

ICANN 30 JULY 2014 BOARD MEETING
Board Papers



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AGENDA – 30 July 2014 BOARD Meeting – 2.0 hours – last updated 23 July

Time, etc.	Agenda Item	Shepherd	Expected Action	Potential Conflict of Interest
<ul style="list-style-type: none"> • Assembly, Roll Call & Consent Agenda Vote <p align="center">15 min</p>	1. Consent Agenda			
	1.a. Minutes: <ul style="list-style-type: none"> • 26 June 2014 Meeting of the ICANN Board 	John Jeffrey	Approval	
	1.b. Approval of audit firm for FY14 independent audit	Erika Mann	Approval	
	1.c. Proposed GAC-related Bylaws revisions (to address ATRT1 and ATRT2 rec's)	Bill Graham	Approval	
	1.d. 2015 October Meeting Venue in Europe	Cherine Chalaby	Approval	
	1.e. Istanbul Office Lease	Cherine Chalaby	Approval	
<ul style="list-style-type: none"> • Discussion & Decision <p align="center">1 hour</p>	2. Main Agenda			
	2.a. Final Report of BWG-NomCom	Ray Plzak	Approval	
	2.b. Board Member Compensation	Bruce Tonkin	Approval	

AGENDA – 30 July 2014 BOARD Meeting – 2.0 hours – last updated 23 July

Time, etc.	Agenda Item	Shepherd	Expected Action	Potential Conflict of Interest
	2.c. Internet Governance Update and Follow up from Discussion at ICANN 50	Fadi Chehadé	Approval	
	2.d. Update on Accountability	Fadi Chehadé Theresa Swinehart	Discuss	
	2.e. Update on IGF (time permitting)	Tarek Kamel	Discuss	
	2.f. AOB			
	3. Confidential Session (Main Agenda)			
<ul style="list-style-type: none"> • Discussion & Decision <p align="center">45 min</p>	3.a. President and CEO FY14 T3 At-Risk Compensation	Bruce Tonkin	Approval	
	3.b. Ombudsman FY14 At-Risk Compensation	Bruce Tonkin	Approval	
	3.c. Discussion of CEO compensation and contract	Steve Crocker Bruce Tonkin	Approval	
	3.d. AOB			

AGENDA – 30 July 2014 BOARD Meeting – 2.0 hours – last updated 23 July

ICANN BOARD SUBMISSION No. 2014.07.30.1b

TITLE: **Auditors appointment**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

ICANN's Bylaws require that the annual financial statements be audited by a certified public accountant. ICANN has been using the services of the firm Moss Adams for the past eight years, and has determined to re-evaluate its audit services. As a result, ICANN staff conducted an RFP, which resulted in the selection of the firm BDO USA LLP. The Audit Committee has agreed with the staff's recommendation and the Board being asked to approve the appointment of BDO USA LLP as independent auditor.

STAFF RECOMMENDATION:

Staff recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions necessary to engage BDO USA LLP as ICANN's independent auditor.

BOARD AUDIT COMMITTEE RECOMMENDATION:

After reviewing the evaluation of the firms that responded to the RFP, and the recommendation from staff resulting from this evaluation, the Board Audit Committee has agreed with the staff's recommendation and recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all necessary actions to engage BDO as ICANN's independent auditor.

PROPOSED RESOLUTION:

Whereas, Article XVI of the ICANN Bylaws (<http://www.icann.org/general/bylaws.htm>) requires that after the end of the fiscal year, the books of ICANN must be audited by certified public accountants, which shall be appointed by the Board.

Whereas, the Board Audit Committee, which is tasked with recommending the independent auditors for selection each year, discussed the engagement of the independent auditor for the fiscal year ending 30 June 2014, and determined that given ICANN's growth, including its expanding global presence and level of revenue, it was important to conduct an RFP for a new audit firm.

Whereas, staff conducted an open RFP process, received responses from several firms and, after careful consideration and discussion with the Audit Committee, staff and the Audit Committee recommend that the Board engage BDO USA, LLP to serve as ICANN's new independent audit firm.

Resolved (2014.07.30.xx), the Board authorizes the President and CEO, or his designee(s), to engage BDO USA, LLP as the audit firm for the financial statements for the fiscal year ending 30 June 2014.

PROPOSED RATIONALE:

The engagement of an independent audit firm is in fulfillment of ICANN's Bylaws' obligation to undertake the annual independent audit of its financial statements. This furthers ICANN's accountability to its Bylaws and processes, and the results of the independent audit firms' work are publicly available.

ICANN has used the same audit firm, Moss Adams, for the past eight years (with one partner rotation after five years), and considered it important to examine its current and future needs in relation to existing audit services offered among top tiers audit firms. As a result an open RFP was conducted. Several firms responded, ICANN staff evaluated the various responses, discussed the top two firms with the Audit Committee and has now identified the top choice.

There is a fiscal impact to the engagement, but that has already been budgeted for in the FY15 budget. There is no impact on the security or the stability of the DNS as a result of this appointment.

This is an Organizational Administrative Function not requiring public comment.

Submitted by: Xavier Calvez
Position: CFO
Date Noted: 20 July 2014
Email and Phone Number Xavier.calvez@icann.org Contact Information Redacted

ICANN BOARD SUBMISSION No. 2014.07.30.1c

TITLE: **GAC-Related Bylaws – Posting for Public Comment**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Board is being asked to post proposed Bylaws revisions for public comment. If the Bylaws revisions are ultimately approved, the Board, when considering advice from the Governmental Advisory Committee, would have to achieve a vote of 2/3 of Board members in order to not follow GAC advice on a particular matter.

This Bylaws revision is a result of work on Recommendation 11 of the first Accountability and Transparency Review Team (ATRT1), calling for the formalization of a process for Board consideration of GAC advice. The Board-GAC Recommendations Implementation Working Group (BGRI), formed in response to the ATRT1 recommendations, developed a process for consultations which included the imposition of a supermajority vote of the Board to not accept GAC advice. In order to give full effect to the process, which was accepted by the BGRI in April 2013, the ICANN Bylaws must be changed. The BGRI had previously requested that the GAC be given the opportunity to identify other GAC-related Bylaws changes prior to presenting these proposed Bylaws amendments to the community, however, in light of the second ATRT recommendation and consideration of the issue at ICANN's June 2014 meeting in London, the BGRI – with support from the GAC – determined that it was appropriate to allow consideration of these Bylaws changes now. Though the Bylaws change has not been formally considered or adopted, the ICANN Board previously indicated that the process as approved by the GAC – including the new voting threshold – would be used in the event that the Board determined to not follow GAC advice.

The proposed Bylaws changes are attached as Exhibit 1 to this paper.

STAFF RECOMMENDATION:

In line with the determination made at the June 2014 session of the BGRI, staff recommends that the Board approve the posting for public comment of the attached GAC-related Bylaws changes.

PROPOSED RESOLUTION:

Whereas, Recommendation 11 of the first Accountability and Transparency Review Team (ATRT1), called for the formalization of a process for Board consideration of advice from the Governmental Advisory Committee (GAC).

Whereas, the Board/GAC Recommendation Implementation Working Group was formed to address this and other recommendations, and developed a “Process for Consultations between the ICANN Board of Directors (“Board”) and the Governmental Advisory Committee (“GAC”), including those required pursuant to Article XI Section 2.1.j of the ICANN Bylaws” (Process for Consultations), which includes a requirement that 2/3 of Board members eligible to vote on an issue approve any action in contravention of GAC advice.

Whereas, revisions to ICANN’s Bylaws are required to give implement this new voting threshold.

Resolved (2014.07.30.xx), the Board approves the posting for public comment of proposed revisions to the ICANN Bylaws to give effect to the Process for Consultations.

PROPOSED RATIONALE:

The posting for public comment of these proposed Bylaws is the logical next step in the implementation of Recommendation 11 of the first Accountability and Transparency Review Team (calling for the development of a formal process for Board/Governmental Advisory Committee consultations on GAC advice) as well as Recommendation 6.5 of the second Accountability and Transparency Review Team (calling for the consideration of Bylaws changes to give effect to the developed process). Though a formal “Process for Consultation between the ICANN Board of Directors (“Board”) and the Governmental Advisory Committee (“GAC”), including those required pursuant to Article XI Section 2.1.j of the ICANN Bylaws” was developed and

accepted in April 2013, Bylaws revisions to give full effect to that process have not yet been presented to the Board due to the potential for additional proposed Bylaws changes to be identified. At the Board/GAC Recommendation Implementation Working Group session at ICANN's June 2014 meeting in London, England, it was determined that it is now timely to bring these changes to the Board.

