**Notes & Action items from the new gTLD Auction Proceeds CCWG meeting on Thursday 2 November**

**Part 1**

1. **Welcome & brief introduction re. status of work**

* The CCWG is tasked with developing a proposal(s) for consideration by the Chartering Organizations on the mechanism that should be developed in order to allocate the new gTLD Auction Proceeds. The total net proceeds to date are $233.5 million USD
* The CCWG divided its work in 6 different stages. The CCWG is about to complete its work on stage 2 (some remaining items are expected to be dealt with in the second meeting today) and will commence its deliberations on stage 3 at this meeting. Stage 3 focuses on compiling a list of possible mechanisms that could be considered by CCWG’. This stage include:
  + Detail main characteristics of each mechanism
  + Conduct strength / weakness assessment for each mechanism
  + Review from the perspective of legal, fiduciary and audit constraints
  + Consultation with identified experts to obtain input /briefing on different mechanisms and confirm whether list compiled is complete and accurate
* During this first meeting today, the CCWG will kick off its deliberations on stage 3 and counts on your active participation.

1. **Review of Charter Question #7 Follow Up Survey results** (see [https://www.surveymonkey.com/results/SM-2PF599XY8/[surveymonkey.com]](https://urldefense.proofpoint.com/v2/url?u=https-3A__www.surveymonkey.com_results_SM-2D2PF599XY8_&d=DwMGaQ&c=FmY1u3PJp6wrcrwll3mSVzgfkbPSS6sJms7xcl4I5cM&r=7_PQAir-9nJQ2uB2cWiTDDDo5Hfy5HL9rSTe65iXLVM&m=a_IA_Pwu23MGUGc8e2MnhISSCDfNwePkUqyjXcBl_aQ&s=pKspudrHaKCua5NK8aLRCmYpsdjQZBYGFLB1hV4bnfU&e=))

* As discussed during the previous meeting, the CCWG decided to rerun the original survey on this charter question (‘Should ICANN oversee the solicitation and evaluation of proposals , or delegate to or coordinate with another entity, including, for example, a foundation created for this purpose?’) to determine whether positions had changed as a result of the presentation provided by Sam and Xavier at a previous meeting.
* Those that responded, have a slight preference for a hybrid solution (ICANN and outsourced – each distribute), followed by internal to ICANN / ICANN Foundation and then fully outsourced with oversight. But it is important to note that only 15 CCWG members/participants responded to the survey and the ranking difference was minimal.
* Survey also asked what further data, information and/or expertise is needed for the CCWG to make a final determination with regards to preferred structure? Responses indicated that the CCWG may consider looking at case studies, inviting foundations with proven track records to share their experiences, difference in costs between the different structures (which several respondents indicated was a key question) and who would bear those costs (ICANN or from auction proceeds), community perspectives on these different options.
* Survey also asked respondents to indicate what are the most important criteria to consider when making a final determination with regards to the preferred structure. Responses provided the following criteria: cost efficiency, ease of implementation, not to endanger ICANN’s existing tax status, transparency, oversight, impartiality, liability and control over the final funding destination, experience, ability for maximum # of people to get involved, independence, greatest benefits to the community.
* Anticipate that many of these inputs will be echoed as part of the exercise that has been prepared for agenda item 4, but the survey will hopefully have helped to get the thinking starting around these questions.

1. **Explanation of purpose and approach for white boarding exercise**

* In the next phase of its work, the CCWG is expected to ‘Compile list of possible mechanisms that could be considered by CCWG’. As indicated before this stage would include:
  + - Detail main characteristics of each mechanism
    - Conduct strength / weakness assessment for each mechanism
    - Review from the perspective of legal, fiduciary and audit constraints
    - Consultation with identified experts to obtain input /briefing on different mechanisms and confirm whether list compiled is complete and accurate
* In order to take full advantage of the F2F meeting at ICANN60, the main portion of this session will be dedicated to a white boarding exercise to detail the main characteristics of each mechanism, identify strengths & weaknesses and identify any clarifying questions that may need to be put forward to experts to help complete this exercise. In addition, you will be asked to identify what you consider the most important criteria for making a final determination on a mechanism.
* On each of the white boards around the room, you will find a skeleton framework that will be used for this exercise. There are four different mechanisms identified and one white board to list your criteria.
* It is important at this stage to keep in mind that the focus should remain at a fairly high level to make this productive. Also, note that the descriptions of each mechanisms may vary depending on the local jurisdiction, but for this exercise the focus will be on the mechanism as is described.
* Participants are asked to go around the room and use the post-its to share your thoughts on the different questions.
* For remote participants, the same templates has been made available through a google doc.
* At the end of this exercise, a number of volunteers that have been previously identified will provide a quick summary of the feedback provided. After this meeting, staff will be collecting all input and create a complete overview which can then be reviewed by all, as well as allow those that may not be able to participate to provide input today.
* All data that has been collected needs to be factored in when making a decision / determination.
* Exercise is a continuation of the survey with the hope that it provides further detail and specificity
* Can compare to previous survey - but in the first survey there was no ranking involved so may be harder to compare
* Possible reason for why responses are so close is because the devil is in the detail - it may not be possible to make a final determination until all details are now. This is part of getting to those details - for example as a next step engaging with experts may allow to get some of the information that provides the detail.

