

Draft Minutes of AFRINIC Annual General Members' Meeting

Date: Thursday 9 June 2016 at 14:10 Local time

Venue: Plenary Room, Gaborone International Convention Centre, Botswana

Present: Mr Alan Barrett Chief Executive Officer
Mr Sunday Folayan Chairman
Me Ashok Radhakisson Legal Counsel
AFRINIC Board of Directors
AFRINIC Management Team
AFRINIC Members
AFRINIC Community members as Observers

AGENDA

1. Welcome and Agenda Review
2. Approval of minutes of previous AGMM held on 4 & 5 June 2015 held in Tunis, Tunisia
3. Approval of minutes of previous SGMM held on 3 December 2015 in Pointe Noire, Congo
4. Board Activity Update
5. AFRINIC Activities Update
6. Financial Update
 - 6.1 2015 Audited Report
 - 6.2 Appointment of Auditor for 2016
 - 6.3 Presentation of 2016 Budget
 - 6.4 2016 Budget Execution
 - 6.5 Questions & Answers
7. Board Election
 - 7.1 NomCom Report

- 7.2 Presentation of Candidates
- 7.3 Vote
- 7.4 Counting
- 8. Board Election result
- 9. AOB
 - 9.1 Accountability Review / Update of Bylaws
 - 9.2 Open Mic
- 10. Closing Remarks and end AGMM

BUSINESS OF THE DAY

1. Welcome and Agenda Review

The AFRINIC Board Chairman, Sunday Folayan, welcomed the Members and Observers present, and opened the AFRINIC Annual General Members Meeting at 14:10 Local Time.

A review of the Agenda was carried out by the Chairman and he invited amendments from the members, if any. There were no amendments.

The Agenda was approved as presented. Proposed Fiona Asonga. Seconded Janvier Ngnoulaye.

2. Approval of minutes of previous AGMM held on 4 & 5 June 2015 held in Tunis, Tunisia

The Chairman moved a motion to adopt the minutes as a true representative of the AGMM that took place in Tunisia, as circulated and published. There was no correction from members.

Resolution AGMM201606.01

The minutes of the Annual General Members' Meeting held on 4 & 5 June 2015 in Tunisia was approved as presented by the AFRINIC Secretariat.

Proposed by Ben Madison and Seconded by Janvier Ngnoulaye.

3. Approval of minutes of previous SGMM held on 3 December 2015 in Pointe Noire, Congo

The Chairman proposed to adopt the minutes of the SGMM held on 3 December 2015 in Pointe Noire, Congo as circulated and published. There was no correction from members.

Resolution AGMM201606.02

The minutes of the of the Special General Members' Meeting held on 3 December 2015 in Congo was approved as presented by the AFRINIC Secretariat.

Proposed by Fiona Asonga and Seconded by Janvier Ngnoulaye.

4. Board Activity Update

The Chairman, SF, stated to members that before he made his presentation he will like to point out that the overall objectives is for AFRINIC to move forward and not to focus on who is wrong and what went wrong.

The Chairman, SF made a presentation on the Board's activity for the year under review. [https://afrinic.net/images/AFRINIC Board Update AIS16-FINAL.pdf](https://afrinic.net/images/AFRINIC_Board_Update_AIS16-FINAL.pdf)

He outlined the Board Structure, Composition, and Board Attendance. He also made a brief on the different Standing Committees and Ad-Hoc Committees to the Board and their respective constitutions; namely

- (i) Finance Committee
- (ii) Audit Committee
- (iii) Remuneration Committee
- (iv) COO Recruitment Committee
- (v) Review of MoUs Committee
- (vi) Company Secretary Review Committee
- (vii) Associate Membership Criteria Committee

The Chairman, SF highlighted that during the year under review the Board has worked on the following areas:

- (i) Approval of Strategic Plan
- (ii) Set up of the Governance Committee
- (iii) Budget alignment and approval
- (iv) 2015 preparations and auditing
- (v) RIR Accountability Review
- (vi) Evaluated the CEOs according to set of KPIs
- (vii) COO recruitment Process
- (viii) A review of MoUs that AFRINIC has
- (ix) A review Associate Members
- (x)

The Chairman, SF also outlined the different factors that have contributed to improve the AFRINIC financial statements as follows;

- (i) The recruitment process of the CEO was managed completely by the Board and reduced the cost of such recruitment if it was to go through headhunting, the CEO travels in economy class, where he can, instead of business class, he opted to use the previous

CEO's car and the cost of the CEO is less than the outgoing CEO who was in the company for 10 years.

