

## Board Finance Committee (BFC) Activities

1 July 2019 – 31 December 2019

### Section I: Completed Activities – July 2019 through December 2019

Item	Description	BFC Completion Date	Accomplishments/Outcome
Funds Under Management	<p>Changes to the investment policies pertaining to the ICANN Reserve Fund and the new gTLD-related funds were proposed as follows:</p> <ol style="list-style-type: none"> <li>1. Update the policies to include language to add the Secured Overnight Financing Rate (SOFR) to the investment policies as a well-recognized money market index;</li> <li>2. To include Environmental, Social and Governance (ESG) Investing criteria in both investment policies</li> </ol>	08 August 2019 16 October 2019	<p>The BFC discussed and recommended that the Board approve changes to the Investment policies to include sustainability investment criteria, such as ESG factors. The suggested modifications are to enhance and clarify certain aspects of ICANN’s investment strategy while optimizing potential returns within acceptable risk parameters.</p> <p>Board Resolution:  <a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.e">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.e</a></p>
Funds Under Management	<p>The ICANN Investment Policy states that the Operating Fund should be at a level of funds to cover three months of operating expenses. Any amounts above the three months of operating expenses are to be transferred to the Reserve Fund. The BFC reviewed the Annual Net Asset Allocation recommendation.</p>	16 October 2019	<p>The BFC reviewed the recommendation that of the \$6M Net Excess Cash, \$3M be transferred to the reserve fund.</p> <p>Board Resolution:  <a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.f">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.f</a></p>
Financial Reporting	FY19 Financial Results	16 October 2019	<p>The BFC discussed and reviewed the FY19 Financial Results pertaining to Overall Net Operating Excess, Funding,</p>

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			Expenses, Headcount, and Funds Under Management.
Contracting and Disbursement Approvals	The BFC evaluated the financial aspects of all required contracting and disbursement decisions for items exceeding the Officers' authority of US\$500,000 during July through December 2019. The financial aspects evaluated by the BFC include: (i) whether costs are reasonable; (ii) whether the procurement process was respected; and (iii) whether the costs were affordable.	16 October 2019	<p>BFC discussed and recommended that the Board authorize the org to enter into the following contracts:</p> <ol style="list-style-type: none"> <li>1) The ICANN-managed Root Server (IMRS) Cluster in the Asian Region.</li> <li>2) Infovity - ERP Service Support Provider</li> <li>3) Zensar - Development, Quality Assurance Testing and Content Management Service.</li> <li>4) Contracting for the calendar 2022 ICANN Public Meeting venue of San Juan.</li> </ol> <p>Board Resolutions:  <a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.e;">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.e;</a>   <a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.d;">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.d;</a>   <a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.c;">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.c;</a></p>

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			<a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.b">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.b</a>
Contracting and Disbursement Approvals	<p>In a joint meeting with the Board Security, Stability and Resiliency Review (SSR2) Caucus, the BFC evaluated the requested additional funding for the SSR2 Review.</p>	24 October 2019	<p>The BFC recommended that the Board approve additional funding for the SSR2 Review.</p> <p>Board Resolution:  <a href="https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.j">https://www.icann.org/resources/board-material/resolutions-2019-11-07-en#1.j</a></p>
Operating Plan and Budget	<p>The BFC reviewed the PTI FY21 Operating Plan and Budget (OP&amp;B) in October 2019 as input into the IANA Budget. The BFC reviewed the Draft FY21 Five Year Operating and Financial Plan prior to posting for public comment on 20 December 2019.</p> <p>During each review above, the BFC ensured that necessary and appropriate engagement with the Community and the Board had been included in the process.</p>	10 December 2019	<p>Through the input and guidance provided during the review of each milestone of the annual planning process, the BFC has ensured that the fiduciary responsibility of the Board is adequately fulfilled. In addition, the BFC has ensured that the process for engagement has taken place.</p> <p>During ICANN 66 in Montreal, a public session and six working group sessions were held with Supporting Organizations and Advisory Committees to review and discuss the FY20 Operating Plan and Budget and Five-Year Operating and Financial Plan. BFC members attended the public session.</p>

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

Description	# of BFC Recommendations
Contracting/Disbursement	4
Funds Under Management	2
Operating Plan and Budget	1
<b>Grand Total</b>	<b>7</b>

### List of Board Resolutions

#	Board Approval Date	Resolution Title	Category
1	07-Nov-2019	Net Asset Excess Transfer from Operating Fund to Reserve Fund	Funds Under Management
2	07-Nov-2019	Investment Policy Updates	Funds Under Management
3	07-Nov-2019	ICANN Zensar IT Contract	Contracting/Disbursement
4	07-Nov-2019	ICANN IMRS Cluster	Contracting/Disbursement
5	07-Nov-2019	ICANN Infovity Contract	Contracting/Disbursement
6	07-Nov-2019	March 2022 ICANN Meeting Venue Contracting	Contracting/Disbursement
7	07-Nov-2019	SSR2 Additional Funding	Operating Plan and Budget