I read it, was based on structural organizations.

I think a much more meaningful way to measure parity is the level of impact by the organizations that are represented on the NomCom. And that's a point I think Ken was trying to make. Thanks.

KEITH DRAZEK: Thanks, Chuck.

Anyone else?

George, can we come back to you?

GEORGE SADOWSKY: Thank you. I'll start with your comment on timing, Keith. The timing was dictated by the first and only review of the NomCom, which gave its final report in 2010. And it suggested -- it recommended that three years after the report was received, that the board get together and look at the NomCom structure and organization, and that is precisely what we did. It went to the Structural Improvements Committee, which Ray heads, and he and the board formed the working group. So the timing is not accidental. You may find -- you may feel it is unfortunate. You may feel it is fortunate, but that's how it came about.

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Let me go to Ken's comments first. Yeah, it was a surprise to us when we talked -- after we talked for a long time. We understood that in order to get what we thought was appropriate representation on the board -- on the NomCom, sorry, we had -- we ended up increasing the number of members of the NomCom. I've run three NomComs with 22 people. The size of those NomComs was not particularly onerous. And given the fact that we had suggested three seats for the GAC, which probably would not be used, we thought that the increase was marginal.

There clearly was an emphasis on diversity, and I think this reflects the fact that the ICANN of 2014 is not the ICANN of 2002. The current structure of the NomCom has been in effect since 2002. We've tried to find out why it was structured and the way it was, and all of that is lost in prehistory. There is no way to find it.

So during those years, the Internet has become much more widely adopted around the world. Other regions of the world except North America west the OECD countries have increased in proportion there, their participation in the Internet. And the ALAC which was, I suspect, a figment of someone's imagination in 2002 has now turned out to be a moderately robust organization. So there have been changes in the balance between the SOs and the ACs, and we felt it was appropriate to reflect them.

The issue of -- your issue of lack of education is the biggest problem you say in the NomCom, it is difficult to comment on. I know in the NomComs I ran, we spent a lot of time working on purpose and what we

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were there for and what we were going to do and how we were going to do it.

And since then, I think there have been some improvements introduced by other chairs. I can't comment on current NomCom behavior because, as you know, the NomCom -- what the NomCom does is not public.

The bylaws do say that the best candidates should be forwarded for the board. The bylaws also do create some constraints, no more than five from each region, at least one from each region; attention to diversity, various kinds of diversity, I think gender and culture are mentioned and so on.

We don't want to change that. We believe that we still want the best candidates to be forwarded. And I would think that in some sense, the extension of the NomCom to include other constituencies would help in identifying a pool which would have the best candidates and maybe even better candidates than the current NomCom structure would provide. That's a hypothesis. But I think -- I would believe it.

Let's see. You mentioned the alignment between the structure that we propose and the structure of the various organizations. You're quite right. That was the organizing principle.

You suggested that maybe -- that dominating resource utilization might be an appropriate alternative. I mean, that's an opinion. I don't share it. It is an alternative opinion.

There are probably other algorithms that one could imagine. I do want to point out that this document is a board working group initial draft

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document. It has not gone to the board. It has -- it's put out as a strawman, although I don't think we would call it as a strawman because we have done a fair amount of work on it.

If you disagree with what's there, the comment period's open. And we'll take the comments seriously. And if you can give us an alternative method of structuring which convinces us that it's a better way to represent the interests of the ICANN community as a whole, if you can convince us that it is better, we're going to take it.

Does any other member of the committee want to add anything to what I've said? Ray? Ram? Mike?

KEITH DRAZEK:

This is Keith. I've got a queue, and others are certainly welcome to jump in.

George, thank you very much. I did not know the history as to how this came about, so I do appreciate that. I have Stephane.

Ken, did you want to get back in the queue?

Anyone else?

STEPHANE van GELDER:

Thanks, Keith. This is Stephane van Gelder. I'm the 2015 NomCom chair.

I just wanted to address one you said George. You said what the NomCom does is not public. That's -- with respect, that's not true. We worked very hard in the less three years to make it less and less true.

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Just in 2014, just to give you a couple of examples, one of the things that we've done is -- as you know, the leadership is reviewed. We've made those reviews public. We've instituted open meetings. We've made our processes as open and as public as we can. We have been putting out report cards.

So I think the only thing that we do keep confidential is the candidate data for obvious reasons. So I just wanted to make sure that that was clear for everyone, that we are trying as hard as we can to make the NomCom as open and as transparent as possible.