The CEO has satisfied the Key Performance Indicators (Financial Target, Customer Target, Internal Business Process Target, Learning and Innovation Target) as set by the Board.

- (ii) AFRINIC is now preparing its budget of income and expenses on the membership income received and expenses made in the previous year; additional income from membership growth is transferred in the reserve. The budget is also based on activities, key requirements and needs, and the availability of funds. If there is no fund, there is no expenses.
- (iii) The Chairman, SF, guided the Members on the status of the financials through a graphical representation. Refer to presentation <https://afrinic.net/images/AFRINIC Board Update AIS16-FINAL.pdf>
- (iv) There are fewer Board Travel
- (v) The HR cost have been decrease to 52 % of the expenditures of the company.

5. AFRINIC Activities Update

The Chief Executive Officer, Alan Barrett, made a presentation on the AFRINIC Activities Update. <https://afrinic.net/images/CEO-update-AIS16.pdf>

The CEO introduced the new department External Relations, which look after AFRINIC relationship with external organizations. He outlined the number of staff at AFRINIC and stated that there were four open positions to be filled namely for the Head of Comms & PR, Head of IT, a Software Engineer, a trainer and a Research Engineer.

The CEO explained about the setup fee for setting up new address space and the requirement to pay another fee for additional space since it required additional human resources.

The CEO stated that he is confident that the company is in line with the income expectation for the year and will run a surplus for the year.

He also made a review of the FIRE Project and the SEED Alliance.

6. Financial Update

6.1 2015 Audited Report

Andrew Alston, Chairman of the Audit Committee, made a report on the financials, an overview of the Audit Committee and the work carried out in 2015. https://afrinic.net/images/Andrew_AFRINIC_Financials_Presentation_2015.pdf

6.2 Appointment of Auditor for 2016

The Audit Committee recommended to re-appoint PwC as the auditor for the financial year 2016. The PwC has performed very well.

Resolution AGMM201606.03

That PwC be approved for reappointment as auditor for the financial year 2016.

Proposed by Mark Elkins. Seconded by Fiona Asonga.

6.3 Presentation of 2016 Budget

The Chair of the Finance Committee, Kris Seeburn, presented the 2016 budget. https://afrinic.net/images/Kris_Seeburn_Budget_2016_Presentation_AIS16.pdf

Kris Seeburn highlighted that a review of the fee structure could be made by next year. The soft landing is coming very closed and the Finance Committee is looking on the revenue and how the organization can be sustainable.

6.4 2016 Budget Execution

The Director of Finance and Accounting, Patrisse Deesse made a presentation remotely on the budget execution for the year 2016. https://afrinic.net/images/Patrisse_Budget_Execution_Presentation_AIS16.pdf

6.5 Questions & Answers

The Chairman SF invited Questions from the floor on any of the above presentations made.

Noah Maina asked for clarifications on an email sent in January on the 2014 Financial Statements about an outstanding balance of 51000 USD not collected as part of the late penalties and he did not see the 51000

USD indicated in the Financial Statements. He stated that it is good for the Auditors to indicate the amount which have been written off or recovered in the financial statements so that Members can see the figures.

The CEO Alan Barrett replied there is the issue of bad debt which is written off when there is no chance of recovering it, and there is the second issue of late payments which have not yet been written off. He stated that in the future such written off will be indicated as a separate line in the financial statements. For instance, late payments in the financials is reflected in a table showing the amount of debts that are outstanding in terms of number of outstanding days.

Remote Question: What is going to be done with revenue going forward when IPv4 spaces are exhausted.

Kris Seeburn replied that the Board is looking at various ways to generate other revenue sources, namely in the two following areas. One is Research and Innovation in terms of what can be built and monetised; and second is Capacity Building where there are opportunities for other trainings that can be monetised. We are looking into those areas closely and may generate revenues.

