

Board of Directors Meeting Minutes
February 21, 2019
teleconference

Members Present:

Mark Robinson, Board Chair
Nathaniel Heller, Secretary/Treasurer
Laura Gorrie, Member
Mukelani Dimba, Member
Maria Baron, Member

Staff Present:

Sanjay Pradhan, CEO
Kate Lasso, CFOO
Annora Borden, Grants Officer

1. Welcome and Opening Remarks

Mark Robinson, Board Chair, opened the meeting at 10:03 am and provided a brief overview of the agenda, including two action items. One action item is to approve the 2019 budget and the second is to approve a way forward to finalizing the bylaws for the OGP office we are establishing in Belgium. The agenda also includes a discussion of the capacity building work and the Board's upcoming review of OGP's policy framework (Personnel Policies, Accounting Policies, and Grantmaking Guidelines). The Chair then asked if there were any questions or propose changes. There were no questions or changes.

2. Approval of Minutes from November 2018 meeting

Mark then referred the Board members to the minutes from the March 2018 Board meeting that they received in their packet, asking if there were any corrections or changes to the minutes. The discussion included:

- Clarifying Laura's follow up actions on additional Board of Directors members from OGP government (reaching out and gauging interest).
- Accepting edits suggested by Mukelani, made directly into the document.

Mukelani motioned to approve the minutes from the November 2018 Board meeting, which was seconded by Laura, with all in favor.

3. Review of Board-related Actions since November 2018

A. Appointment by the Steering Committee of Robin Hoddess to the Board to give a 6-member Board– this occurred on December 14, 2018.

B. Approval of bylaws change regarding number of required Board members to the range 3 to 6 members occurred by unanimous approval. The resolution was emailed to the Board on January 11th and the Board members all registered their approval of this change to the bylaws by January 17th. Kate sent out an email confirming that this change was approved to the Board on January 17th.

C. Resignation of Robin Hoddess from the Board – following the vote, Robin emailed her resignation from to the Board to Mark on January 18th.

D. Consent to establishing OGP Brussels office as private foundation, pursuant to staff recommendation – this also transpired by email, which sent by Mark on January 16th, with no objection from the Board. Maria asked a couple of questions in this email exchange, which Kate can address when we discuss the Brussels office a little later in the meeting.

4. Board Capacity Building Activities

After the November Board meeting, Kate reviewed Board Source tools and prices for capacity building activities. It became apparent that, in addition to the cost of the self-evaluation tool, OGP would need to engage a consultant to effectively execute our planned capacity building work. She then began exploring working with Robin Talbert, whom OGP has worked with in the past to create our Board Handbook and conduct the first Board orientation in November 2017. Kate organized a conference call with Mark and Robin and Robin subsequently proposed the following plan for Board capacity building:

- **Board Assessment.** Conduct an assessment to identify alignment with Board responsibilities and to prioritize board governance training and development needs. **(Mar-Apr 2019)**
- **Board Teambuilding & Governance Training.** Based on the assessment and governance best practices, design and deliver a customized 2-hour team building and board governance training for all board members. **(May 27, 2019)**
- **Capacity Building Recommendations.** Identify additional board capacity development needs (tools, resources, practices) and develop recommendations to include, for example, committee structure, topics for additional training, or other policies and procedures to ensure achievement of board responsibilities as determined by OGP. **(Jun-Sep 2019)**
- **Facilitated Board Discussion of OGPS bylaws and governance procedures.** Conversation to include topics such as board member expectations, meeting and communications protocols, and committee structure and charters. **(Nov-Dec 2019)**

Following a discussion, the Board members agreed to the proposed scope of work. Kate will let Robin know that her proposal was accepted OGP will engage Robin's services.

The Board also agreed to hold a meeting on Monday, May 27th in Ottawa, prior to the start of the OGP Summit. The meeting will allow 2 hours (4 to 6 pm) for capacity and team building work with Robin and 30 minutes for a board meeting, which will be followed by an informal dinner.