GEORGE SADOWSKY:                   Stephane is correct.

KEITH DRAZEK:                   George, go ahead.

GEORGE SADOWSKY:                   Stephane is correct. I misspoke. The processes of the NomCom are public. The candidate data and the selection process is private. We did not have that when I was a chair of the NomCom, and I'd like to ask Stephane -- Let's see.

Ken has made a couple of comments on NomCom behavior. I don't know whether this relates to current NomCom s, recent NomCom s, or historical NomCom s. But I would like to ask Stephane if people do attend the open meetings of the NomCom as well as perhaps the telephone calls.

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STEPHANE van GELDER: Not enough people, I would say. And that's something that I plan to work on as well. The first open meeting was under Yrjo's leadership in 2013, so it is a relatively new development.

And NomCom s tend to be in an out-of-the-way room. So perhaps we can work harder to make the NomCom more visible in planning and agenda purposes so that people know where it is and can come. Thanks.

KEITH DRAZEK: Thanks, Stephane.

I have got Ken and Bruce.

KEN STUBBS: I am going to yield to Bruce, and then I will come back.

KEITH DRAZEK: Very good. Bruce?

BRUCE TONKIN: Just really quickly, Stephane, one of the points that Ken made was regarding, I guess, education and training of Nominating Committee members on their role. If you want to elaborate on that a little bit, I understand you did some interview training this year, for example.



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STEPHANE van GELDER: Thanks for the opportunity, Bruce. This is Stephane van Gelder again.

In 2014, Cheryl, the chair of the 2014 committee, instituted training for the NomCom members on interviews, how to lead or take part in interviews. And that is something that we'll be looking to try and do again.

So the idea is to have -- as you may obviously realize, NomCom members are not necessarily professionals in recruitment work. They are there to represent the community, but they may not have those skills. So the idea is to have a full set of training sessions where they can learn how to best interview people and how to make those interviews count.

KEITH DRAZEK: Thanks, Stephane. I have got three people in the queue, and then we probably need to move on because we've got two other agenda items and less than 20 minutes.

So Ken briefly, then Ray, then Ram.

KEN STUBBS: Thank you. Two comments. First of all, for years educating the Nominating Committee on fiduciary obligations and what they should be looking for consisted of bringing the ICANN counsel in for an hour and trying to explain to a lot of people who clearly did not understand it because you could tell by the questions they were asking in the next few days. There needs to be more emphasis on that.

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Number two, many of us in this room are on boards or have been on boards. And one of the things that a Nominating Committee really needs, the chairman comes in and discusses. At the same point in time, we need a much clearer idea of the skill sets that the board is either weak in or missing or, you know, because what happens is in many cases, the Nominating Committee doesn't really know what the missing parts are in the board, what the board really needs to make it gel and work even more efficiently. And so then it becomes personality and background.

And if you have a board that's weak in operational administration and finance and overloaded, let's say, in technology, then maybe you don't need another scientist on the board. Maybe you need another person that has deep business experience. So I'm just saying, I think we need to work on that as well. Thank you.

KEITH DRAZEK:

Thanks, Ken. So I've got Ray and then Ram and then we wrap up and move on. And George to wrap up, thanks.

RAY PLZAK:

Thank you, Keith. First of all, responding to the last comments that Ken made. That's the work of the BGC, and they do it every year. In fact, they're just doing it again.

And that's exactly the concern that you raise that they address.

A lot of the discussion seems to be about process. The remit of the working group from Recommendation 10 from the original review was

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to look at size and composition. And it also took the language from its Recommendation 4, which says that recruitment is something that could affect size and composition so take a look at that.

So that is the remit that the working group worked from and did not touch processes and anything else of that nature.

KEITH DRAZEK: Okay. Thanks, Ray. Ram, then George.

RAM MOHAN: Thank you. Two things. One, this conversation clearly demonstrates that this process is working, because there was a proposal put out and we're having responses come through and hopefully there will be written comments as well.

So this is something that is working. It's not something that's actually broken.

The second part is I'm curious to hear if the constituency has a point of view about the idea of delegations that is being suggested because that is a material -- that seems like a material change which has been proposed, which is a little different from the way it works right now.

So I'd be interested, either here or in the written comments, to provide some specific responses to that, because that would change how the dynamics of the NomCom work, and I think it's important to ensure that that gets focus.