The posting of these Bylaws changes for public comment is in line with ICANN's commitment to accountability and transparency. All public comments will be evaluated and presented to the Board for consideration and decision. There are no fiscal impacts in submitting this document for public comment. The posting of these proposed Bylaws changes is not anticipated to have any impact on the security, stability or resiliency of the DNS.

This is an Organizational Administrative Function for which public comment is not required.

Signature Block:

Submitted by: Samantha Eisner

Position: Senior Counsel

Date Noted: 21 July 2014

Email: Samantha.eisner@icann.org

ICANN BOARD SUBMISSION No. 2014.07.30.1d

TITLE: **October 2015 ICANN Meeting Venue and Contracting**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

The Board is being asked to approve Dublin, Ireland as the location for the October 2015 ICANN Public Meeting (“Meeting”), and authorize staff to complete the venue contract, which will exceed US\$500,000. The October 2015 Public Meeting location is in front of the Board now, before the Board has been asked to approve the 2015 mid-year location, because other parties are interested in the same venue on the same dates as ICANN’s scheduled Meeting. The Reference Materials for this paper summarizes the steps taken to locate a site for the October 2015 Meeting, and outlines the venue convention centre costs.

STAFF RECOMMENDATION:

Staff recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions necessary to hold the October 2015 ICANN Meeting in Dublin, Ireland, including approving the Meeting venue contracting and expenditure disbursement.

BOARD FINANCE COMMITTEE RECOMMENDATION:

The Board Finance Committee recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all necessary actions to hold the October 2015 ICANN Public Meeting in Dublin, Ireland, as reflected in the Reference Materials to this Paper.

PROPOSED RESOLUTION:

Whereas, ICANN intends to hold its third Public Meeting of 2015 in the Europe region.

Whereas, staff has completed a thorough review of all proposed venues in Europe and finds the one in Dublin, Ireland to be the most suitable.

Whereas, during its meeting on 18 July 2014 the Board Finance Committee reviewed the financial implications of contracting with the venue identified to hold the ICANN meeting in Dublin, Ireland, and agrees with the recommendation from staff.

Whereas, the Board Finance Committee has recommended that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions to hold the October 2015 ICANN Public Meeting in Dublin, Ireland, including all necessary contracting and disbursements.

Resolved (2014.07.30.xx), the Board approves Dublin, Ireland as the location of the ICANN 2015 Public Meeting from 18-22 October 2015, and authorizes the President and CEO, or his designee(s), to take all actions necessary to hold the October 2015 ICANN Meeting in Dublin, Ireland.

Resolved (2014.07.30.xx), that Board authorizes the President and CEO, or his designee(s), to engage in and facilitate all necessary contracting and disbursements for the Meeting venue of the October 2015 ICANN Public Meeting, Confidential and that the Dublin Meeting be designated as the 2015 Annual Meeting, Negotiation Information,

Resolved (2014.07.30.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article III, section 5.2 of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

As part of ICANN's public meeting schedule, three times a year ICANN hosts a meeting in a different geographic region (as defined in the ICANN Bylaws). ICANN Meeting 54, scheduled for 18-22 October 2015, is to occur in the Europe geographic region. A call for recommendations for the location of the meeting in Europe was posted on 03 May 2013. Various parties sent a proposal to ICANN.

The staff performed a thorough analysis of the proposals and prepared a paper to identify those that met the Meeting Selection Criteria (see

<http://meetings.icann.org/location-selection-criteria>). Based on the proposals and analysis, staff has recommended that ICANN 54 be held in Dublin, Ireland.

The Board reviewed staff's recommendation for hosting the meeting in Dublin, Ireland and the determination that the proposal met the significant factors of the Meeting Selection Criteria used to guide site selection work. The process for selection of this site does not call for public consultation, as the assessment of the feasibility of a site is the primary consideration.

There will be a financial impact on ICANN in hosting the meeting and providing travel support as necessary, as well as on the community in incurring costs to travel to the meeting. But such impact would be faced regardless of the location of the meeting.

There is no impact on the security or the stability of the DNS due to the hosting of the meeting.

The Board thanks all who recommended sites for ICANN Meeting 54.

This is an Organizational Administrative function that does not require public comment.

Submitted by:	Nick Tomasso
Position:	VP, Meetings & Int'l Real Estate Operations
Date Noted:	17 July 2014
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ICANN BOARD SUBMISSION No. 2014.07.30.1e

TITLE: New ICANN Istanbul Hub Office
PROPOSED ACTION: For Board Consideration and Action

EXECUTIVE SUMMARY:

ICANN has stated its objective to maintain a Hub Office in Istanbul, Turkey. To accommodate the projected increase in the number of staff there, it is necessary to move to a larger facility. Since the lease contract will exceed US\$500,000, the ICANN Contracting and Disbursement Policy (see <https://www.icann.org/resources/pages/signing-authority-2012-02-25-en>) requires that the expenditure be approved by the Board. Reference Materials to this paper summarize the steps taken to identify and evaluate the cost of the Istanbul Hub Office.

STAFF RECOMMENDATION:

Staff recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all necessary actions to execute, and make disbursements in accordance with, the lease for a new office facility in Istanbul, Turkey

BOARD FINANCE COMMITTEE (BFC) RECOMMENDATION:

The BFC recommends that the Board delegate to the President and CEO, or his designee(s), the authority to take all necessary actions to execute, and make disbursements in accordance with, the lease for a new office facility in Istanbul, Turkey, as reflected in the Reference Materials for this Paper.

PROPOSED RESOLUTION:

Whereas, ICANN has stated its objective to maintain a Hub Office in Istanbul, Turkey.

Whereas, staff has identified and evaluated both the location and costs of a suitable office facility.

Whereas, during a meeting on 18 July 2014, the Board Finance Committee (BFC) reviewed the financial implications of the lease for a new ICANN Hub Office facility in Istanbul, Turkey, and agrees with staff's recommendation.

Whereas, the BFC has recommended that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions to lease the new Hub Office in Istanbul, Turkey, including all necessary contracting and disbursements.

Resolved (2014.07.30.xx), the Board delegates to the President and CEO, or his designee(s), the authority to take all necessary actions to execute, and make disbursements in accordance with, the lease for a new office facility in Istanbul, Turkey in an amount not to exceed Confidential Negotiation Information .

Resolved (2014.07.30.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article III, section 5.2 of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

PROPOSED RATIONALE:

To support its globalization strategy, ICANN established a Hub Office in Istanbul to better service its stakeholders. Currently, ICANN is using a serviced office, which is typically much more expensive per square meter than a leased office. To meet the demand for increased space to accommodate the projected growth in staff in Istanbul, it is now the appropriate time to move to a more permanent facility. As the existing location has proven to be a good one from which to conduct business in Istanbul, and for commuting staff, office space in the same building has been identified.

The staff performed a thorough analysis of the costs associated with leasing the new office space, and finds it to be a viable, cost-effective solution.

The Board reviewed staff's recommendation for moving the ICANN Istanbul Hub Office to a more permanent location and the determination that the proposal met the financial and business requirements of the organization. The process for selection of this office location does not call for public consultation, as staff assessment of the feasibility of the location is the primary consideration.

There will be a financial impact on ICANN to relocate the Istanbul Hub Office. But such impact would be faced regardless of the location of the office, as a move must be made to accommodate the projected increase in staff growth in that location.

There is no impact on the security or the stability of the DNS due to the relocation of the ICANN Istanbul Hub Office.

This is an Organizational Administrative function that does not require public comment.

Submitted by:	Nick Tomasso
Position:	VP, Meetings & Int'l Real Estate Operations
Date Noted:	10 July 2014
Email and Phone Number	nick.tomasso@icann.org Contact Information Redacted

ICANN BOARD SUBMISSION No. 2014.07.30.2a

TITLE: **Report of the ICANN Board Working Group on the Nominating Committee**

PROPOSED ACTION: **For Board Consideration and Approval**

EXECUTIVE SUMMARY:

Formed in February 2014, the Board Working Group on Nominating Committee (BWG - NomCom) was charged with performing the review called for in Recommendation 10 of the Nominating Committee Review Finalization Working Group, addressing issues of the size and composition of the Nominating Committee (NomCom), as well as the related issues of NomCom's recruitment and selection functions. The BWG-NomCom has prepared a report with 15 recommendations. Pursuant to its Charter, that report was presented to the Structural Improvements Committee (SIC). The SIC has determined that consideration of the substance for the report be left to the full Board, and recommends that the Board approve the posting of the report be posted for public comment. Public comment is necessary in this instance because of the potential effects of the BWG-NomCom recommendations on the NomCom structure. The full BWG-NomCom report is included in the reference materials. For ease of reference, the recommendations include:

Recommendation 1: Appoint five members each from the ASO, ccNSO and ALAC to reflect the regional make-up of the organizations and enhance regional representation.