1. **White boarding exercise for stage 3 to facilitate compilation of list of possible mechanisms that could be considered by CCWG**
2. **Brief summary update on outcome of white boarding exercise**

What is the most important criteria when selecting a mechanism:

* transparency and accountability
* ease of implementation
* effectiveness and transparency
* spending
* Cost of setting agreement up
* self-limiting
* keep stakeholders engaged in low cost
* control admin costs
* don’t create perverse incentives - give it outside of ICANN
* independent
* avoid admin complexity
* ease of use and set up
* when money is gone it is gone

*Possible Mechanism: New ICANN Proceeds Allocation Department Created as part of ICANN Org*

Clarifying questions and/or questions for experts:

* Will department staff by paid by ICANN or auction proceeds
* How many people would be needed
* What kind of costs are involved
* Are ICANN salaries to high?
* What input would community have in staffing?
* How does the community come into this?
* Separate entity like IANA
* Requiring external governance, trustees or similar
* If it is temporary, does it need to be a formal department

Pros

* Potential less cost
* Control over project work plan
* (seems to be an assumption that there are less costs - but is that the case?)
* Accountable, transparent
* Better controlled with regards to Bylaws

Cons

* Costs (need to understand cost as an overarching point)
* Unnecessary spent on overhead
* Issues of trust

*Possible mechanism:* *New ICANN Proceeds Allocation Department Created as part of ICANN Org which would work in collaboration with an existing charitable organization(s).*

Clarifying questions and/or questions for experts:

* why working in collaboration with others
* are there any examples of this types of hybrid model
* how many more layers do we want?

Pros

* ICANN build partnership with other orgs
* Existing non-profits have experience to get started
* ICANN free from doing this
* ICANN can outsource what is not within its area of expertise

Cons

* Don’t do this - creates unnecessary workload, keep it simple
* Why create a permanent department for one-time issue
* ICANN may over influence in the decision
* Split decisions may cause delays and blocks to get projects on the way
* duplication
* lack of sufficient co-ordination between two parties - too many layers

What should be the role of charitable org?

* actual selection of who gets the funds

What should be the role of ICANN

* Support org in selection
* Oversight
* Ask a cross-community team to do this role

*Possible mechanism:* *A new structure would be created (e.g. ICANN foundation)*

Clarifying questions

* Where would this structure be created and who would control it (board of its own or delegation power)
* What would be the ICANN stakeholder input?

Pros

* More transparency
* Costs would be down
* Location can be chosen
* Sole focus
* Could receive funds from other than ICANN
* External expertise available
* Simple concept

Cons

* Creating an entity has a costs
* Added complexity in overall setup
* Permanent vs. temporary
* Mission creep / gallop
* Kingdom building
* Technical expertise lost in transfer
* Give to existing foundation

*Possible mechanism:* *An established entity/entities (e.g. foundation or fund) are used (ICANN would organize the oversight of processes to ensure mission and fiduciary duties are met)*

Clarifying questions

* How would oversight be executed?
* Location?
* How to decide which group to select
* How would community stay involved
* Would we expect this entity to have similar experience as ICANN

Pros

* Already expertise
* Probably cheaper
* Faster process
* Independent
* More expertise and transparency
* Could respond quicker

Cons

* Lack of knowledge about ICANN
* Fiduciary responsibility and oversight might create problems
* Disconnect to the community
* Control of money might be less obvious
* Lose control

General comments:

* Note, last option outlines entity / entities - there may be more comfort if it is distributed to various entities. But would likely also complicate oversight by ICANN.
* Need clarity about costs - what is the reference point re. more or less costly
* Need to discuss how to engage the Board to ensure that early input is obtained - cost efficient and effective are priorities for the Board
* What is the expectation with regard to average spend on projects?
* Hopefully be able to make a firmer determination after the engagement with experts
* Should discussion be less open? Feedback needs to be evaluated against the other charter questions - will be part of the next stage of work.
* What is the duration of any mechanism? Will it be part of the next round.