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KEITH DRAZEK:                   Okay. Thanks, Ram. I think we probably won't have time to give you a response on that today, but we will take an action item to discuss that further, consider it, and get back to you with some feedback, I guess.

So George, Cherine, and then we move on.

GEORGE SADOWSKY:           Do you want to go first?

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GEORGE SADOWSKY:           No. You go ahead. I'll wrap it up.

CHERINE CHALABY:           I just wanted to say that I sympathize with Ken's point about the balance of experience on the board, and I think we could do a better job in informing the nominating committee.

Because what we do is we do inform the nominating committee very well about the skills of the individual and the kind of size of organization and so on, and I think we could do a bit more in terms of the balance of the background and experience as to whether it's technology or how many lawyers, how many techies, how many this, how many that, and that we -- we should do a little bit more. That's all.

And I do agree with Ken's point on that.

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GEORGE SADOWSKY:

Thank you. A couple of points.

Most people concentrate on the rebalancing or what you might call rebalancing. There are other points that are of interest.

For example, there have been nonvoting members of the committee from the beginning. We see no reason to keep them nonvoting.

Second, we've put in some term limits. I was told yesterday that one person has been on the NomCom for eight NomComs. We think that is excessive, and so there -- we've taken care of that.

And with respect to the GAC, you would have been amused, I think, to be in the GAC meeting yesterday in which the first reaction was, "Why are you only giving us three seats? We want five." That was echoed by somebody else. And then it was pointed out that no nation can represent any other nation, the sovereignty issue has been settled, and the GAC probably isn't going to be on the NomCom.

So I think that's interesting.

Finally, in a meeting yesterday -- no, Monday, of -- well, yesterday -- of some of the GNSO who wanted a meeting separately from the meeting that will be held tomorrow at 11:00, somebody pointed out that five days is too short to comment intelligently in the comment period and I said, "We'll extend it." I have not taken action to do that yet. I hope I have the ability to do it. But we will extend it.

We don't want to shut off comments arbitrarily.

This is not an issue that has to be decided immediately.

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Let's do it right. Okay?

Thank you.

KEITH DRAZEK:

Okay. Thank you all very much, and I should note that the request of the GAC to go from three to five does not surprise me at all. It happened in the ICG as well, so...

Thank you all for the discussion on that. Let's now move to the next item on our agenda.

We have 12 minutes left, by my calendar, and two items to address: The ICANN FY15 budget and financial processes; and then second is the discussion of universal acceptance.

So let's get right into it.

ICANN FY15 budget and financial processes, we've got two -- really two components. One is process and the other is wanting to have a discussion about kicking off the community process for determining the disposition of the auction proceeds.

So Chuck, I think you're going to lead the discussion briefly on the process and then we'll move on.

CHUCK GOMES:

The process and the budget, but I will be relatively quick on this.

First of all, if I can just revert back to one thing on the NomCom topic.

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The registry has comments that are pretty close to being finalized, so those will be submitted.

Second, getting into the finance area, I want to, first of all, thank the finance committee and Xavier and the finance team for all the work that they do in producing this stuff and for the good session that was held yesterday.

I'd also like to point out that -- for those that aren't aware of it, that the registry stakeholder group submitted 11 comments and questions on the report of public comments, and we received the response -- the detailed responses to those today, so we haven't had a chance to look at those but I have -- in the finance session yesterday, some of the responses were included, so I personally, and Paul, have seen some of those.

So thank you for the responses there.

I'm not going to go over any of those questions, but I do want to emphasize one main point that we concluded our questions and comments with, and that is that until the community -- not just the registries, but until the community is provided with a greater level of detail at an earlier time in the process -- and some of you have heard me say this before, sorry -- you know, it's going to be impossible for us to properly analyze and comment on the budget in time for the board to be able to take that into consideration on major issues.

Sorry for repeating that. You've heard me say that before.

So that level of transparency is still needed.

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As all of you know, the ATRT2 made a recommendation in this regard, or recommendations in this regard, and I know that you're very aware of those and that you're working on responding to that.

But we're -- what I'm saying is the same thing they said, so I don't need to belabor that.

And until we have that increased transparency, we won't be able to have the kind of accountability that all of us want to have.

And I'll stop there.

KEITH DRAZEK: Okay. Thanks, Chuck.

Jon, go right ahead.

JON NEVETT: Thanks, Keith. Jon Nevett.