Remote Question: Please clarify when the budgeting year of AFRINIC starts and ends.

Kris Seeburn: The AFRINIC budgeting starts from January to December every year.

Remote Question: The community wants to know what also went wrong.

Lucky Masilela reiterated that it is more to focus on the good things that happens and lot of support from the Members. In the Chair report, in the past AFRINIC was projecting budget from membership growth but it has now move away from this practice and has structured the budget differently. This has helped the company objectively and helps to achieve our targets.

Lu Heng asked that based on the CEO's presentation for the new recruits, there is no recruitment for a COO. HE was of the views that part of operations' responsibilities might be shared in order to increase efficiency for AFRINIC, help to increase members and the future sustainability of the company.

Abibu Ntagihiye replied that as it was presented the COO Recruitment is an ongoing process and will be announced when the Committee finish his work.

Lu Heng also queried that there is no public attendee list being published for the AIS. As a major event on the African Continent, it is good to publish attendees to better help networking, market the conference, and

help to increase the number of people attending the meeting.

Alan Barrett answered that many people will want their names to be published while for others it is a matter of privacy concern. However, he stated that he has asked for IT Team to implement an option on the website to say whether or not you wish your information to be published on the website.

Lu Heng commented that we are running out closely of IPv4, and members may be paying less. He queried on what is the Board's plan and AFRINIC prepare for the slow revenue growth in new membership and the increase demand of training and capacity building as new Internet users join the continent.

Haitham El Nakhal replied that the Finance Committee is working for new streams to finance AFRINIC and is working for new fee schedule for Ipv4 and Ipv6

Remote Question: Whether there are discount after the first assignment fee and subsequent assignment.

Alan Barrett explained that there is an annual membership fee based on the total amount of space held by each member, and a once-off fee for each assignment or allocation based on the size of that individual assignment or allocation. Every additional assignment need more effort from the Registration Services in terms of checking whether the request is valid and confirming that the previous request is being used in an appropriate way. As such, there is no discount when you come for a second time.

Douglas Onyango said that based on the CEO and the Finance presentations, the HR cost represents 52% of the budget when the staff capacity is at 58%, he asked on the implications on the company when the staff will be at 100% capacity on the cost and budget allocation in the longtime.

Sunday Folayan confirmed that the comments are noted and will be considered when the company tried to be efficient and to have full staff. We will make sure to find the right balance and over run budget.

Viv Padayatchy pointed out that the MUR has depreciated by 20% against the USD, bearing in mind that major AFRINIC expenses like salary, rent and travel are paid in MUR, what is the impact on the savings on surplus.

Sunday Folayan replied that based on the calculations we made, savings on salaries paid in MUR and the other MUR expenditures will not be more than 30000USD. There is only a variances of 15000 USD. Foreign exchange is a risk for any business, in 2015 we were positively affected, but if MUR go against the USD how does the Board mitigate the risk? The Board to mitigate FOREX

risk is to transfer the entire budget of MUR to be paid into a MUR account. All income derived at the beginning of the year, then can move what we need for paying salaries and other expenses of MUR in an MUR account.

The Chairman closed the Questions & Answers and moved a motion to adopt the Financial Statements.

Resolution AGMM201606.04

That the audited financial statements for the financial year 2015 is approved by the members as presented.

Proposed by Fiona Asonga. Seconded by Mark Elkins.

*The AGMM breaks at 16:10 local time.
The AGMM resumed at 16:40 local time.*

7. Board Election

7.1 NomCom Reoport

The Chairman of the NomCom, Mark Elkins made a presentation on the process of the NomCom2016 and the different candidacies for the Board Seats opened for Election as follows;

Seat 1 (Northern Africa), currently held by Haitham El Nakhal;
Seat 2 (Western Africa), currently held by Sunday Folayan;
Seat 7 (non-regional), currently held by Aminata Amadou Garba

The nominations that were validated by the Committee are the following:

NORTHERN AFRICA – SEAT 1

Haitham El Nakhal

Moez Chakchouk

WESTERN AFRICA – SEAT 2

Alain Aina

Sunday Folayan

NON REGIONAL – SEAT 7

Aminata Amadou Garba

Seun Samson Ojedeji

Serge Ilunga Kabwikaa

Mark Elkins highlighted that among the candidates, three of them are presently Board members running for re-election, namely Sunday Folayan, Haitham El-Nakhal and Aminata A. Garba whereby Sunday Folayan is the current Chairman of the Board.

