

Board of Directors Meeting Minutes
March 22, 2018
Washington DC

Members Present:

Mark Robinson, Board Chair
Nathaniel Heller, Secretary/Treasurer
Victoria Ayer, Member (by teleconference)
Sandra Pernar, Member (by teleconference)

Staff Present:

Sanjay Pradhan, CEO
Joe Powell, Deputy CEO
Kate Lasso, CFOO

1. Welcome and Opening Remarks

Mark Robinson, Board Chair, opened the meeting at 9:10 am and invited Sanjay to make opening remarks. Sanjay informed the Board that OGP had held a successful staff retreat the week of March 5 – 9, which included an orientation to the new, post-spin off systems. We have also concluded a months-long process to review, update and align job descriptions and then benchmark salaries within a global salary framework under a contract with the Birches Group. OGP also held a good Steering Committee meeting on March 20th, where the 2018 implementation strategy and budget were reviewed. While we are quickly coming to our spin-off date of April 1, Sanjay noted that the Tides Center has presented OGP with some challenges, which will be discussed later in the meeting.

2. Board Meeting Minutes

Mark then referred the Board members to the minutes from the November 2017 Board meeting that they received in their packet, asking if there were any corrections or changes to the minutes. There were none.

Mark motioned to approve the minutes from the November 2017 Board meeting, which was seconded by Nathaniel, with all in favor.

3. OGP Secretariat 2018 Budget and Cashflow

Turning to the OGP 2018 budget, Sanjay informed the Board that the 2018 Implementation Plan, Budget and Budget Memo had been presented to the Governance and Legal Subcommittee (GL) on February 21st and then, after updating to reflect GL comments, to Steering Committee (SC) on March 20th. He noted that the Steering Committee's role is to provide strategic oversight, while the Board of Directors' role relates to fiduciary responsibilities. Both the GL and SC consented to the 2018 workplan and budget. Having gone through this important review process, the 2018 OGP budget is now being presented to the Board of Directors for its approval. The 2018 budget supports OGP's 2018 Implementation Plan and reflects the Strategic Refresh adopted by OGP in December 2016, with a focus on six collective deliverables. In 2018 OGP is supporting 76 National Action Plans for enhanced country support, which comprises 78% of the budget (Collective Deliverable #1). Global Activities (summits & campaigns) comprise 15% of the budget (Collective Deliverable #2). Other 2018 Collective Deliverables relate to: Thematic Priorities, Research and Analysis, OGP's spin-off from Tides and Fundraising. The Trust Fund hosted by the World Bank will also help support specific program activities in 2018.

Kate then provided an overview of the 2018 budget.

- The proposed 2018 budget for OGP is \$9.94 million in expenditures, compared to estimated available income of \$11.9 million, which would leave OGP with an anticipated cash reserve of about \$2 million as we enter into 2019.
- There are three principle sources of funds for 2018:
 - A cash and receivables balance of \$2.88 million as of January 1
 - Confirmed funding commitments for 2018 of \$3.4 million and
 - An additional \$5.6 million in expected income from steady-stream sources.

These three sources bring the total estimated funds available in 2018 to \$11.9 million.

- Planned expenses for 2018 represent a modest increase of \$393,000 over OGP's approved 2017 budget and are designed to support the continued implementation of the Strategic Refresh with an emphasis on six collective deliverables, as previously mentioned. About 78% of the budget is for program expenditures while 22% is for fundraising and operations, including the spin-off.

DFID is a major component of 2018 funding and is currently classified as expected, but not yet confirmed. Joe informed the Board that the business case for this award will go to the UK Minister of State on Tuesday, March 27th. If approved OGP will be asked to submit a proposal for Accountable Grant afterwards. It is possible that the DFID grant will be cost reimbursable, which means that OGP will have to monitor cashflow carefully.

With regard to cashflow, Sanjay shared with the Board that this is an area where working with Tides has proved to be very challenging. Tides recently confirmed to OGP that it would send to OGP 1/3 of our unrestricted cash balance, resulting in a lower initial transfer than expected. Operations is working with Tides to resolve this issue. In light of these difficulties, we have requested a meeting between Sanjay and Tides' CEO.

To ensure that OGP will have sufficient cash on hand to manage its cash outflow beginning in April, two donors, Omidyar and OSF, have made arrangements to disburse funds directly to OGP in March, for a total of \$1.495 million.

Even so, Sanjay informed the Board that we received our initial health insurance invoice from DC Healthlink for \$18,909.78 on March 13th, with a payment required no later than March 16th. After unsuccessfully exploring several options, including paying by credit card and wire, OGP paid the invoice using Sanjay's personal funds, to ensure that the health plan would not be cancelled. Although Tides initially indicated that they would immediately reimburse Sanjay for this expense, when presented with the reimbursement request, Tides declined to pay, since the expense was for the April 2018 time period. OGP will reimburse Sanjay directly after receiving funds deposited in our account from OSI and/or Omidyar. Because of Sanjay's role as CEO, this short-term loan to OGP will likely need to be reported on OGP's 2018 990 tax filing. Going forward, we expect that OGP will be able to manage its cashflow effectively.