Recommendation 2: Align the GNSO representation with its organizational structure, allowing four members (one from each Stakeholder Group).

Recommendation 3: Allow the GAC to appoint up to three members.

Recommendation 4: Make no change to the number of representatives from the IETF, RSSAC or SSAC.

Recommendation 5: Organize the NomCom into delegations.

Recommendation 6: Remove the Chair-Elect position from the NomCom leadership.

Recommendation 7: Remove non-voting roles, to allow all members (outside of leadership) the ability to vote).

Recommendation 8: Apportion votes to delegations (three votes each for the ASO, ccNSO, GNSO and ALAC delegations, two votes for the technical delegation, and one for the GAC).

Recommendation 9: Implement two-year terms, without allowance for holding consecutive terms.

Recommendation 10: Board selection of NomCom leadership to be performed in professional manner, and see to include outside the ICANN community.

Recommendation 11: Implement two-year term for NomCom Chair.

Recommendation 12: Succession planning for Chair, in absence of the Chair-Elect position.

Recommendation 13: Conduct regular performance reviews of NomCom Chair.

Recommendation 14: Allow for removal of Chair upon vote of 2/3 of delegations.

Recommendation 15: Maintain NomCom appointments to entities other than the Board.

See **Reference Materials** for Report of the ICANN Board Working Group on the Nominating Committee and other relevant information.

COMMITTEE RECOMMENDATION:

The SIC recommends that the Board approve this report for posting for public comment. After public comment, the Board should review the comments received to consider whether the 15 recommendations of the BWG-NomCom should be adopted, if feasible.

PROPOSED RESOLUTION:

Whereas, the Board Working Group on Nominating Committee (BWG - NomCom) was formed in February 2014 and charged with performing the review called for in Recommendation 10 of the Nominating Committee Review Finalization Working Group, addressing issues of the size and composition of the Nominating Committee, as well as the related issues of NomCom's recruitment and selection functions.

Whereas, in performing its work, the BWG - NomCom considered the role of the NomCom in ICANN, as well as issues of representation and parity among the entities across ICANN that have members serving on the NomCom.

Whereas, the BWG - NomCom completed a report with 15 recommendations, and provided that report to the Structural Improvements Committee as required in the BWG-NomCom charter.

Whereas, the SIC recommends that this report should be posted for public comment prior to further Board of the potential adoption of the 15 recommendations.

Resolved (2014.07.30.xx), that the Report of the ICANN Board Working Group on the Nominating Committee be posted for public comment.

PROPOSED RATIONALE:

The BWG-NomCom was created in order execute the recommendation of the Review Finalization Working Group (recommendation 10) to address the size and composition, and the recruitment and selection process of the NomCom, as well as address the related issues, including:

Whether a representational model is appropriate for the NomCom in the future;

Determination of the appropriate length of term of service by NomCom members and whether term limits should be imposed;

Whether the NomCom should continue to fill other key positions in addition to Board members.

The BWG-NomCom completed its work and issued a report, including 15 recommendations.

In accordance with ICANN's commitment to the bottom-up multi-stakeholder approach, the report and recommendations will be posted for public comment. All public comments will be evaluated and the report finding will be adapted as appropriate, in preparing a final report, for consideration and decision by the ICANN Board. There are no fiscal impacts in submitting this report for public comment. The posting of this report is not anticipated to have any impact on the security, stability or resiliency of the DNS.

This is an Organizational Administrative Function for which public comment is not required.

Signature Block:

Submitted by: Larisa Gurnick

Position: Director, Strategic Initiatives

Date Noted: 23 July 2014

Email: larisa.gurnick@icann.org

ICANN BOARD SUBMISSION NO. 2014.07.30.2b

TITLE: Board Compensation

PROPOSED ACTION: For Board Consideration and Approval

EXECUTIVE SUMMARY:

Since August 2010, ICANN's Board chair, and since December 2011, all voting members of ICANN's Board, have had the choice whether to accept compensation.¹ When offering compensation to all Board member services was approved, the Board agreed to periodically review that decision; the review has just recently been completed.

The recent review has continued to follow a process calculated to pay an amount that is in its entirety Reasonable Compensation for Board services under the standards set forth in §53.4958-4(b) of the Treasury Regulations. Specifically the Board, through the Compensation Committee, sought an updated recommendation from an Independent Valuation Expert² ("TW April 2014 Report") as to the continued reasonableness of whether to offer compensation to its voting Board members, and if so the level of such compensation.³ The recommended range is between equivalent of US\$40,000.00 and US\$45,000.00 for all Board members except the Chair, who is offered \$US75,000.00. The Compensation Committee has recommended the equivalent of US\$45,000.00

The Compensation Committee also facilitated the evaluation of whether there are any barriers that would prohibit ICANN from offering compensation to non-voting Liaisons

¹ The Board Chair was offered compensation since August 2011. The resolutions approving compensation for the Chair and the other Board members can be found at <http://www.icann.org/en/groups/board/documents/resolutions-05aug10-en.htm#5> and <http://www.icann.org/en/groups/board/documents/resolutions-08dec11-en.htm#3>, respectively. Significant research, analysis, document revisions and public comment went into the initial decision to offer compensation to Board members for their services, the detail of which can be found in the rationale to this decision.

² See footnote 5 in Rationale defining an Independent Valuation Expert.

³ As noted in 2011, TW is a leading global professional services company with expertise in compensation for non-profit organizations. In addition to its recommendation for all voting Board members, TW provided advice on the Board Chair compensation and was recommended by the National Association of Corporate Directors (NACD) to serve as an Independent Valuation Expert.

to the Board. This issue was evaluated and it as has been determined that there are no such barriers this is also something that the Compensation Committee has recommended.

PUBLIC COMMENT SUMMARY:

Both the TW April 2014 Report and a set of proposed Bylaws changes were posted for public comment. A total of seven comments were received. Not one of those comments suggested that Board members, including voting Directors and non-voting Liaisons, should not be compensated. Most commenters who commented on Board compensation suggested that it is appropriate and those commenters endorse it.⁴

Two commenters raised the question of whether compensation was appropriate, financial or otherwise, for some of the leadership in the volunteer community, such as the Chairs of the Supporting Organizations and Advisory Committees. The Internet Architecture Board (IAB) wonders whether the proposed addition of payment for non-voting Liaisons is the first step in a change to the status of the non-voting Liaisons. The IAB suggests that if this is the case, maybe ICANN should wait until all such considerations have been addressed before moving forward piecemeal.

COMPENSATION COMMITTEE RECOMMENDATION:

The Compensation Committee recommends that the Board: (i) approve the Towers Watson Recommendation that Compensation for all voting Directors be raised to the equivalent of US\$45,000.00 and that no change be made to the Board Chair compensation which is US\$75,000; and (ii) approve offering non-voting Liaisons (except the Governmental Advisory Committee Liaison) compensation at the same level as voting Directors, including approve the proposed Bylaws Revisions relating to this matter.

PROPOSED RESOLUTION:

⁴ There were a few comments asking: (i) why the GAC Liaison is excluded; (ii) why there was a reference to five rather than four Liaisons, and that the Bylaws be translated into different languages. These comments are all addressed in the Report on Public Comments that is posted with the Public Comments.

Whereas, when ICANN instituted compensation for all of its voting Board members for their services to ICANN, the Board committed to regularly review whether compensating those voting Board members was reasonable, and if so, what level of compensation is reasonable.

Whereas, ICANN is a nonprofit California public benefit corporation that is exempt from Federal income tax under §501(a) of the Internal Revenue Code of 1986, as amended (the “Code”) as an organization described in §501(c)(3) of the Code.

Whereas, ICANN may not pay voting Board members more than Reasonable Compensation as determined under the standards set forth in §53.4958-4(b) of the regulations issued under §4958 of the Code (the “Regulations”).

Whereas, ICANN has taken all steps necessary, and to the extent possible, to ensure that the level of voting Board member compensation is reasonable, including seeking advice and recommendations from an Independent Valuation Expert.

Whereas, there are no barriers that would prohibit ICANN from offering compensation to ICANN’s non-voting Board Liaisons.

Whereas, the Compensation Committee and the Board have considered and evaluated the public comments on this matter.

Resolved (2014.07.30.xx), the Board approves: (i) the Towers Watson Recommendation that the offer of compensation to all voting Directors be raised to the equivalent of US\$45,000.00 effective 1 August 2014, and that no change be made to the Board Chair compensation which is US\$75,000; (ii) offering non-voting Liaisons (except the Governmental Advisory Committee Liaison) compensation at the same level as voting Directors effective 1 August 2014; and (iii) the proposed Bylaws revisions relating to non-voting Board Liaison compensation.