7.2 Presentation of Candidates

The Chairman of the Election Committee, Mark Elkins, explained the election and voting procedures that is used to elect the members of the Board, and the present requirements of the Bylaws for the election. The voting procedures are available at <http://www.afrinic.net/en/community/elections>.

The candidates who were present at the AGMM introduced themselves to the members.

7.3 Vote

Voting for this election took place in front of the floor through ballots and online voting. the electronic voting will close at the same time as voting on the floor through ballots; members were invited to cast their votes.

7.4 Counting

The representatives of the other RIRs onsite assisted in the counting of the ballots.

The Election Committee Member plus the scrutineers went for vote counting while the trustees went to do the unlocking / e-voting counting in the presence of the attendees for transparency.

8. Board Election result

The paper ballots and electronic votes were tallied and the following candidates were elected to sit on the AFRINIC Board were announced as follows:

NORTHERN AFRICA – SEAT 1

Haitham El Nakhal

WESTERN AFRICA – SEAT 2

Sunday Folayan

NON REGIONAL – SEAT 7

Seun Samson Ojedeji

The Chairman, Sunday Folayan, continued the AGMM at 18:50 Local Time to complete the outstanding AGMM Agenda Items. He commented that he will shortly send a note on how do we improve trust in the AFRINIC Community, protect the bottom up process, the sustainability of the organization, build the next generation and to rebuild the community.

9. AOB

9.1 Accountability Review / Update of Bylaws

The CEO, Alan Barrett made a report on the accountability assessment. AFRINIC contracted an independent law firm to look at the Bylaws, the legal framework in Mauritius and to consider on how the company should its Bylaws and increase accountability to the community and decrease the risk of capture. A report was published at <https://afrinic.net/en/library/news/1743-accountability-review> There are some areas for improvements that were identified during the AFRINIC accountability assessment as listed below:

- (i) To clarify if the Associate Members can vote.
- (ii) The Company Mauritius Act refer to the word Constitution while AFRINIC refer to Bylaws, the clarity of the definition must be addressed
- (iii) The registered members are the Board Members of the company, there is a risk identified that someone else may be registered at the Registrar of Companies, it should be clarified that only those 9 Board Members / Registered Members should be registered
- (iv) The limit of the terms of the Board Members; if there is a limit then to modify the bylaws
- (v) There has been discussion on independence of directors, we need to decide whether or not this is a problem and how to prevent it
- (vi) We have 6 sub regions in Africa, we have a director for each sub region, we need to decide that a director must serve AFRINIC as a whole and not only its interest or specific region
- (vii) There are nothing in the Bylaws that disclose conflict of interest. we should add that anytime there is conflict, the directors should reflect it
- (viii) No more one person can be the Chairman, Vice Chairman, Chief Executive Officer or Chief Financial officer at the same time, otherwise it will be too much power.
- (ix) The Bylaws to clarify how to replace a director, how to remove, retire or replace a director on the Board
- (x) At the Board election, there is a risk that the Board can block new blood from entering the Board, block a candidate, the proposed

- change is to have a 2/3 super majority to allow such restriction
- (xi) At the AGMM the members can vote to modify the Bylaws whereas the Companies Act say that the Registered Members can vote to modify the Bylaws without consulting everybody, the loopholes should be closed and that the change could be made only at special resolutions during AGMM
 - (xii) The board has the power to adopt policy changes without going to the community, the power should be given to the community to reject any policy propose by the Board without going through the process.

The CEO pointed out that the above changes may be proposed and called for votes in the next AGMM or in a SGMM in November 2016. The Chairman highlighted that all the above proposals will be discussed on the mailing list by the community and know how to proceed.

9.2 Open Mic

There was no open mic. No further comments or questions from the members.

10. Closing Remarks and end AGMM

The Chairman Sunday Folayan thanked the Members present and moved a motion to close the AGMM at 19:10 Local Time Bostwana.

Proposed by Mark Elkins. Seconded by Janvier Ngnoulaye.