5. Action Items

A. Review of proposed 2019 Implementation Plan and Budget

Mark opened this discussion by noting that the Steering Committee had reviewed the 2019 Implementation Plan which was then revised in response to that review. At this time OGPS is seeking Board approval of the proposed 2019 budget to support the Implementation Plan.

Kate provided context that budget is healthy and ambitious, including an estimated \$2.5M carryover from 2018, \$7M in committed revenue for 2019, and \$4.5M in unconfirmed revenue comprised of a pending grant from SIDA and country contributions. Overall, income is approximately 31% higher than 2018, and expenses are 20% higher, which shows prudence in planning. The increase in expenses are primarily derived from increases in staff costs (5 new staff between Country Support, IRM, and Operations) and in professional services, including IRM researchers and a website revamp, as well as Summit support while the Events Officer is on maternity leave. This proposed budget anticipates that we will end 2019 with \$2.6M in reserve/carryover. The support documentation includes a breakout of expenses by team or program area.

Sanjay asked the Board to consider the Implementation Plan from a high level, given that the Steering Committee reviewed this at a substantive level in great detail. The proposed budget also addresses last meeting's requests from the Board for greater detail in the budget.

Discussion

There are two groups of anticipated but unconfirmed income: a grant from SIDA and country contributions.

The SIDA grant will be core support and is not earmarked for any specific project or programmatic area. For example, the local program is an area where we would like to invest more resources, but it is not identified out as a target project for SIDA funding.

The SIDA grant is all but confirmed. They have offered to back date the initial grant payment, if necessary, once the grant is awarded. The cashflow in the 2019 budget assumes that the first tranche of SIDA funding will come the 3rd quarter to mitigate risk, and the expenditure plan in the budget allows for change if we do not get the SIDA grant this year. We have already identified specific, contained projects to delay while this is being resolved as a part of this risk mitigation effort.

Our ability to achieve our country contribution target for 2019 depends on a lot of factors, including the fiscal years of the contributing governments. This is totally unrestricted funding that can be used to seed new initiatives or to create operating reserves. The 2019 target amount is based on the history of country contributions over the past few years. We did receive fewer contributions than budgeted in 2018 but think we can overcome this obstacle in 2019 by starting early and engaging all potential actors to help solicit these contributions. This is a place that we look to the Steering Committee and Board for support in urging governments to contribute.

We can anticipate that our spending will closely reflect budgeted amounts in future years, as we engage in better budget management. However, because our revenue is a mix of restricted, core, and unrestricted funding, we do not risk underspending restricted grants, even if spending is less than the budget. In 2019, after one full cycle of budgeting and accounting (in 2018), our intention is to formalize quarterly reviews with teams to engage in more robust forecasting and analysis.

With regard to OGP's forecasted reserve amount, our finance team did a comparative analysis of similar organizations and came to 2.5 to 3 months of funding in reserve as our guiding parameter. This is a policy area that is evolving, and we're looking to board guidance as we move forward. As the organizational budget grows, the dollar requirement for reserves will also grow to continue to cover 2.5 to 3 months of expenses in the event of unexpected financial news.

OGP's reserves are not currently invested and we should consider the strategy. There hasn't been staff capacity for that kind of research, but definitely should be brought before the Board in 2019, along with a discussion of investment policies.

Turning to discussions about prospects for additional grants, the following points were made:

- In earlier years, the US government tried to set up a contribution plan during outgoing leadership of \$500k/year from the State Department and \$500k/year from USAID. The State Department component part is unlikely going forward. We will need to submit unsolicited proposal to USAID this year for the same amount of funding.
- The OSF challenge grant is a matching grant where OSF would provide up to \$5M over 3 years (\$1M up front) if we can raise \$5M in new funds (from grants and contributions, etc.). We were asked to submit a proposal in 2019, since OSF's discretionary presidential funds were all accounted for in 2018. The OSF Challenge Grant proposal content addresses all stretch areas for expansion of OGP's program.
- In addition to OSF Challenge Grant, we may be getting an EU grant. If OSF grant comes in first, the EU grant would also count toward the matching requirement. It would be our first EU grant and would link to our next agenda item.