Resolved (2014.07.30.xx), all Board members should be required to complete a new Board Compensation election form to reflect an affirmative acceptance

Resolved (2014.07.30.xx), the Board will continue to consider other comments raised in the public comment forum that are not addressed by this resolution.

PROPOSED RATIONALE:

Since August 2010, ICANN’s Board chair, and since December 2011, all voting members of ICANN’s Board, have had the choice whether to accept compensation. The resolutions approving such compensation can be found at <http://www.icann.org/en/groups/board/documents/resolutions-05aug10-en.htm#5> and <http://www.icann.org/en/groups/board/documents/resolutions-08dec11-en.htm#3>, respectively.

Significant research, analysis, document revisions and public comment went into the ultimate decision to compensate the Board. For example, and among other things: (i) there were calls from the community in relation to the ICANN Framework for Accountability and Transparency that voting Board members be compensated; (ii) budget discussions since FY08 have involved the concept of Board compensation and such compensation is now included in each annual budget; (iii) Towers Watson continues to provide updated studies on comparable organizations’ Board member compensation and making recommendation on what level of compensation is reasonable; (iv) the Boston Consulting Group (“BCG”) that conducted the Board Review some years ago suggested that compensation for voting directors for service may be appropriate; (v) the Board Review working group acknowledged general support from the BCG and the community for director compensation; (vi) the first Accountability and Transparency Review Team (“ATRT”) specifically recommended that the Board implement a compensation scheme for voting Board members; (vii) following public comment on required changes to ICANN’s Conflicts of Interest Policy and Bylaws, as well as on the Independent Expert Report that initially recommended voting Board member compensation, revisions to the referenced documents were made and a modest, reasonable level of compensation was approved; (viii) the second ATRT has recommended that the Board regularly evaluate the appropriate level of Board compensation; and (ix) ICANN continues to comply with its

commitment to regularly review, with the assistance of an Independent Valuation Expert, whether and at what level, Board member compensation is reasonable.

ICANN followed a process calculated to pay an amount that is in its entirety Reasonable Compensation for such service under the standards set forth in §53.4958-4(b) of the Treasury Regulations.

First, the Board sought a recommendation from an Independent Valuation Expert⁵ (“Expert”) as to the reasonableness of, and if so, the amount of compensation. The Board approved Towers Watson (TW) to be engaged to serve as the Expert. TW is a leading global professional services company with expertise in compensation for non-profit organizations. TW had originally provided advice on the Board Chair compensation and was recommended by the National Association of Corporate Directors to serve as the Expert. TW was also recently selected to provide an updated Expert Report, regarding voting Board member compensation.

Second, before initially approving compensation at any level and following public comment, both ICANN’s Conflicts of Interest (COI) Policy (*see* <http://www.icann.org/en/committees/coi/coi-policy-30jul09-en.htm>) and ICANN’s Bylaws (*see* <http://www.icann.org/en/public-comment/bylaws-amend-vi-coi-policy-01sep11-en.htm>) were revised allowing all voting Directors to be compensated.

Finally, the Board has thus taken all steps necessary to ensure that consideration of voting Board member compensation for services was done in accordance with Reasonable Compensation under the standards set forth in §53.4958-4(b) of the Treasury Regulations.

In its most recent Report dated April 2014, TW recommended that all voting Board members, except the President and CEO and the Board Chair, be compensated at the

⁵ An “Independent Valuation Expert” means a person retained by ICANN to value compensation arrangements that: (i) holds itself out to the public as a compensation consultant; (ii) performs valuations regarding compensation arrangements on a regular basis, with a majority of its compensation consulting services performed for persons other than ICANN; (iii) is qualified to make valuations of the type of services involved in any engagement by and for ICANN; (iv) issues to ICANN a Reasoned Written Opinion regarding a particular compensation arrangement; and (v) includes in its Reasoned Written Opinion a certification that it meets the requirements set forth in (i) through (iv) of this definition.

same level (equivalent of US\$40,000-\$45,000) that it had previously recommended that most Board committee chairs be compensated (which was the equivalent of US\$35,000 plus \$5,000 for committee chair position). Based on the Report, this reflects the recognition that committee members dedicate a relatively equivalent amount of time preparing for committee meetings and all serve on at least one, but generally more than one Board committee. Out an abundance of caution, the Compensation Committee asked staff to have another Independent Valuation Expert evaluated Board member compensation. This “second opinion” came to the same recommendations as TW.

In addition, the Board Governance Committee asked the Compensation Committee to evaluate whether there are any barriers that would prohibit ICANN from offering compensation to non-voting Board liaisons. Absent voting, Board liaisons are asked to spend the same amount of time and make the same level of commitment to the ICANN Board as the voting Board members. This issue has also been evaluated and it has been determined that there are no such barriers to offering compensation to ICANN’s non-voting Board liaisons.

Both the TW April 2014 Report and a set of proposed Bylaws changes were posted for public comment (<https://www.icann.org/public-comments/bylaws-amend-compensation-2014-05-02-en>). A total of seven comments were received (<http://forum.icann.org/lists/comments-bylaws-amend-compensation-02may14>). Not one of those comments suggested that Board members, including voting Directors and non-voting Liaisons, should not be compensated. Most commenters who commented on Board compensation suggest that it is appropriate and they endorsed it.

Two commenters raised the question of whether compensation was appropriate, financial or otherwise, for some of the leadership in the volunteer community, such as the Chairs of the Supporting Organizations Advisory Committees. This is something that the Board has raised occasionally and will be something that the Board continues to consider. The Internet Architecture Board (IAB) wonders whether this proposed addition of payment for non-voting Liaisons is the first step in a change to the status of the non-voting

liaisons. The IAB suggests that if this is the case, maybe we should wait until all such considerations have played out before moving forward in piecemeal.

Regularly reviewing and revising as appropriate the level of compensation for voting Board members also conforms with the ATRT1 recommendation (and more recently the ATRT2 recommendation) and with the Board's commitment to do so when voting Board member compensation was first approved.

Taking this action in changing the compensation for many voting ICANN Board members, as well as offering compensation to three of the non-voting Liaisons who choose to accept compensation will have a slight fiscal impact on ICANN, but is within the FY15 Budget.

This decision will have no direct impact on the security, stability or resiliency of the domain name system.

This decision is an Organizational Administrative Function that has already been the subject of public comment, which has been considered by the Board.

Submitted by:	Amy A. Stathos
Positions:	Deputy General Counsel
Date Noted:	14 July 2014
Email:	amy.stathos@icann.org

**RESOLUTION RE: MULTI-STAKEHOLDER INTERNET GOVERNANCE
30 JULY 2014**

Whereas, the Internet ecosystem is being strengthened through recent global coordination efforts towards developing principles for the use of the multi-stakeholder model as a means for evolving Internet governance.

Whereas, on 28 September 2013, the ICANN Board authorized the CEO to, among other things, “work with other key organizations and leaders to establish a coalition towards the formation of a movement or initiative” (“Coalition”), in order to address increasing concerns regarding the effectiveness of a “global, open, multi-stakeholder Internet governance system.”

Whereas, the Board considered that without strengthening a global, coherent approach to Internet governance, ongoing and emerging issues will not be properly addressed in a collective, collaborative way, which may inadvertently affect the operational unity of the Internet, consistent with ICANN’s mandate.

Whereas, on 28 September 2013, the Board further resolved that “... should the CEO recommend an additional longer term strategy based on Coalition results, the CEO shall present such a plan of action, including any additional financial resources required, for further consideration by the Board.”

Whereas, on 17 November 2013, the ICANN Board directed the CEO to continue supporting the emerging initiatives on multistakeholder internet governance, and recognized ICANN as one of the many participants supporting these initiatives.

Resolution Text Superseded, Rationale Text Superseded

Whereas, on 23-24 April 2014, the NetMundial meeting convened in Sao Paulo, Brazil, as a Global Multistakeholder Meeting on the Future of Internet Governance, to begin the establishment of Internet Governance Principles and the Roadmap for the future evolution of the Internet Governance Ecosystem.

Whereas, the Board congratulates the conveners and supporters of the NetMundial meeting, including the Government of Brazil, the Brazilian Internet Steering Committee (CGI.br), the World Economic Forum, and others – including participants from across all sectors – in a successful meeting that resulted in the consensus-based NetMundial Principles to guide further coordination work.

Whereas, in May 2014, the Panel on Global Internet Cooperation and Governance Mechanisms issued its report with recommendations for an evolving Internet Governance framework.

Whereas, the CEO has executed the mandate of the Board's 28 September 2013 and 17 November 2013 resolutions in enabling each of these above-referenced efforts, the outcomes of which are enhancing the Internet ecosystem and facilitating positive changes in Internet governance, while upholding the multi-stakeholder model.

Whereas, the Board continues to monitor the progress of each of these initiatives, and recognizes that continued work is necessary to continue with the work on the evolution of global multi-stakeholder participation in Internet governance.

