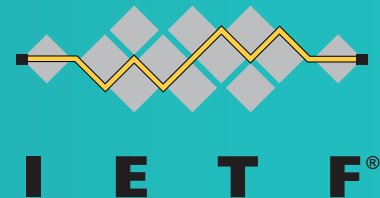


IETF Report: IASA 2.0

Alissa Cooper
IETF Chair

June 2018



Agenda



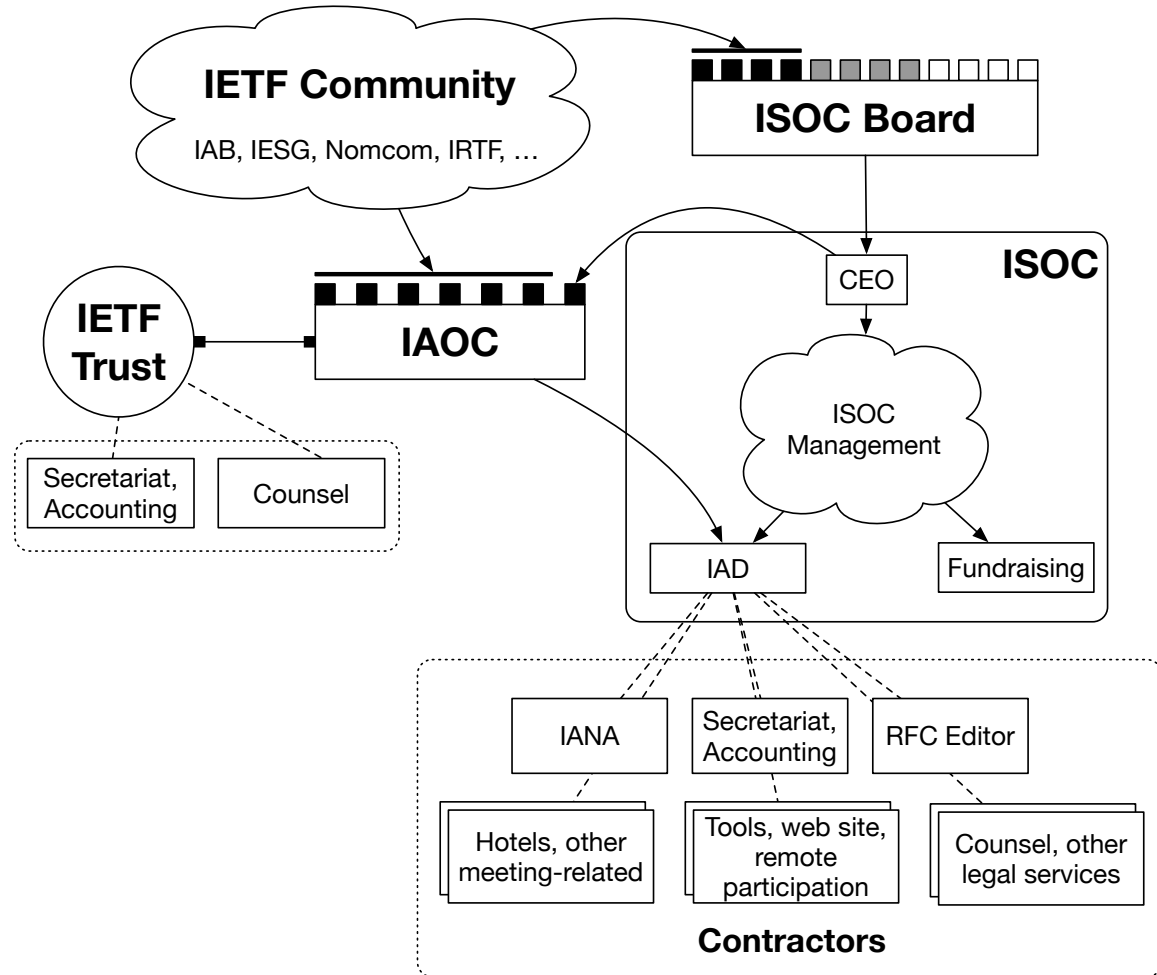
- Quick recap about motivation for IASA 2.0
- Draft legal agreement highlights from the IETF perspective
 - LLC Agreement, including ISOC's capital contributions
 - Transition and Shared Services Agreement
- Process going forward

Recap: why reform the IETF administration?