Is there is an optimal staff size we are moving toward? When the IRM review was commissioned the relative share of spending was the same (20% then and now). If that was one of the considerations that prompted the review, why is the percentage of spending the same?

To clarify, part one of the IRM review focused more on integration with other teams such as country support and communications. The core methodology of the IRM, which is their biggest mandated cost, was not changed. The vast majority of that cost is hiring researchers to apply IRM methodology in their context to generate reports. More countries and local members imply more IRM reports, which is fixed in the Articles of Governance. There should be a second phase of the IRM refresh that reviews methodology, which is a larger strategic question for review by the OGP Support Unit the Steering Committee, and the Board. The other big question is the OGP Local Program, which is actively being considered by the Steering Committee in order to determine how big the "tent" should be, especially related to the accountability mechanism in the IRM.

Regarding staff size, we are good right now at the budget range we are in. We will have to reconsider our staff size if we are awarded the OSF challenge grant, which would amount to another approximate \$3M a year over 3 years. This would include an expanded programmatic view for the future, and a staffing review would follow.

Overall, the Board is very happy with the way spending has been anticipated across the year and expressed interest in future discussions about the reserve policy and the fundraising plan going forward.

After the discussion, Laura motioned to approve 2019 budget and Mark seconded the motion, with all in favor.

B. Update about establish OGP office in Brussels and authorization for staff to discuss OGP EU bylaws

Sanjay introduced this agenda item by summarizing that the Board had approved establishing a Brussels office in the previous meeting. Koan Law Firm, a Belgian firm contracted by OGP, has created draft bylaws for the new office, and Kate has done meticulous work reviewing them. We have also developed a proposal about how to actually govern this office. The guiding principle in these actions is that the OGP Europe office is an administrative mechanism, and we want to make it as simple as possible. We don't want to create a new board, for example; we want to integrate their board and staff with ours to the extent possible.

Kate then provided a status report. In the packet for the meeting the Board received two documents: 1) complete bylaws as drafted by Koan and 2) a summary document of the logic being applied resulting in a basic profile for OGP Europe. The logic is that this is a subsidiary organization to the OGP Secretariat. The governance structure is of a private foundation, which was chosen because it only requires one governance body, the Board of Directors. The term "foundation" does not imply in Europe what it does in US (e.g. having an endowment). The thought is that the European Board of Directors would consist of staff leadership of OGP SU (CEO would be Chair; the Deputy CEO would be the Secretary and the CFOO would be the Treasurer) with the possibility of three additional Board members. Only one meeting per year is required, but we could have more if we would like. Appointment and revocation of OGP Europe's Board of Directors is controlled by the OGPS Board of Directors. The leadership title is Secretary General, which most closely resembles the Executive Director or CEO of U.S. organization. The Secretary General is a permanent observer to the board and not able to vote. The final page of the Basic Profile document contains a list of additional decisions to be made, which are largely administrative decisions.

The staff is looking for is approval of the general direction for the creation of OGP Europe (described in the summary profile) and authorization to continue to work with Koan Law Firm to create the legal structure for OGP Europe. The goal is to be ready to hire staff by July 1.

Discussion

The question arose whether the current US Board should be part of the OGP Europe board. Could this lead to role confusion. There was general support of the idea that the OGP Europe Board should be an administrative body with the CEO, CFOO, and a third member and supports the framing as laid out. There is value in both possibilities of having a US board member on the OGP Europe board, and also not having a US board member on the OGP Europe Board. Could we leave it open to having a BOD member join annual meetings?