Whereas, ICANN is participating in these initiatives in furtherance of ICANN's mission and anticipates continued participation in these endeavors well into the future.

Resolved (2014.07.30.xx), the Board hereby directs the CEO to continue to support the emerging initiatives, relating to addressing the outcomes of the NETMundial meeting and the NETMundial Principles, as well as the recommendations of the Panel on Global Internet Cooperation and Governance Mechanisms.

Rationale Text Superseded

Resolved (2014.07.30.xx), the Board highly encourages all parties interested in the Internet ecosystem and Internet governance to continue participation in these emerging initiatives and notes the importance of active and committed participation by all stakeholders.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

This resolution is a continuation of the Board's 28 September 2013 and 17 November 2013 resolutions providing ICANN's President and CEO with a mandate to explore how ICANN could coordinate with stakeholders from across the globe to address the pressing issue of the future of Internet governance. In September, the Board directed the President and CEO to work towards the establishment of a coalition to start an effort to form an Internet cooperation agenda, and to do so in a manner consistent with ICANN's mission. In November, the Board recognized the efforts undertaken so far and directed further support for these important efforts.

Rationale Text Superseded

Rationale Text Superseded

Encouraging further coordination among all Internet stakeholders does not have any immediate impact on the security, stability or resiliency of the DNS, though the outcomes of these initiatives are likely to have positive benefits on the coordination of DNS stability and security issues in the future.

This is an Organizational Administrative Function for which public comment is not required.

Pages 31/71 thru 40/71 Redacted
Confidential Employment Matter



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1. Consent Agenda:

a. Approval of Board Meeting Minutes

Resolved (2014.04.30.xx), the Board approves the minutes of the 26 June 2014 Meeting of the ICANN Board.

b. Approval of audit firm for FY14 independent audit

Whereas, Article XVI of the ICANN Bylaws (<http://www.icann.org/general/bylaws.htm>) requires that after the end of the fiscal year, the books of ICANN must be audited by certified public accountants, which shall be appointed by the Board.

Whereas, the Board Audit Committee, which is tasked with recommending the independent auditors for selection each year, discussed the engagement of the independent auditor for the fiscal year ending 30 June 2014, and determined that given ICANN's growth, including its expanding global presence and level of revenue, it was important to conduct an RFP for a new audit firm.

Whereas, staff conducted an open RFP process, received responses from several firms and, after careful consideration and discussion with the Audit Committee, staff and the Audit Committee recommend that the Board engage BDO USA, LLP to serve as ICANN's new independent audit firm.

Resolved (2014.07.30.xx), the Board authorizes the President and CEO, or his designee(s), to engage BDO USA, LLP as the audit firm for the financial statements for the fiscal year ending 30 June 2014.

Rationale for Resolution 2014.07.30.xx

The engagement of an independent audit firm is in fulfillment of ICANN's Bylaws' obligation to undertake the annual independent

audit of its financial statements. This furthers ICANN's accountability to its Bylaws and processes, and the results of the independent audit firms' work are publicly available.

ICANN has used the same audit firm, Moss Adams, for the past eight years (with one partner rotation after five years), and considered it important to examine its current and future needs in relation to existing audit services offered among top tiers audit firms. As a result an open RFP was conducted. Several firms responded, ICANN staff evaluated the various responses, discussed the top two firms with the Audit Committee and has now identified the top choice.

There is a fiscal impact to the engagement, but that has already been budgeted for in the FY15 budget. There is no impact on the security or the stability of the DNS as a result of this appointment.

This is an Organizational Administrative Function not requiring public comment.

c. Proposed GAC-related Bylaws revisions

Whereas, Recommendation 11 of the first Accountability and Transparency Review Team (ATRT1), called for the formalization of a process for Board consideration of advice from the Governmental Advisory Committee (GAC).

Whereas, the Board/GAC Recommendation Implementation Working Group was formed to address this and other recommendations, and developed a "Process for Consultations between the ICANN Board of Directors ("Board") and the Governmental Advisory Committee ("GAC"), including those required pursuant to Article XI Section 2.1.j of the ICANN Bylaws" (Process for Consultations), which includes a requirement that 2/3 of Board members eligible to vote on an issue approve any action in contravention of GAC advice.

Whereas, revisions to ICANN's Bylaws are required to give implement this new voting threshold.

Resolved (2014.07.30.xx), the Board approves the posting for public comment of proposed revisions to the ICANN Bylaws to give effect to the Process for Consultations.

Rationale for Resolution 2014.07.30.xx

The posting for public comment of these proposed Bylaws is the logical next step in the implementation of Recommendation 11 of the first Accountability and Transparency Review Team (calling for the development of a formal process for Board/Governmental Advisory Committee consultations on GAC advice) as well as Recommendation 6.5 of the second Accountability and Transparency Review Team (calling for the consideration of Bylaws changes to give effect to the developed process). Though a formal "Process for Consultation between the ICANN Board of Directors ("Board") and the Governmental Advisory Committee ("GAC"), including those required pursuant to Article XI Section 2.1.j of the ICANN Bylaws" was developed and accepted in April 2013, Bylaws revisions to give full effect to that process have not yet been presented to the Board due to the potential for additional proposed Bylaws changes to be identified. At the Board/GAC Recommendation Implementation Working Group session at ICANN's June 2014 meeting in London, England, it was determined that it is now timely to bring these changes to the Board.

The posting of these Bylaws changes for public comment is in line with ICANN's commitment to accountability and transparency. All public comments will be evaluated and presented to the Board for consideration and decision. There are no fiscal impacts in submitting this document for public comment. The posting of these proposed Bylaws changes is not anticipated to have any impact on the security, stability or resiliency of the DNS.

This is an Organizational Administrative Function for which public comment is not required.

d. 2015 October Meeting Venue in Europe

Whereas, ICANN intends to hold its third Public Meeting of 2015 in the Europe region.

Whereas, staff has completed a thorough review of all proposed venues in Europe and finds the one in Dublin, Ireland to be the most suitable.

Whereas, during its meeting on 18 July 2014 the Board Finance Committee reviewed the financial implications of contracting with the venue identified to hold the ICANN meeting in Dublin, Ireland, and agrees with the recommendation from staff.

Whereas, the Board Finance Committee has recommended that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions to hold the October 2015 ICANN Public Meeting in Dublin, Ireland, including all necessary contracting and disbursements.

Resolved (2014.07.30.xx), the Board approves Dublin, Ireland as the location of the ICANN 2015 Public Meeting from 18-22 October 2015, and authorizes the President and CEO, or his designee(s), to take all actions necessary to hold the October 2015 ICANN Meeting in Dublin, Ireland.

Resolved (2014.07.30.xx), that Board authorizes the President and CEO, or his designee(s), to engage in and facilitate all necessary contracting and disbursements for the Meeting venue of the October 2015 ICANN Public Meeting, Confidential Negotiation Information

and that the Dublin Meeting be designated as the 2015 Annual Meeting.

Resolved (2014.07.30.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article III, section 5.2 of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

As part of ICANN's public meeting schedule, three times a year ICANN hosts a meeting in a different geographic region (as defined in the ICANN Bylaws). ICANN Meeting 54, scheduled for 18-22 October 2015, is to occur in the Europe geographic region. A call for recommendations for the location of the meeting in Europe was posted on 03 May 2013. Various parties sent a proposal to ICANN.

The staff performed a thorough analysis of the proposals and prepared a paper to identify those that met the Meeting Selection Criteria (see <http://meetings.icann.org/location-selection-criteria>). Based on the proposals and analysis, staff has recommended that ICANN 54 be held in Dublin, Ireland.

The Board reviewed staff's recommendation for hosting the meeting in Dublin, Ireland and the determination that the proposal met the significant factors of the Meeting Selection Criteria used to guide site selection work. The process for selection of this site does not call for public consultation, as the assessment of the feasibility of a site is the primary consideration.

There will be a financial impact on ICANN in hosting the meeting and providing travel support as necessary, as well as on the community in incurring costs to travel to the meeting. But such impact would be faced regardless of the location of the meeting.

There is no impact on the security or the stability of the DNS due to the hosting of the meeting.

The Board thanks all who recommended sites for ICANN Meeting 54.

This is an Organizational Administrative function that does not require public comment.

e. Istanbul Office Lease

Whereas, ICANN has stated its objective to maintain a Hub Office in Istanbul, Turkey.

Whereas, staff has identified and evaluated both the location and costs of a suitable office facility.

Whereas, during a meeting on 18 July 2014, the Board Finance Committee (BFC) reviewed the financial implications of the lease for a new ICANN Hub Office facility in Istanbul, Turkey, and agrees with staff's recommendation.

