

## Board Finance Committee (BFC) Activities

1 January 2021 through 30 June 2021

### Section I: Completed Activities – January 2021 through 30 June 2021

Item	Description	BFC Completion Date	Accomplishments/Outcome
IANA Operating Plan and Budget	The BFC reviewed the IANA Functions planning process objectives and key steps achieved, including Public Comments and Budget summaries.	19 January 2021	BFC members agreed to recommend that the ICANN Board approve the IANA Functions Operating Plan and Budget.
Funds Under Management	Representatives from the Reserve Fund's investment manager gave an overview of the Reserve Fund's performance.	18 February 2021	Not applicable.
ICANN Operating Plan and Budget	The BFC received a briefing on the Public Comments received on the FY22 Operating Plan and Budget (FY22 OP&B). Based upon the comments received, ICANN did not anticipate making substantive changes to the draft FY22 OP&B that was published for public comment.	16 March 2021	Staff report of public comments was published on 18 March 2021.
Funds Under Management	The BFC received a briefing on the status of the funds under management, which have increased between February 2020 to February 2021 despite the market volatility during the COVID-19 pandemic. The BFC also received an update on the temporary instructions that ICANN issued to the investment managers for the funds under management in response to the market volatility from the pandemic.	16 March 2021	The BFC asked about the Investment Policy for the New gTLD Program funds and Auction Proceeds since those investments are growing less than inflation. ICANN org will evaluate the policy and discuss further with the BFC.
Org Resourcing	The BFC previously asked org to think about org resourcing in light of the current and anticipated workload. ICANN org provided the	16 March 2021	There have been subsequent updates and dialogue to better understand this topic.

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	BFC with the suggested structure to engage with the BFC on this subject. The suggested approach includes providing the BFC and Board with an overview of the current staffing structure, how the pipeline of projects and initiatives will impact resources, the timing of when the projects and initiatives are anticipated to impact the org, and the financial projections and funding sources.		
Funds Under Management	ICANN org presented data re: the operating fund excess and recommended a transfer of funds to the Reserve Fund, as well as the creation of a Supplemental Fund for Implementation of Community Recommendations (SFICR) to provide designated resources to increase the capacity of the organization. ICANN org reviewed with the BFC how the SFICR would work, including its governance and specific hypothetical examples. The BFC also discussed revisions to the ICANN Investment Policy to reflect the SFICR's governance.	15 April 2021	BFC members recommended that the ICANN Board approve: (i) transfer of US\$10M to the Reserve Fund; (ii) creation of the SFICR; (iii) leave the remaining net excess in the Operating Fund for now; and (iv) revisions to the ICANN Investment Policy to reflect the SFICR's governance.
	The BFC evaluated ICANN org's recommendation to sign a five-year lease for the Singapore office. BFC members discussed market pricing and the overall office strategy, and the lease was well received.	15 April 2021	The BFC recommended that the ICANN Board approve a five-year lease for the Singapore office.

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Work Prioritization	The BFC received an overview of a community webinar to discuss the prioritization of ICANN's work and the SFICR (prior to the Board decision).	15 April 2021	The webinar was held on 27 April 2021 and several Board and BFC members attended.
ICANN Operating Plan and Budget	The BFC reviewed highlights of the planning documents proposed for Board adoption. ICANN org published draft versions of these documents in December 2020. After further review of the plans and evaluation of Public Comments received, the planned funding and activities were deemed reasonable (unchanged from the drafts published for Public Comment).	29 April 2021	BFC members recommended that the ICANN Board approve the ICANN FY22-26 Operating Plan and Financial Plan and the FY22 Operating Plan and Budget.
Funds Under Management	The BFC reviewed a proposal to transfer an initial amount of US\$15M to the SFICR. In addition, ICANN org proposed an additional US\$5M contribution to the Reserve Fund on top of the US\$10M transfer that was Board approved in May 2021.	3 June 2021	The BFC discussed the SFICR allocation and agreed to discuss the topic at the next BFC meeting before voting to recommend for Board approval.
Funds Under Management	The BFC reviewed a proposal to change the Operating Fund's Investment Policy so that excess operating funds can be invested in short-term, liquid investments.	3 June 2021	Following discussion, the BFC determined it was supportive of the Investment Policy Update.
Funds Under Management	The BFC reviewed a proposal to transfer an initial amount of US\$15M from the Operating Fund to the SFICR and an additional transfer of \$5M from the Operating Fund to the Reserve Fund.	30 June 2021	The BFC recommended that the Board approve its recommendation to transfer US\$15M from the Operating Fund to the SFICR and \$5M from the Operating Fund to the Reserve Fund.

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Funds Under Management	The BFC reviewed a proposal to change the Operating Fund's investment policy so that excess operating funds can be invested in short-term, liquid investments.	30 June 2021	The BFC has approved this and will recommend the Board to authorize the decision.
Contracting/Disbursement	The BFC evaluated ICANN org's recommendation to sign a 10-year lease for the Los Angeles office. The BFC discussed market pricing and the overall office strategy, but the lease extension was well received.	30 June 2021	The BFC recommended that the Board approve entering into a 10-year lease for the Los Angeles office.

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### Section II: Appendix – Board Resolutions Recommended by the BFC

Description	# of BFC Recommendations
Operating Plan and Budget	2
Funds Under Management	6
Contracting/Disbursement	2
<b>Grand Total</b>	<b>10*</b>

*\* 4 BFC recommendations will be presented to the Board in July and have not been approved by the Board during the specific time periods captured in this report.*

### List of Board Resolutions

#	Board Approval Date	Resolution Title	Category
1	08-Feb-2021	<a href="#">FY22 IANA Operating Plan and Budget</a>	Operating Plan and Budget
2	12-May-2021	<a href="#">FY22-26 Operating and Financial Plan and FY22 Operating Plan and Budget Approval</a>	Operating Plan and Budget
3	12-May-2021	<a href="#">Transfer to Reserve Fund</a>	Funds Under Management
4	12-May-2021	<a href="#">Creation of Supplemental Fund for Implementation of Community Recommendations (SFICR)</a>	Funds Under Management
5	12-May-2021	<a href="#">Investment Policy edits to establish the governance of the for the SFICR</a>	Funds Under Management
6	12-May-2021	<a href="#">Singapore office lease renewal</a>	Contracting/Disbursement