By clarifying that this office is an administrative extension of the Secretariat clarified that the core structure is that Support Unit (which encompasses OGP Europe) is accountable to the Steering Committee and the Board of Directors. Accounting will be done in a separate “entity” in our accounting system, which will then be rolled up into our overall accounting and reported to the Board of Directors through financial statements. Accountability to the Steering Committee will occur through the ongoing reporting of Support Unit activities.

Have we considered ensuring that OGP Europe can engage in commercial activities and whether tax exempt status is automatic or requires a second step to obtain approval by the Belgian government?

Kate explained that 1) if we do commercial activities under the auspices of OGP Europe, it would be subject to 21% VAT tax. An alternative would be to conduct commercial activities through the OGP Secretariat, since the two organizations will be working in parallel and 2) the registration process is structured so that no second application for nonprofit status is necessary.

With regard to cost reasonableness, the costs associated with setting up OGP Europe are high and we do try to be very careful about value for money. We engaged in a fairly intentional procurement process (queried partners for referrals, solicited potential law firms through Humentum, a nonprofit membership organization for international NGOs and reached out to several law firms prior to issuing the RFP). We received four responses to our request for proposals, two of which were non-responsive to the RFP. The selected firm’s costs were in alignment with other estimates we received. They have been fantastic partners to date, and planning conversations have included ways we can do this work effectively, quickly, and as inexpensively as is possible and prudent. In this regard we are confident that we are getting good value for money.

In response to a question about “daily management,” the scope of “daily management” can be interpreted subjectively. If an organization is small, a purchase of laptops is a relatively large outlay of cash and might require Board involvement. For a larger organization, such a purchase doesn’t represent a large outlay of cash and would be more administrative. We would need policies for OGP Europe that clearly defines authorization levels just as we have in the US.

Paul Maassen, Chief of Country Support leads the Country Support Team and is based in Brussels. He will serve as the Secretary General.

What financial controls will the US Board have over the OGP Europe Board. Will there be something in the bylaws that require it to follow the same financial policies as OGPS? Is there a possibility of criticism of the lack of independence for the OGP Europe Board?

If OGP is awarded the Challenge Grant (by no means certain) and sets up regional offices in Africa and the Americas, we’re envisioning one global board (this board of OGP Secretariat) and regional boards. A review of other organizations with country offices show that they do not have independent boards but report to staff who then report back to the Board. The reporting structure for the OGP Support Unit is already bifurcated. We don’t want to add complexity for the Secretary General to then have to report to three bodies – the OGP Europe Board, the OGP Secretariat

Board and the Steering Committee. We currently have staff in the regions already, and have a global standard for personnel, financial and administrative policies. The goal is to not create another intermediate governance structure, but instead to have a reporting structure under which the OGP Europe Board is responsible directly to this OGP Secretariat Board on the Europe office activities as well through the existing staff positions.

How will the US Board engage with the Europe office? Will their controls structures be radically different? Would we know if those structures that were different? Can we write in a way to flag deviations?

All our financial reporting will be consolidated, and we can explicitly create the same financial controls for both offices, within the local legislative context.

In closing, the discussion indicated an endorsement of the work laid out. The outstanding question is whether the Europe Board should include an OGP Secretariat Board member, which is possible, given the proposed structure.

OGP staff will explicitly bring the points raised by the Board to the law firm to work through as we refine the bylaws. We will pose these questions to our US law firm, Harmon Curran, which will review the proposed bylaws next, to ensure congruity with US law.

Nathaniel motioned to 1) endorse proposal of basic structure of OGP Europe, as outlined in the Basic Profile provided to the Board of Directors, 2) authorize continued discussion with lawyers to flesh out specifics of bylaws and answer residual question and 3) raise specific questions on deviation from internal controls and red flags to the law firms. This motion was seconded by Mukelani, with all in favor.

6. Review of OGP policy framework

At the November 2018 meeting, the Board agreed to review and approve OGP's policy framework this year. This will encompass a review of OGP's HR policies, Finance and Accounting Policies, and Grantmaking Guidelines.