**Action item** **#1**: Staff will collect all information provided during this session and insert it into in the google doc (COMPLETED – see <https://docs.google.com/document/d/1lilXNBowHooDiR1AyxF9ckA8ZRO1Gphx9rQLBZcXgMo/edit>)

**Action item** **#2**: All CCWG members & participants to review the google doc and add if input is missing (see <https://docs.google.com/document/d/1lilXNBowHooDiR1AyxF9ckA8ZRO1Gphx9rQLBZcXgMo/edit>)

1. **Confirmation of next steps and next meeting** (Thursday 2 November from 13.30 – 15.00)

**Part II**

* + - 1. Focus on outstanding items:

1. Review of examples (see [https://docs.google.com/document/d/1zQ66hCxrboAJPKeuU6nHwzHQwmU6g\_3kS0JUSSC\_tSk/edit[)](https://docs.google.com/document/d/1zQ66hCxrboAJPKeuU6nHwzHQwmU6g_3kS0JUSSC_tSk/edit%5b))

* Status update on examples - see google doc for latest version
* What are the next steps - should it now be shared with the Board and staff liaisons for their input?
* These are just examples, test cases.
* Should consider using different words for the relationship with the ICANN mission? Some are in service, some are clearly consistent? Do we need to distinguish at this stage or it is not necessary? As long as there is some consistency it is sufficient?
* Important to use right words - congruent, consistent…
* Need to proceed carefully, but may not need to finalize that at this stage.
* Example #8 - the results appear mixed, why was not consistent indicated as a proposed conclusion? CCWG to consider this one in further detail. Focus could be either on the draft conclusion on or refining the document in such a way that the example falls clearly in one category or the other.
* Effort is not binding, but helps to build identity and understanding.
* Fiduciary and legal constraints are front and center to all CCWG deliberations

**Action item** **#3**: Staff to resend document to CCWG. Staff to highlight in that document those examples where responses were mixed and which may require further scrutiny by CCWG.

1. Open and interoperable Internet definition

* See latest version distributed via the mailing list prior to this meeting
* Consider whether parameters is the correct word
* The tax-exempt status is the result of the mission being a non-profit one. The mission is the driver - tax exempt as a consequence of the not-for-profit mission statement. Consider rewording that specific section. Xavier to suggest rewording.
* Consider whether it is consistent.
* Reflection point - is preamble doing what it is supposed to do as it does not define open and interoperable Internet, may need to review. Consider adding something like for the purpose of funding allocation - to make clear that it specifically relates to this effort and not intended to be a general definition.
* What does ‘consensus building processes’ mean?
* Guidelines should not be for applicants - should be considered out of scope. Should focus on applications.
* Internet community vs. Internet users world-wide - reconcile
* Also important to be firm about what it should not be used for
* Also consider adding other communities
* Make sure to have language that is consistent what is in the Bylaws – no need to reinvent the wheel.
* Last two bullets are repetitive
* Need to have clearer definition of DNS. Focus on identifiers instead, not DNS
* Some bullet points repeat, in some ways inconsistently with points made further up in the document.
* Guidelines suggests it is optional but alignment with ICANN’s mission is a requirement
* Add Xavier to small DT mailing list (Olga, Nadira, Marilyn, Jonathan, Manal)

**Action item** **#4**: staff to share updated draft with small drafting team (see attached)

**Action item #5**: small team to review comments received and provide final version for CCWG review prior to DT meeting. Jonathan R. to proofread final version

1. Discuss next steps for sharing these documents as well as proposed objectives for fund allocation with board and staff liaisons for input

Deferred to next meeting.

1. Recap of morning session and discussion of next steps

Deferred

1. Review of work plan and timetable (see [https://community.icann.org/x/dUPwAw[community.icann.org])](https://community.icann.org/x/dUPwAw%5bcommunity.icann.org%5d))

Deferred to the next meeting

1. Confirmation of next steps and next meeting (Thursday 16 November at 14.00 UTC)