Whereas, the BFC has recommended that the Board delegate to the President and CEO, or his designee(s), the authority to take all actions to lease the new Hub Office in Istanbul, Turkey, including all necessary contracting and disbursements.

Resolved (2014.07.30.xx), the Board delegates to the President and CEO, or his designee(s), the authority to take all necessary actions to execute, and make disbursements in accordance with, the lease for a new office facility in Istanbul, Turkey

Confident

Confidential Negotiation
Information

Resolved (2014.07.30.xx), specific items within this resolution shall remain confidential for negotiation purposes pursuant to Article III, section 5.2 of the ICANN Bylaws until the President and CEO determines that the confidential information may be released.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

To support its globalization strategy, ICANN established a Hub Office in Istanbul to better service its stakeholders. Currently, ICANN is using a serviced office, which is typically much more expensive per square meter than a leased office. To meet the demand for increased space to accommodate the projected growth in staff in Istanbul, it is now the appropriate time to move to a more permanent facility. As the existing location has proven to be a good one from which to conduct business in Istanbul, and for commuting staff, office space in the same building has been identified.

The staff performed a thorough analysis of the costs associated with leasing the new office space, and finds it to be a viable, cost-effective solution.

The Board reviewed staff's recommendation for moving the ICANN Istanbul Hub Office to a more permanent location and the determination that the proposal met the financial and business requirements of the organization. The process for selection of this office location does not call for public consultation, as staff assessment of the feasibility of the location is the primary consideration.

There will be a financial impact on ICANN to relocate the Istanbul Hub Office. But such impact would be faced regardless of the location of the office, as a move must be made to accommodate the projected increase in staff growth in that location.

There is no impact on the security or the stability of the DNS due to the relocation of the ICANN Istanbul Hub Office.

This is an Organizational Administrative function that does not require public comment.

2. Main Agenda:

a. Final Report of BWG-NomCom

Whereas, the Board Working Group on Nominating Committee (BWG-NomCom) was formed in February 2014 and charged with performing the review called for in Recommendation 10 of the Nominating Committee Review Finalization Working Group, addressing issues of the size and composition of the Nominating Committee, as well as the related issues of NomCom's recruitment and selection functions.

Whereas, in performing its work, the BWG-NomCom considered the role of the NomCom in ICANN, as well as issues of representation and parity among the entities across ICANN that have members serving on the NomCom.

Whereas, the BWG-NomCom completed a report with 15 recommendations, and provided that report to the Structural Improvements Committee as required in the BWG-NomCom charter.

Whereas, the SIC recommends that this report should be posted for public comment prior to further Board of the potential adoption of the 15 recommendations.

Resolved (2014.07.30.xx), that the Report of the ICANN Board Working Group on the Nominating Committee be posted for public comment.

Rationale for Resolution 2014.07.30.xx

The BWG-NomCom was created in order execute the recommendation of the Review Finalization Working Group (recommendation 10) to address the size and composition, and the

recruitment and selection process of the NomCom, as well as address the related issues, including:

Whether a representational model is appropriate for the NomCom in the future;

Determination of the appropriate length of term of service by NomCom members and whether term limits should be imposed;

Whether the NomCom should continue to fill other key positions in addition to Board members.

The BWG-NomCom completed its work and issued a report, including 15 recommendations.

In accordance with ICANN's commitment to the bottom-up multi-stakeholder approach, the report and recommendations will be posted for public comment. All public comments will be evaluated and the report finding will be adapted as appropriate, in preparing a final report, for consideration and decision by the ICANN Board.

There are no fiscal impacts in submitting this report for public comment. The posting of this report is not anticipated to have any impact on the security, stability or resiliency of the DNS.

This is an Organizational Administrative Function for which public comment is not required.

b. Board Member Compensation

Whereas, when ICANN instituted compensation for all of its voting Board members for their services to ICANN, the Board committed to regularly review whether compensating those voting Board members was reasonable, and if so, what level of compensation is reasonable. Whereas, ICANN is a nonprofit California public benefit corporation that is exempt from Federal income tax under §501(a) of the Internal

Revenue Code of 1986, as amended (the “Code”) as an organization described in §501(c)(3) of the Code.

Whereas, ICANN may not pay voting Board members more than Reasonable Compensation as determined under the standards set forth in §53.4958-4(b) of the regulations issued under §4958 of the Code (the “Regulations”).

Whereas, ICANN has taken all steps necessary, and to the extent possible, to ensure that the level of voting Board member compensation is reasonable, including seeking advice and recommendations from an Independent Valuation Expert.

Whereas, there are no barriers that would prohibit ICANN from offering compensation to ICANN’s non-voting Board Liaisons.

Whereas, the Compensation Committee and the Board have considered and evaluated the public comments on this matter.

Resolved (2014.07.30.xx), the Board approves: (i) the Towers Watson Recommendation that the offer of compensation to all voting Directors be raised to the equivalent of US\$45,000.00 effective 1 August 2014, and that no change be made to the Board Chair compensation which is US\$75,000; (ii) offering non-voting Liaisons (except the Governmental Advisory Committee Liaison) compensation at the same level as voting Directors effective 1 August 2014; and (iii) the proposed Bylaws revisions relating to non-voting Board Liaison compensation.

Resolved (2014.07.30.xx), all Board members should be required to complete a new Board Compensation election form to reflect an affirmative acceptance

Resolved (2014.07.30.xx), the Board will continue to consider other comments raised in the public comment forum that are not addressed by this resolution.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

Since August 2010, ICANN's Board chair, and since December 2011, all voting members of ICANN's Board, have had the choice whether to accept compensation. The resolutions approving such compensation can be found at

<http://www.icann.org/en/groups/board/documents/resolutions-05aug10-en.htm#5> and

<http://www.icann.org/en/groups/board/documents/resolutions-08dec11-en.htm#3>, respectively.

Significant research, analysis, document revisions and public comment went into the ultimate decision to compensate the Board. For example, and among other things: (i) there were calls from the community in relation to the ICANN Framework for Accountability and Transparency that voting Board members be compensated; (ii) budget discussions since FY08 have involved the concept of Board compensation and such compensation is now included in each annual budget; (iii) Towers Watson continues to provide updated studies on comparable organizations' Board member compensation and making recommendation on what level of compensation is reasonable; (iv) the Boston Consulting Group ("BCG") that conducted the Board Review some years ago suggested that compensation for voting directors for service may be appropriate; (v) the Board Review working group acknowledged general support from the BCG and the community for director compensation; (vi) the first Accountability and Transparency Review Team ("ATRT") specifically recommended that the Board implement a compensation scheme for voting Board members; (vii) following public comment on required changes to ICANN's Conflicts of Interest Policy and Bylaws, as well as on the

Independent Expert Report that initially recommended voting Board member compensation, revisions to the referenced documents were made and a modest, reasonable level of compensation was approved; (viii) the second ATRT has recommended that the Board regularly evaluate the appropriate level of Board compensation; and (ix) ICANN continues to comply with its commitment to regularly review, with the assistance of an Independent Valuation Expert, whether and at what level, Board member compensation is reasonable.

ICANN followed a process calculated to pay an amount that is in its entirety Reasonable Compensation for such service under the standards set forth in §53.4958-4(b) of the Treasury Regulations.

First, the Board sought a recommendation from an Independent Valuation Expert¹ (“Expert”) as to the reasonableness of, and if so, the amount of compensation. The Board approved Towers Watson (TW) to be engaged to serve as the Expert. TW is a leading global professional services company with expertise in compensation for non-profit organizations. TW had originally provided advice on the Board Chair compensation and was recommended by the National Association of Corporate Directors to serve as the Expert. TW was also recently selected to provide an updated Expert Report, regarding voting Board member compensation.

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Second, before initially approving compensation at any level and following public comment, both ICANN's Conflicts of Interest (COI) Policy (see <http://www.icann.org/en/committees/coi/coi-policy-30jul09-en.htm>) and ICANN's Bylaws (see <http://www.icann.org/en/public-comment/bylaws-amend-vi-coi-policy-01sep11-en.htm>) were revised allowing all voting Directors to be compensated.

Finally, the Board has thus taken all steps necessary to ensure that consideration of voting Board member compensation for services was done in accordance with Reasonable Compensation under the standards set forth in §53.4958-4(b) of the Treasury Regulations.

In its most recent Report dated April 2014, TW recommended that all voting Board members, except the President and CEO and the Board Chair, be compensated at the same level (equivalent of US\$40,000-\$45,000) that it had previously recommended that most Board committee chairs be compensated (which was the equivalent of US\$35,000 plus \$5,000 for committee chair position). Based on the Report, this reflects the recognition that committee members dedicate a relatively equivalent amount of time preparing for committee meetings and all serve on at least one, but generally more than one Board committee. Out an abundance of caution, the Compensation Committee asked staff to have another Independent Valuation Expert evaluate Board member compensation. This "second opinion" came to the same recommendations as TW.