A couple points.

Most people in the room probably know or may know that the registries trigger the registry agreement amendment process, and one big issue that we asked for is for the next -- certainly for the next budget cycle a change in the registry fee structure to take into account the actual number of registries that -- new registries, as well as what existing incumbent registries are paying in fees and make them a little more rational. If an initial response is any guidance, there's a budget issue that's going to be raised by ICANN staff as something that we need to work through and we're willing and happy to work through those issues,



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but this transparency point that Chuck pointed out is going to be very primary to our discussions because the more transparency we have, the -- we see where our fees are going, and to the extent there is some kind of budget issue which, you know, strikes incredulity by many people that, you know, ICANN has a budget issue at this point -- but that's an aside -- we will be looking at that transparency. And I just pulled out the budget from 2009 fiscal year. It was -- and I'm holding it up because it was one-third the dollar amount of the current budget but three times the number of pages. And the amount of information that was provided in '09 is three times the size as the current one. So there's some historical precedent for more information and more transparency into the budget.

And to echo Chuck's point, we especially will be looking at that because our fee issue is very paramount and very important to what we want to do going forward. Thank you.

KEITH DRAZEK:

Okay. Thanks, Jon.

I've got Xavier and then Chris in the queue. Anybody else who wants to get in, put up your hand, please.

Xavier.

XAVIER CALVEZ:

I'll let Chris respond first and then I'll come after. Thank you.

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CHRIS DISSPAIN: Thanks, Xavier. I apologize because I was out of the room so I may have missed it, but could -- could I maybe get just an example of something that you want more detail on? Something that -- just from the current budget maybe that you're looking for more transparency on, or detail, just so that I can get a handle on the sort of level that we're talking about?

I may have missed it, in which case I apologize.

KEITH DRAZEK: Okay. Thanks. Chris.

Anybody want to provide an example?

Chuck, go right ahead briefly.

CHUCK GOMES: Thanks. Chuck Gomes again.

First of all, let me give a general response, Chris, and then I'll try and find a specific example really quickly because we gave some in our list of questions that will be posted along with the responses by Xavier and his team.

Right now and for the last couple years, there is good detail provided at the profile level in the AtTask system that is used.

The problem of it is, the profile level on major budget items is very high. So you're talking about things that are \$5 million or \$4 million, with no additional breakdown.

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Now, one of the positive things that happened in the last cycle was that they picked a few selected profiles and gave some project-level detail. That was very helpful.

Some of the things that we're looking for -- and I'll speak from a GNSO perspective. In the GNSO, to see if something is funded adequately because it's a high priority for the GNSO, you can't see it. You can't tell by looking at the profile level.

You need to be able to break it down further.

One particular example that now staff has been responsive on in answers to our questions is the example of the accountability and the IANA transition funds that were -- that had to be added to the budget.

When that -- when the amount was reported first, there was -- it was at a high level, 5 point something -- you remember it. Okay.

Now, they've come back and they've broken it down for us so that we can more carefully analyze and look at that and see where the funds are going.

I am not suggesting that we should -- that we want to or even are asking to micromanage the budget, but for us to intelligently review it and analyze it, we don't have enough project-level information to be able to do that relative to the specific needs that relate, for example, to the GNSO. Okay?

KEITH DRAZEK:

Okay. Thanks, Chuck. Thanks, Chris.

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Let's go to Ken and then Xavier.

KEN STUBBS:

I had a nice conversation with Xavier.

This year, ICANN prepared a report that they used as a tool to help develop a structure for fees for the ccTLDs, and the basis for this report is something I think that ICANN needs to do in the future.

You have large buckets of operational areas inside of ICANN. It would be interesting, for instance, to hear how ICANN's resources are being applied to -- let's say to GNSO activities.

Now, granted, there are certain things in cost accounting you can't necessarily do. You know, allocating senior administrative costs and so forth. But most people who have a -- have to make these business decisions need to know where are the operational areas that the money's being spent. It helps us focus on how to make these areas more efficient, how to guarantee that the resources are there, and I think this is something I'd like to see more of in the future from ICANN in their reporting. Thank you.

KEITH DRAZEK:

Okay. Thanks very much, Ken.

So -- okay. Fadi, then Xavier, or I'll leave it up to the two of you.

FADI CHEHADE:

Okay. So this is Fadi.