Over the medium term, the Board suggested that OGP secure a corporate line of credit to cover cashflow needs. The Board would also be interested in seeing preliminary financial projections over the next three years.

Joe indicated that OGP is actively seeking to secure one or two additional funders by 2019. Support from both the Steering Committee and Board of Directors to cultivate new donors would be very helpful. One possibility we are pursuing is a challenge grant from OSF. If awarded, OGP would receive an additional \$5 million in funding as a match for \$5 million in funding from new sources over a three-year period.

The consensus was that both the Board and the Steering Committee should support these efforts however they are able.

Following this discussion Nathaniel motioned to approve the proposed 2018 budget, which was seconded by Mark, with all in favor.

4. OGP Global Staff Handbook

Mark then invited Kate to present OGP's proposed Global Staff Handbook.

The Handbook provides guidelines for all OGP staff members, which include our international staff whose employers of record are Hivos, Safeguard or Globalization Partners as well as our US-based staff employed by the OGP Secretariat or Tides. The Handbook reflects OGP's stated commitment of parity with our employment experience under Tides and was developed by the Operations team in conjunction with two highly experienced HR consultants. It was also reviewed by OGP's legal advisors at Harmon Curran. An earlier draft was reviewed by the OneOGP Task Force (comprised of OGP employees) and the version being presented to the Board was shared with the entire staff at the staff retreat in early March.

Regarding its structure:

- Section 1 – Code of Conduct applies to all OGP staff, no matter who their employer of record is. All OGP staff are required to sign an acknowledgment that they have received and read the Section 1 policies.
- Section 2 – Compensation Guidelines applies to OGP Secretariat employees and *provides guidelines* for OGP staff employed through either a PEO or partner organization. OGP staff whose employer of record is not the OGP Secretariat must refer to their employment contracts for specific information about their compensation packages.
- Section 3 – Employment Terms outlines the terms of employment for US-based employees of the OGP Secretariat, with jurisdictional addenda for specific locations of OGP Secretariat employees. These policies apply *only* to OGP Secretariat employees. OGP staff whose employer of record is not the OGP Secretariat must refer to their employment contracts for specific information related to their terms of employment. OGP Secretariat employees are required to sign an acknowledgment that they have received and read OGP's policies in the entire Handbook.

Following a discussion, the Board made several recommendations:

- Staff should be provided with a link to OGP's Conflict of Interest form.

- OGP should have implementation guidelines that outline the process that OGP will follow if a complaint of harassment is made by an OGP employee. This process should also outline an annual reporting on any complaints received as well as their disposition, as an accountability measure. This report by the CEO can be a component of an annual report on other issues such as gender balance and pay parity.
- The 90-day waiting period for eligibility for parental leave should be removed.
- OGP should clarify what its lobbying limits are and train staff around lobbying issues.
- While employment is at will in the United States, OGP should consider establishing an expected norm about the number of days' notice staff is encouraged to provide when leaving employment with OGP.

With the acceptance of these modifications and suggestions, Victoria motioned to approve the OGP Global Staff Handbook. Nathaniel seconded the motion with all in favor.

5. OGP Retirement Plan

The Board then turned to discuss the OGP 401(k) retirement plan with Roth and pre-tax options. Kate had emailed the Summary Plan Description and other information about the plan to the Board members on March 20th, including a statement confirming the Board's decision to adopt the plan that she needs to return to PCS, who is setting up the plan. This is a Safe Harbor plan in which OGP will match 100% of employee contributions up to 4% of the employee's compensation and 50% of the employee's compensation over 4%, up to 6%. Employees who do not enroll themselves in the plan will be automatically enrolled once eligibility requirements have been met. Funds are fully vested and full-time employees are eligible to participate after completing 1 month of service. The plan's year begins effective January 1, 2018 so that 2018 is a 12-month year, for testing purposes. The resolution itself states:

RESOLVED: That the Plan, as described in the Summary Plan Description and summarized in the Plan Highlights, be and approved;

RESOLVED FURTHER: That the appropriate officers of OGPS be, and hereby are, authorized and directed to execute the Plan on behalf of OGPS;

RESOLVED FURTHER: That OGPS hereby adopt the Plan effective January 1, 2018, and add a 401(k), Roth, Automatic Contribution Arrangement (ACA) and a safe harbor match provision effective April 1, 2018;

RESOLVED FURTHER: That the officers of OGPS be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports documents or other information as may be required under applicable law.

After the discussion, Nathaniel made the motion to adopt the resolutions before the Board in order to approve the proposed OGPS retirement plan. This motion was seconded by Mark, with all in favor.

6. OGP Grantmaking Guidelines

Mark then invited Kate to provide an overview of OGP's proposed Grantmaking Guidelines.

The Grantmaking Guidelines are intended to ensure that OGP funds are used for charitable purposes in accordance with OGP's mission, as well as for the purpose for which the subgrant was given. The Guidelines function as part of OGP's internal controls and govern our monitoring of funds disbursed to partner organizations. They ensure transparency and accountability while giving both grantees and OGP staff clear guidelines for the expectations of best practices in making and monitoring subgrants. All subawards issued under prime grants to OGP will contain flow down clauses found in the prime award funding the subaward. This is especially important for subawards under federal grants – we need to ensure that OGP's grantees follow federal guidelines.