In addition, the Board Governance Committee asked the Compensation Committee to evaluate whether there are any barriers that would prohibit ICANN from offering compensation to non-voting Board liaisons. Absent voting, Board liaisons are asked to spend the same amount of time and make the same level of commitment to the ICANN Board as the voting Board members. This issue has also been evaluated and it has been determined that there are no such barriers to offering compensation to ICANN's non-voting Board liaisons.

Both the TW April 2014 Report and a set of proposed Bylaws changes were posted for public comment (<https://www.icann.org/public-comments/bylaws-amend-compensation-2014-05-02-en>). A total of seven comments were received (<http://forum.icann.org/lists/comments-bylaws-amend-compensation-02may14>). Not one of those comments suggested that Board members, including voting Directors and non-voting Liaisons, should not be compensated. Most commenters who commented on Board compensation suggest that it is appropriate and they endorsed it.

Two commenters raised the question of whether compensation was appropriate, financial or otherwise, for some of the leadership in the volunteer community, such as the Chairs of the Supporting Organizations Advisory Committees. This is something that the Board has raised occasionally and will be something that the Board continues to consider. The Internet Architecture Board (IAB) wonders whether this proposed addition of payment for non-voting Liaisons is the first step in a change to the status of the non-voting liaisons. The IAB suggests that if this is the case, maybe we should wait until all such considerations have played out before moving forward in piecemeal.

Regularly reviewing and revising as appropriate the level of compensation for voting Board members also conforms with the ATRT1 recommendation (and more recently the ATRT2 recommendation) and with the Board's commitment to do so when voting Board member compensation was first approved.

Taking this action in changing the compensation for many voting ICANN Board members, as well as offering compensation to three of the non-voting Liaisons who choose to accept compensation will have a slight fiscal impact on ICANN, but is within the FY15 Budget.

This decision will have no direct impact on the security, stability or resiliency of the domain name system.

This decision is an Organizational Administrative Function that has already been the subject of public comment, which has been considered by the Board.

c. Internet Governance Update and Follow-up from Discussion at ICANN 50

Whereas, the Internet ecosystem is being strengthened through recent global coordination efforts towards developing principles for the use of the multi-stakeholder model as a means for evolving Internet governance.

Whereas, on 28 September 2013, the ICANN Board authorized the CEO to, among other things, “work with other key organizations and leaders to establish a coalition towards the formation of a movement or initiative” (“Coalition”), in order to address increasing concerns regarding the effectiveness of a “global, open, multi-stakeholder Internet governance system.”

Whereas, the Board considered that without strengthening a global, coherent approach to Internet governance, ongoing and emerging issues will not be properly addressed in a collective, collaborative way, which may inadvertently affect the operational unity of the Internet, consistent with ICANN’s mandate.

Whereas, on 28 September 2013, the Board further resolved that “... should the CEO recommend an additional longer term strategy based on Coalition results, the CEO shall present such a plan of action, including any additional financial resources required, for further consideration by the Board.”

Whereas, on 17 November 2013, the ICANN Board directed the CEO to continue supporting the emerging initiatives on multistakeholder internet governance, and recognized ICANN as one of the many participants supporting these initiatives.

Resolution Text Superseded

Whereas, on 23-24 April 2014, the NetMundial meeting convened in Sao Paulo, Brazil, as a Global Multistakeholder Meeting on the Future of Internet Governance, to begin the establishment of Internet Governance Principles and the Roadmap for the future evolution of the Internet Governance Ecosystem.

Whereas, the Board congratulates the conveners and supporters of the NetMundial meeting, including the Government of Brazil, the Brazilian Internet Steering Committee (CGI.br), the World Economic Forum, and others – including participants from across all sectors – in a successful meeting that resulted in the consensus-based NetMundial Principles to guide further coordination work.

Whereas, in May 2014, the Panel on Global Internet Cooperation and Governance Mechanisms issued its report with recommendations for an evolving Internet Governance framework.

Whereas, the CEO has executed the mandate of the Board's 28 September 2013 and 17 November 2013 resolutions in enabling each of these above-referenced efforts, the outcomes of which are enhancing the Internet ecosystem and facilitating positive changes in Internet governance, while upholding the multi-stakeholder model.

Whereas, the Board continues to monitor the progress of each of these initiatives, and recognizes that continued work is necessary to continue with the work on the evolution of global multi-stakeholder participation in Internet governance.

Whereas, ICANN is participating in these initiatives in furtherance of ICANN's mission and anticipates continued participation in these endeavors well into the future.

Resolved (2014.07.30.xx), the Board hereby directs the CEO to continue to support the emerging initiatives, relating to addressing the outcomes of the NETMundial meeting and the NETMundial Principles, as well as the recommendations of the Panel on Global Internet Cooperation and Governance Mechanisms.

Resolution Text Superseded

Resolved (2014.07.30.xx), the Board highly encourages all parties interested in the Internet ecosystem and Internet governance to continue participation in these emerging initiatives and notes the importance of active and committed participation by all stakeholders.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

This resolution is a continuation of the Board's 28 September 2013 and 17 November 2013 resolutions providing ICANN's President and CEO with a mandate to explore how ICANN could coordinate with stakeholders from across the globe to address the pressing issue of the future of Internet governance. In September, the Board directed the President and CEO to work towards the establishment of a coalition to start an effort to form an Internet cooperation agenda, and to do so in a manner consistent with ICANN's mission. In

November, the Board recognized the efforts undertaken so far and directed further support for these important efforts.
Rationale Text Superseded

Encouraging further coordination among all Internet stakeholders does not have any immediate impact on the security, stability or resiliency of the DNS, though the outcomes of these initiatives are likely to have positive benefits on the coordination of DNS stability and security issues in the future.

This is an Organizational Administrative Function for which public comment is not required.

d. Update on Accountability

(Project to coordinate four tracks as referenced at <https://www.icann.org/news/blog/transition-from-u-s-government-has-four-work-tracks>)

e. Update on IGF (time permitting) – no resolution to be taken

f. AOB

3. Confidential Session (Main Agenda Continued):

a. President and CEO FY14 T3 At-Risk Compensation

Confidential Employment Matter

Whereas, each Board member has confirmed that he/she does not have a conflict of interest with respect to establishing the amount of payment for the President and CEO's FY14 T3 at-risk compensation payment.

Whereas, the Compensation Committee recommended that the Board approve payment to the President and CEO for his FY14 T3 at-risk compensation.

Resolved (2014.07.30.xx), the Board hereby approves a payment to the President and CEO for his FY14 T3 at-risk compensation component.

Resolved (2014.07.30.xx), specific items within this resolution shall remain confidential as an "action relating to personnel or employment matters", pursuant to Article III, section 5.2 of the ICANN Bylaws.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

When the President and CEO was hired, he was offered a base salary, plus an at-risk component of his compensation package. Consistent with all ICANN staff members, the President and CEO is to be evaluated against specific goals that he sets in coordination with the Compensation Committee.

In London, the Compensation Committee reviewed with the President and CEO his FY14 T3 goals and discussed his achievements against those goals. Following that discussion, the Compensation Committee has recommended that the Board approve the President and CEO's at-risk compensation for the third trimester of FY14 and the Board agrees with that recommendation.

While this will have a fiscal impact on ICANN, it is an impact that was contemplated in the FY14 budget. This decision will not have an impact on the security, stability or resiliency of the domain name system.

This is an Organizational Administrative Function that does not require public comment.

b. Ombudsman FY14 At-Risk Compensation

Confidential Employment Matter

Whereas, the Compensation Committee recommended that the Board approve payment to the Ombudsman of his FY14 at-risk compensation.

Resolved (2014.07.30.xx), the Board hereby approves a payment to the Ombudsman of his FY14 at-risk compensation component.

Rationale for Resolutions 2014.07.30.xx – 2014.07.30.xx

Annually the Ombudsman has an opportunity to earn a portion of his compensation based on specific performance goals set by the Board, through the Compensation Committee. This not only provides incentive for the Ombudsman to perform above and beyond his regular duties, but also leads to regular touch points between the Ombudsman and Board members during the year to help ensure that the Ombudsman is achieving his goals and serving the needs of the ICANN community.

Scoring of the Ombudsman’s objectives results from both the Ombudsman self-assessment, as well as review by the Compensation Committee, with a recommendation to the Board. The score provides the Ombudsman with an understanding of areas in which he has done well and where he may need to improve or increase certain activities.

Scoring the Ombudsman’s annual performance objectives is in furtherance of the goals of ICANN and helps increase the Ombudsman’s service to the ICANN community. While there is a fiscal impact from the results of the scoring, that impact is already accounted for in the annual budget. This action will have no impact on the security, stability or resiliency of the domain name system.