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Just to thank Chuck for the input he's giving us on this, and to start simply by saying we are immensely committed to make sure you have all the information you need on where the money's going. No question about it. And in fact, I would very, very much welcome, as you said, the letter, and I'll make it a priority for me and my team to get back to you with any additional information you need, because if we are not transparent with where we're spending the money, we have serious accountability issues.

So you have our commitment to do that.

Let me just be clear, though for all the other people in the room who may not have had the time to look at our budget, what we've done in the last two years.

We've taken the four objectives of the company and the 16 goals and took everything we do at ICANN, including managing our cafeteria -- everything -- and we divided it into 50 projects and 450 -- pardon me, 50 portfolios that contained 450 projects. All of that is completely on line and available for you to track. Who owns them, what is their status, what are we doing with these. Super complete transparency on these.

Then as you said, Chuck, last year we assigned a dollar number to every portfolio, so we divided our \$80 million budget in '15 and you could see where we're spending. You came back to us -- as Chris asked you, what can we do better? You said, "Well, some of these portfolios are large. We need to know where the \$4 million is going."

So this year, we took half the portfolios that are large and we broke all of them down by project, with a budget number.

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I know that it's never enough because we need to be superbly clear where the priorities are and how the budget is spent, but I want to assure you we are committed to make sure you have not only complete visibility but complete guidance for us as to where to spend the money of the community.

So let's work together, let's make FY16 an even better year, where we are clear, we are transparent, and you help us direct your resources where they need to go best to serve this community.

KEITH DRAZEK:

Okay. Thank you very much, Fadi. Very much appreciated. Did anybody else want to jump in on this?

Okay. Xavier, we have one more topic and we're just about out of time, but please, go right ahead.

XAVIER CALVEZ:

Very quickly, as Fadi indicated, the amount of detail that we provide has been increasing on an ongoing basis.

I will correct Jon quickly. The budget document that was provided for public comment in last May was 84 pages. The one in 2009 was 54 pages.

It's not about the number of pages, it's about the breakdown of the information.

And to Chuck's point and to Fadi's point, we now break the information into between 600 and 800 buckets, which has never been done before.

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Now, is that enough? No. As Chuck was pointing out, one out of those 600 buckets is \$5 million and we need to be able to break it down further, and this is going to stay an ongoing process of refining the information that we provide, continuing to receive your input on what is not sufficiently well displayed so that we can improve that.

We had a discussion as part of the questions that Chuck has responded -- referred to on, for example, the registries said "The support functions is an aggregated amount. We need to have some breakdown of that."

So currently we have support functions as a portfolio. When we show portfolio information, it's aggregated.

It's probably something we can do to provide a breakdown of the support functions information, even if it's at a portfolio level, so that we can start providing more visibility and clarity on that information.

So we welcome the input. The registry stakeholder group has provided a number of questions which, to Chuck's point, I responded today in writing and will be published on the finance wiki, have been sent out to the rest of the organization, and those interested community members who participate to the budget process, I sent that to them today, because I think your questions have an interest for everyone and hopefully the answers to those questions will as well.

So I think this is going to continue to be an ongoing process for us to refine, improve the granularity, the structure of the data.

You have to realize that each time we add a level of detail, it increases exponentially the amount of work that we need to pull together to provide you with quality information.

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When we provided a hundred figures in the budget, it was a lot easier than when we provide 600 figures, and it doesn't mean that we shouldn't be doing it. We're going to continue doing it. But it does take a leverage and a structure to be able to do that that will continue to increase and continue to be put into more transparency. Thank you.

KEITH DRAZEK: Okay. Thank you, Xavier. Back to Fadi for a few seconds.

FADI CHEHADE: Yeah. And just to -- I think Chuck also asked about the USG transition costs, that this was a large number, 6.9 or \$7 million, and whether we provided detail on that.

I think yesterday in the presentation we started breaking that down, but if it needs to be broken down further, please let us know. But we broke it into 16 different subcomponents. Happy to -- happy to go as deep as we need on that.

KEITH DRAZEK: Thank you, Fadi.

Yeah, I think Chuck actually acknowledged that the -- the explanation that was provided on that component was actually very helpful, so yes. Thanks.

Okay. So great. Thanks. So I know we are out of time. We're actually five minutes over time, but I want to take two minutes to talk about universal acceptance.



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This is an important issue, it's something that requires all of our attention, our coordination, our collaboration moving forward.