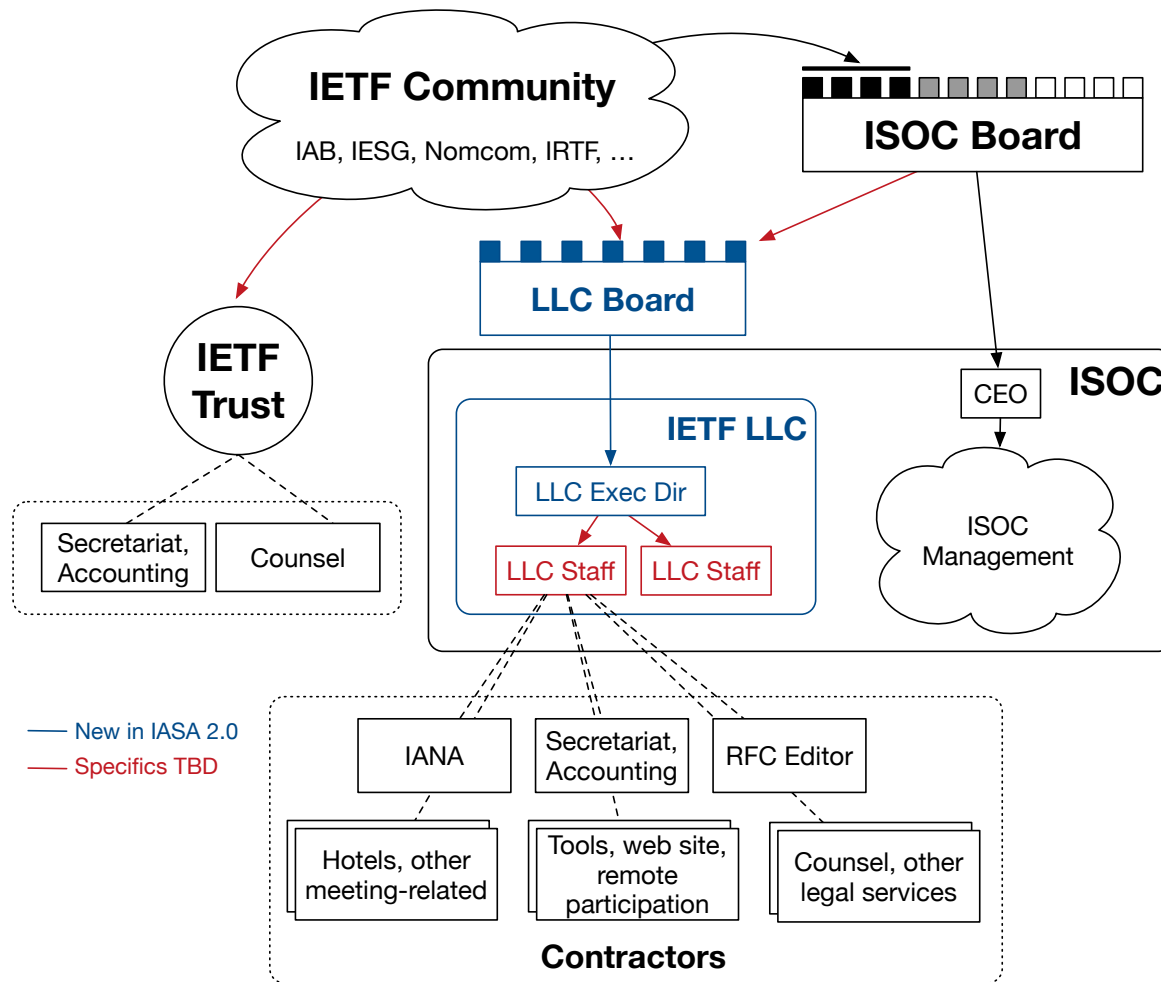


- Many changes over the years within IETF, ISOC, and the world
 - Admin workload, staffing, budgets, fundraising, organizational directions, time commitments, etc.
- Challenges
 - Lack of clarity about responsibility, representation, authority, oversight (as between IETF, ISOC, and others)
 - Lack of volunteers, staff, and time
 - Lack of transparency
 - Mismatch between funding model and operating model
 - Rising costs

IASA (Simplified)



IASA 2.0 (Simplified)



Draft legal agreements



- LLC Agreement
- Transition and Shared Services Agreement
- Certificate of Formation

LLC Agreement highlights (abbreviated)



- LLC establishment
- LLC Board of Directors
- LLC's obligations to ISOC
- Liability and indemnification
- Capital contributions from ISOC to LLC

LLC establishment



- “IETF Administration LLC” d/b/a “IETF”
- Corporate legal home for IETF, IAB, IRTF administration.
- Located in Delaware, an easy place to setup.
- ISOC is the single member.
- LLC treated as disregarded entity for federal and state tax purposes.
 - Preservation of ISOC’s tax status.
 - Single tax return.
- LLC treated as an independent legal entity for other purposes.