The Board questioned the cost effectiveness of requiring a site visit for a \$20,000 grant, as found under Section VIII: Monitoring of the Guidelines. After discussion, it was agreed that OGP should consider altering the last sentence of the section to state that "OGP may consider including at least one site visit before or during the period of performance as a component of the monitoring plan."

Following this discussion, and incorporation of the above change regarding site visits as a component of monitoring plans, Sandra motioned to approve OGP's Grantmaking Guidelines. The motion was seconded by Nathaniel, with all in favor.

7. Updates to OGP's Finance and Accounting Policies

The Board then turned several proposed revisions to the Finance and Accounting Policies that were approved at the November 2017 meeting.

Kate summarized proposed changes to four sections of OGP's Finance and Accounting Policies:

- Language in Section VI is modified to add flexibility in determining our indirect cost rate, beyond using the 10% *de minimis* rate established by the U.S. Government.
- A revision of documentation and procedural requirements found in Section IX for purchases according to specified thresholds.
- A revision to approval authorities found in Section X to regarding signing contracts and other legal agreements.
- A clarification of the source of exchange rate information found in Section XI.

The consensus of the Board was that OGP will need to determine its true indirect cost rate for full cost recovery. This process will take some time as OGP incurs costs in 2018. As clear patterns emerge, it will be useful for OGP to develop a methodology to trigger hiring additional Operations staff members as program costs increase so that Operations is fully staffed to meet the needs.

Although OGP has traditionally receive core, unrestricted funding, it's very likely that new donors will impose restrictions, which implies the need to apply an indirect cost rate for full cost recovery.

Mark suggested that OGP's Operations team member may want to discuss overhead strategies with counterparts at World Resources Institute and/or Results for Development.

Following this discussion, Mark motioned to approve the proposed changes to OGP's Finance and Accounting Policies. Nathaniel seconded the motion, with all in favor.

8. Spin-Off Communication Plan

Stephanie Bluma, OGP's Chief Communications and Campaigns Officer was then invited to the meeting to lead a discussion about OGP's Spin-Off Communication Plan

Stephanie informed the Board members that the objective of the communications plan is to use OGP's new independent status to push forward our ambitious goals. The key communication is a blog by Mark, as Board Chair, that will be published before April 1. Communications will contact partner organizations about cross-posting the blog and will also ask other news outlets to track. In terms of identity, OGP will continue to identify itself publicly as Open Government Partnership, reserving the use "Secretariat" for specific legal or operational matters related to the 501c3 organization that has been created. Communications will be developing a branding convention about the use of OGP as our public identity.

Sanjay also noted an important distinction – he is CEO of the OGP – the Partnership – not of the Support Unit or the Secretariat, which are organizational entities. We will need to think this distinction through with the Steering Committee.

9. Board Recruitment and Change in Board membership

As discussed at the November 2017 board meeting, Mark reminded the Board that it will be important to recruit new members to the Board of Directors. Further, there has been an update since then.

At this time Sandra informed the Board that she has accepted a position with OGP effective April 15th. The Board congratulated her for this good news and thanked her for her two years of service. Sandra will work out of Brussels and focusing on Europe, which is OGP's biggest region by membership size.

It was agreed that Sandra's resignation will be effective 4/14/18.

In addition, as discussed at the November Board meeting, Victoria's term is also ending in 2018. While the Board agreed to extend Victoria's term from March to September 2018 at the November 2017 meeting, the Board must seek concurrence from the Steering Committee, in accordance with the process outlined in the SC Memo regarding Board membership.

The Board agreed to send a memorandum to the Steering Committee requesting their concurrence with the Board's desire to extend Victoria's term to September 2018. In the meantime, the Board will need to work with the GL and the SC to recruit additional members to the Board of Directors.

The Board then turned its attention to discussing Sandra's replacement, who would be asked to serve for a three-year period. It was also agreed that the goal would be to expand the Board's membership to six members at the next Board meeting, which will likely be in September.

The Board agreed that it will be important to think carefully about the mix of skills and experience that would strengthen the Board. Ensuring diversity on the Board is also important. Sanjay pointed out that the Steering Committee has many members expressing many dimensions of diversity that could possibly serve on the Board. All agreed that, given the Board's fiduciary role, an understanding of the legal context of U.S. non-profit organizations would be very helpful for new Board members.

The discussion then turned to several potential candidates from governments on the Steering Committee. The Board agreed that Mark should approach Melanie Roberts from the Government of Canada about board membership. If Melanie expresses interest in serving on the Board, the next step would be to approach the Governance and Legal Subcommittee recommending her, and then a further step would be to bring the recommendation to the Steering Committee.

The Board agreed with this approach.

10. Adjournment

Mark then inquired if there were any other issues before the Board at this time. Since all business was concluded, the Board members agreed to adjourn the meeting at 11:34 am.