I'm going to ask Edmon to speak to this briefly, but this is something that is becoming more and more important as more and more new gTLDs are delegated.

It actually has, I think, a significant potential impact, positive or negative, on the success of the new gTLD program.

So Edmon, over to you. Thanks.

EDMON CHUNG:

Thank you. Edmon Chung here.

So I already spoke about this during the GNSO board session, so I won't rehash much of the part, but yes, it's a very important item, especially on the IDNs and as we roll out new gTLDs.

I -- again, I want to emphasize this -- I really believe this is a consumer trust issue and we should take it seriously.

A few points I wanted to highlight.

One, the community really do understand that ICANN alone, ICANN alone or the community together alone, cannot address the whole issue or solve the issue, so there's no need for, I guess, ICANN or the board to reemphasize this. We all know.

But the -- there are concrete steps that ICANN can take proactively and do proactively, and much of that is included in the JIG report as well.

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We do note also that there is staff work on it, and we applaud that.

We think there are some missing pieces that the JIG report does address.

So -- so we -- you know, we really urge -- because the JIG report is a joint report, I guess jointly adopted by the ccNSO and the GNSO and sent to the board, I guess the main thing is, please from -- for the board to please do consider it, at least acknowledge receipt of it, and, you know, do make a resolution on it.

I think, you know, it shows the level of strategic importance of this as well.

And, you know, I remember one -- one time that Fadi asked us, you know, what -- I mean, there -- governments around the world keep, you know, hammering on us and what can we take back to -- what hammer can we take back to governments.

This is one of them, I think. One of the most effective ways that I -- for example, IPv6 got implemented is when governments, when they do their supply contracts -- or I mean they get suppliers, they require that IPv6 be implemented, just like ICANN contracts now require gTLDs to be IPv6 compliant.

This is something we can ask -- you know, go back to governments, too. And, you know, if it's at a strategic level when, you know, Fadi, yourself, or Steve talk to people, to bring it up and say, you know, "In the future, this is -- this should be something that is of high importance as well."

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So I really will stop there and mainly do please -- please do consider the report from JIG and make a resolution on it. Thank you.

KEITH DRAZEK: Okay. Thank you very much, Edmon. Very well said.

I've got Ram and then Ray in the queue.

RAM MOHAN: Thank you.

Very briefly, number one, the board is taking this seriously. There is a -- this is currently under the aegis of the board risk committee and there is an agenda item. They're focusing on it. This will get attention. This is getting attention. This will get further attention.

And as far as the spectrum of solutions, it's great to have those ideas come in. I don't think either now or immediately in the future we should be sitting and talking about all the -- all of the solutions in this format, but you can rest assured this is an area that the board understands both the urgency and the importance of it and will work with both you as well as staff on moving this forward.

KEITH DRAZEK: Okay. Thank you, Ram.

Ray?

RAY PLZAK: Thank you, Keith.

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First of all, I agree with everything Ram said. Of course you guys would all know that anyway.

I want to point to what Edmon was saying with regards to IPv6. And this is a similar situation, in that there has to be a concerted effort to reach the right people to emphasize this.

And one of the things that we did while I was still a RIR CEO was to go to governments and tell them that they had to do this, that it was up to them to do it, and to give them words that they could use in arguments and so forth. And I remember standing up and addressing the ICANN board and telling them that they had a role in this, that it was a -- you know, and ICANN has a very good pulpit to do this.

And so when ICANN is saying things, it shouldn't just be talking about Internet governance, it could be very easily talking about universal acceptance and so forth.

And so I think it's a concerted effort in that way as to what's going to make things happen.

Also, the -- talk to the right guys in a business. ICANN can go talk to the guy that sits at the head of the guy in the conference room and so ICANN should be doing that kind of outreach as well.

And so this is a -- probably the most important thing that can be done in a large regard is to just get to the right people and get them asking the right questions and doing things, and at the same time at the lower levels working back and forth with the different vendors and operators and so forth. That's a different level, but they're -- it's something that needs to be worked at consciously.

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And so we should take some of the money that we use to promote people getting gTLDs and get it to them to learn how to use them.

KEITH DRAZEK:

Thanks very much, Ray. We have to wrap up here. I do want to say on this particular topic the registry stakeholder group stands ready to work with the board and the staff and the community to make this better, to improve this universal acceptance problem.

So thank you all very much. I apologize we went 10 minutes over, but we need to wrap up now. Thanks, everyone.

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