LLC Board of Directors



- Strategic direction and oversight only; day-to-day management left to staff.
- Key responsibilities: adopt annual budget, hire and terminate Executive Director, approve changes to LLC governance structure (with ISOC agreement), approve contracts above a certain value threshold.
- Composition:
 - 1 director appointed by ISOC Board of Trustees
 - IETF Chair ex officio
 - Likely 5 more appointed seats*
 - Potential for optional board-appointed seats*
- Provision for interim board during start-up phase. Proposal for ISOC Board Chair to serve on interim board.

*Appointment options currently under discussion in the IETF.

LLC's obligations to ISOC



- Limit LLC's purpose to facilitating current and future activities related to the IETF, IAB, and IRTF.
- Comply with ISOC's accounting policies, principles, and reporting requirements.
- Provide assistance to ISOC on tax and audit matters.
- Develop a compliance program.
- Substantiate charitable contributions on behalf of ISOC.
- Obtain its own insurance policies. LLC insurance will cover its own directors, officers, and employees as well as the IETF leadership currently covered by ISOC's insurance.

In case of sustained material breach of obligations, ISOC has the right to dismiss any or all LLC Board Directors.

Liability and indemnification



- ISOC is not liable for the LLC's actions.
- If ISOC is sued because of its role as LLC member, LLC indemnifies.
- Debts, obligations, and liabilities incurred by the LLC are the LLC's full responsibility.
- Each party agrees to indemnify the other for breaches of the LLC Agreement.



Capital Contributions from ISOC to the LLC

Assumed IETF goals



- Cover the LLC's annual operational expenses without needing to go back to ISOC (or others) for help closing gaps before the end of each fiscal year.
- Lay the foundation to allow the LLC to be successful.
- Accommodate increased expenses associated with running the LLC.
- Have flexibility to experiment with new initiatives that further the IETF's mission.

Proposed ISOC contributions



- Annual contribution: \$5M
- Up-front contributions:
 - \$9-10M Operating Reserve, defined as 2019 budgeted total IETF revenue less annual ISOC contribution less total IETF expenses multiplied by 3 (years).
 - \$2.6M IETF Endowment transfer.
- Re-evaluate after 2 years (September 2020).

Sample preliminary LLC budget

	2018	2019	2020
Revenue			
ISOC annual contribution	\$2,692	\$5,000	\$5,000
ISOC in-kind	315	0	0
Meeting revenue	3,909	4,154	4,219
In-kind revenue	113	35	35
Total	\$7,029	\$9,189	\$9,254
Expenses			
Meeting expenses	\$3,089	\$3,172	\$3,215
RFC services	1,238	1,262	1,198
IETF secretariat	1,375	1,404	1,436
Operating costs	670	1,564	1,795
ISOC support	315	0	0
Transition costs	75	0	0
Special projects	50	50	50
Tools	217	221	226
Total	\$7,029	\$7,674	\$7,920
Net surplus		\$1,516	\$1,334

LLC reserve balance

	2018	2019	2020
Prior year balance		\$11,610	\$13,705
Endowment	\$2,610	115	115
Operational reserve	9,000		
Annual net surplus		1,516	1,334
Investment income		464	548
Total	\$11,610	\$13,705	\$15,702

Transition and Shared Services Agreement highlights (very abbreviated)



- Transition: all IETF contracts and property to be assigned to LLC.
- Shared services: assumption that LLC will **not** be using ISOC services (IT, HR, accounting, etc.).

Process going forward



- IASA2 working group
 - Ongoing discussions of LLC governance details. Aiming to find working group consensus by end of July.
 - Received draft legal agreements for review on June 27.
- Goal is to execute legal agreements prior to ISOC CEO transition. Under current draft agreements, interim board would be immediately seated upon creation of the LLC.
- Detailed transition plan is currently under development.
- After legal agreements are executed, IASA2 working group will continue to write and update IASA-related RFCs, including those related to the IETF Trust.

Thank you.

Back-up slides

Transfer, dissolution, and ISOC's rights



- Mutual agreement of ISOC and LLC is required to transfer membership in LLC or to dissolve LLC.
- ISOC reserves the right to approve:
 - Amendments to LLC Agreement.
 - Fundamental and material change to the nature of the LLC's activities.
 - Material change in accounting or tax policies previously agreed.
 - Admission of new members, mergers, sale of all LLC assets, etc.
 - Conversion of LLC to another form of legal entity.