This is an Organizational Administrative Function that does not require public comment.

c. Discussion of CEO Compensation and Contract

Whereas, under its Charter, the Compensation Committee is charged with recommending to the full Board the appropriate elements of individual compensation arrangements (base salary, at-risk component, and benefits) for Officers of ICANN, and in particular the President and Chief Executive Officer (“CEO”).

Whereas, on 14 July 2014, the Compensation Committee recommend that the Board extend Fadi Chehadé's Employment Agreement as ICANN's President and CEO through 30 June 2017.

Whereas, on 14 July 2014, the Compensation Committee further recommended that ICANN increase Mr. Chehadé's annual compensation to the following: (i) annual base salary of US\$630,000.00; and (ii) at-risk compensation component of up to US\$270,000.00 per year based on the President and CEO's achievement of the established performance goals, to be paid out on a semi-annual basis. No changes to the President and CEO's benefits package are recommended.

Whereas, as a not-for-profit California public benefit corporation that is exempt from Federal income taxes because it is an organization described in § 501(c)(3) of the Internal Revenue Code of 1986, as amended, ICANN may not pay more than "reasonable compensation" for services rendered to ICANN.

Whereas, under its Charter, the Compensation Committee is required to obtain, review, and consider comparable compensation data for officer-level positions, like the President and CEO, taking into account size, geographic considerations, international presence, complexity and other relevant factors.

Whereas, under its Charter, the Compensation Committee is authorized to engage and to seek advice from independent professionals with appropriate expertise in compensation arrangements for U.S.-based, not for profit, tax-exempt organizations possessing a global employee base.

Whereas, in connection with its evaluation of a potential increase in the Mr. Chehadé's compensation package, the Compensation Committee exercised its authority and directed staff to engage the

services of Towers Watson, an international expert compensation firm, to assist the Compensation Committee in compiling and analyzing appropriate data as to comparability with respect to compensation for the President and CEO position for ICANN.

Whereas, the Compensation Committee also directed staff to engage a second international expert compensation firm for confirmation of the comparable data; this second firm's recommendations were consistent with those of Towers Watson.

Whereas, in reviewing the terms and conditions of the compensation to be paid to the Mr. Chehadé as ICANN's President and CEO, the Compensation Committee followed the process set forth in U.S. Treasury Regulation § 53.4958-6, which was intended by the Compensation Committee to enable the Board to establish the presumption that the compensation to be paid to the ICANN President and CEO is reasonable compensation for Federal income tax purposes.

Whereas, upon due inquiry of its members, the Compensation Committee concluded that no member of the Committee had a conflict of interest with respect to the increases recommended for Board approval to Mr. Chehadé's compensation package as ICANN's President and CEO.

Whereas, the Compensation Committee has reported its activities to the Board.

Whereas, the Compensation Committee has shared with the Board the Towers Watson comparability materials, including the recommendation and advice received from Towers Watson, and, has been available to answer questions from the Board regarding the compensation recommended for Mr. Chehadé as ICANN's President and CEO.

Whereas, under ICANN's Articles of Incorporation and California law, the Board is the authorized body of ICANN vested with the authority to determine, among other things, the compensation to be paid to Mr. Chehadé as ICANN's President and CEO.

Whereas, upon due inquiry of its members, the Board has concluded that no member of the Board has a conflict of interest with respect to the compensation arrangement recommended by the Compensation Committee for Mr. Chehadé as ICANN's President and CEO.

Whereas, the Board has considered the comparability data provided by the Towers Watson, and the advice and counsel of Towers Watson. Whereas, the Board has discussed Mr. Chehadé's performance and the terms and conditions of his continued employment, including the compensation package for Mr. Chehadé as ICANN's President and CEO.

Whereas, in reviewing the recommendations of the Compensation Committee regarding the compensation to be paid to Mr. Chehadé as ICANN's President and CEO, the Board has followed the process set forth in Treasury Regulation § 53.4958-6, which is intended by the Board to enable the Board to establish the presumption that the compensation to be paid to the President and CEO is reasonable compensation for Federal income tax purposes.

Whereas, after consideration of all the relevant facts and circumstances, the Board has concluded that Compensation Committee's of compensation to be paid to Mr. Chehadé as President and CEO, effective 1 July 2014, is in its entirety reasonable compensation for the services to be rendered by Mr. Chehadé as ICANN's President and CEO.

Whereas, based upon the foregoing, the Board has concluded that it is in the best interests of ICANN to extend Mr. Chehadé's Employment Agreement as ICANN's President and CEO through 30 June 2017, and to pay Mr. Chehadé the compensation described below, beginning on 1 July 2014.

Resolved (2014.07.30.xx):

- a) It is in the best interests of extend Fadi Chehadé's Employment Agreement to serve as President and CEO of ICANN through 30 June 2017.
- b) It is in the best interests of ICANN increase Fadi Chehadé's compensation as ICANN's President and CEO, effective 1 July 2014, as follows: (i) a base salary of a fixed amount of US\$630,000.00 per year; and (ii) an at-risk component of compensation of up to US\$270,000.00 per year based on the President and CEO's achieving the performance goals as agreed by the Board.
- c) The extension of Fadi Chehadé's Employment Agreement as ICANN's President and CEO through 30 June 2017, and the increased compensation as referenced above, shall be evidenced by an appropriate amendment to the Agreement already in place between ICANN and Mr. Chehadé, which as amended by Amendment No. 1, was effective 14 September 2012.
- d) ICANN's Chairman and its General Counsel are authorized to finalize the Amendment to Fadi Chehadé's Employment Agreement as ICANN's President and CEO based on the general terms set forth above.

Rationale for Resolution 2014.07.30.xx

ICANN's current President and CEO, Fadi Chehadé, has been working with ICANN, first as an independent contractor and then as employee, for over two years. The initial term of his current Employment Agreement, absent extension, is set to end on 1 July 2015. Both ICANN and Mr. Chehadé are interested in having Mr. Chehadé continue as ICANN's President and CEO, at least for two years beyond the initial term of his current Agreement.

The full Board has discussed and agreed, following a recommendation from the Compensation Committee, to extend Mr. Chehadé's Employment Agreement through 30 June 2017. In addition, the Board has determined to increase Mr. Chehadé's base and at-risk compensation components. The decision to increase Mr. Chehadé's compensation was done with recognition and acknowledgment of the work done by the Compensation Committee with Towers Watson to ensure that the increase recommended is reasonable and in line with comparable positions, as noted in the resolution above, which is incorporate by reference as though fully set forth as part of this rationale.

Taking this action will help ensure the stability in leadership that it is important for ICANN to have, particularly during this time. It also shows the support for, and confidence that the Board has in, Mr. Chehadé in his role as ICANN's President and CEO. This action will have a financial impact on ICANN, but it is not an impact that cannot be covered by ICANN's FY15 budget. This action will not have any direct impact on the security, stability and resiliency of the domain name system.

This is an Organizational Administrative Function that is not subject to public comment.

d. AOB

Directors and Liaisons,

Attached below please find the Notice of date and time for a Special Meeting of the ICANN Board of Directors:

30 July 2014 – Special Meeting of the ICANN Board of Directors - at 22:00:00 UTC – This Board meeting is estimated to last 2 hours.

<http://www.timeanddate.com/worldclock/fixtime.html?msg=Special+Meeting+of+the+ICANN+Board+&iso=20140730T22>

Some other time zones:

30 July 2014 – 3:00pm PDT Los Angeles

30 July 2014 – 6:00pm EDT Washington, D.C.

30 July 2014 – midnight Wed/Thurs

Consent Agenda

- 1. Approval of Minutes from 26 June 2014 Board Meeting**
- 2. Approval of Audit Firm for FY14 Independent Audit**
- 3. Proposed GAC-related Bylaws revisions (to address ATRT1 and ATRT2 recommendations)**
- 4. 2015 October Meeting Venue in Europe**
- 5. Istanbul Office Lease**

Main Agenda

- 1. Final Report of BWG-NomCom**
- 2. Board Member Compensation**
- 3. Internet Governance Update and Follow up from Discussion at ICANN 50**
- 4. Update on Accountability**

5. Update on IGF (time permitting)
6. AOB

Confidential Session – Main Agenda continued

1. President and CEO FY14 T3 At-Risk Compensation
2. Ombudsman FY14 At-Risk Compensation
3. Discussion of CEO Compensation and Contract
4. AOB

MATERIALS -- [Once materials are available, you can find them here](#) on BoardVantage.

If you have trouble with access, please let us know and we will work with you to assure that you can use the BoardVantage Portal for this meeting.

If you have any questions, or we can be of assistance to you, please let us know.

If call information is required, it will be distributed separately

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Contact Information Redacted