Mark noted that we have already started, unofficially, with a review of the HR Policies, focusing in on parental leave. While a full review of OGP's HR policies is pending, Mark invited Kate to report on OGP's internal response to the Board's request for a review of the OGPs' parental leave policy.

Kate noted that there had been a spirited debate about parental leave in the November Board meeting. In response, staff conducted research on the issue of parental leave, looking at parental leave policies in countries where OGP has a presence to compare to policies found at US non-profit organizations. US comparisons were made with non-profits working in our sector, and non-profits at large. It is important to keep in mind that there is no national tax to fund parental leave in the US, so parental leave is funded either by the organization or by short term disability insurance (for maternity leave). Some states are beginning to provide family leave based on a payroll tax system.

The research confirms that OGP is not progressive when compared globally, to other countries, but compared with US nonprofits the four weeks offered by OGP in addition to the short-term disability are progressive. At the same time, OGP lags behind other organizations in our sector on parental leave, which is inclusive of all parents, not just mothers giving birth (maternity leave).

The recommendations that have come out of this study have two components 1) changing how we think about PTO/leave overall and 2) choosing to offer eight weeks of paid parental leave. Recommendation Two would put OGP on par with organizations in our sector, which allows for a total of 16 weeks at 100% paid time off, with the other leave options available for new mothers. This change of offering eight weeks of paid parental leave will be a change incorporated into our existing policies during the upcoming policy review of the Global Staff Handbook. However, we wanted to share with the Board at this time that we did take action to respond to the Board's input about parental leave, which was very timely, since a staff member has a baby due this week.

Sanjay added that we will also want to review other types of leave, such as bereavement. We want to be as progressive as possible, within budgetary constraints. We have worked toward gender parity in our leadership and in our pay scale.

Kate noted that there are three sets of policies for Board review, which we may not be able to complete in 2019. Kate intends to create a shared drive (such as a google drive folder), so that the Board can directly comment on a live version of each document. OGPS can then collect comments, do internal consultations, and make changes for Board review. This is a lengthy process, which she envisions beginning in March. Does that sound like work they could take on starting in March?

Discussion

There was consensus to start this work in March and to do what we can within budget to enact progressive policies, knowing that we can't necessarily get every policy aligned across all offices going forward. This is a good attempt to be creative and act in good faith.

Mark asked Kate to send a draft schedule of Board activities and meeting dates, beginning in May with proposed priorities and a clear outline of what we can do online vs by meeting.

The Board members agreed that using Google docs use to review documents would be helpful and will look for a proposed timeline for board actions and decisions via email and calendar, including a breakout of which policies will be reviewed by the Board when.

7. Other Business

A. 2018 Budget vs. Actuals

Kate noted that it's possible that the income and expense figures may fluctuate as final entries for 2018 are entered. Another important point is that the 2018 income on the Budget vs. Actuals report is recorded following accounting rules. For example, core support grants for use in 2019 that were received in 2018 are recorded as 2018 income. Audited financials will be presented to the Board by Gelman, Rosenberg and Freedman once available.

B. Call for additional Board members

Item will be brought up for informal discussion at May meeting.

C. Additional 2019 potential meeting dates

- **May 27:** 2.5 hour meeting with 30 minutes for business items and 2 hours for capacity building work. Audit may be ready for review at this meeting.
- **Sept/Oct:** to review/approve the policy frameworks.
- **October:** review tax returns will be available in late for board review.
- **Nov or Dec:** facilitated discussion of OGPS bylaws & governance procedures.
- **Dec 16, 17 or 18:** review and approve OGP's 2020 budget.

Kate will develop a more detailed meeting schedule for Board review.

8. Adjournment

Mark then inquired if there were any other issues before the Board at this time. Since all business was concluded, Nathaniel motioned, Mukelani seconded the motion and the Board members agreed to adjourn the meeting at 12:04 pm.