

Hedera Council Meeting Minutes

Date: March 9, 2022
Time: 6:00 – 7:30pm ET
Location: Videoconference

Attendees

Avery Dennison: Pradeep Iyer, Max Winograd
Dentons: Kenneth Oh
DLA Piper: Scott Thiel, Andrew Gastwirth
EDF: Paul Breslow
eftpos: Ben Tabell
Google: Simonas Baksys, Siddhartha Agarwal, Rich Widmann
IBM: Shyam Nagarajan
IIT (Madras): Prabhu Rajagopal, John Augustine
LG Electronics: Jaewook Kim, Samuel Park, Tony Jang
London School of Economics: Carsten Sorensen
Magazine Luiza: Simon Olson
Nomura: Akira Iwasaki
ServiceNow: Manisha Arora, Sheeraz Memon
Shinhan Bank: Andrew Kim
Standard Bank: Ian Putter
Swirls: Bill Miller, Arlan Harris, Natalie Furman
Tata Communications: Ankur Jindal
University College London: Nikhil Vadgama, Riccardo Piselli, Juan Ibanez, Java Xu

Hedera staff/contractors

Brett McDowell, Chair
Mance Harmon, CEO
Dr. Leemon Baird, Chief Scientist
Young Cho, CFO & Treasurer
Tom Sylvester, General Counsel & Secretary
Lionel Chocron, Chief Product Officer
Christian Hasker, Chief Marketing Officer
Samuel Brylski, Chief Compliance Officer & Regulatory Counsel
Alex Popowycz, Chief Information Officer
Atul Mahamuni, SVP Product
Josh Planton, VTM Group
Jessica Zuver, VTM Group

Guests

Bob Migliorino, HBAR Foundation
David Cramer, HBAR Foundation
Don Thibeau, HBAR Foundation
Josh Sroge, HBAR Foundation
Min Kim, HBAR Foundation
Shayne Higdon, HBAR Foundation
Jason Brett, Keybridge Advisors

Members Not Present

Boeing
Chainlink
DBS
Deutsche Telekom
FIS/Worldpay
Ubisoft
Wipro
Zain

Summary of actions taken at meeting

- Minutes. The Council members approved the February 9, 2022 meeting minutes.
- Engagement program. The Council members approved a stipend program for Board members, Committee chairs, and transaction signers.
- Corporate Utilization Committee. The Council members approved the charter for the Corporate Utilization Committee and elected Andrew Gastwirth of DLA Piper as chair.
- Voting period. The Council members approved extending the voting period for the amended LLC agreement

Call to Order & Introductions

Brett McDowell
Chair

Brett M. formally called the meeting to order and welcomed Council members to the third Council meeting of 2022. Tom S. reminded the Council members of Hedera’s antitrust and market integrity policies.

After being moved and seconded, the Council members approved the agenda as presented for the meeting.

Approval of Council Minutes

Tom Sylvester
General Counsel & Secretary

After being moved and seconded, the Council members approved the minutes from the Council meeting held on February 9, 2022.

The HBAR Foundation Report

Shayne H. and Don T. presented on the HBAR Foundation's performance metrics and KPIs which are being used to measure success on the Hedera network, including transactions per second (TPS) and "total value locked" (TVL). The Council discussed the pros and cons of various metrics as well as ways to incentivize the identification of new apps on the network.

Of the 5.35 billion hbars that have been earmarked for the HBAR Foundation, approximately 2.9 billion hbars have been delivered to the HBAR Foundation, of which 2.4 billion have been budgeted. In 2022, the HBAR Foundation will focus on four primary areas: Crypto Economy, Metaverse, Sustainable Impact, and Fintech. In addition to these areas, the HBAR Foundation is also allocating grant funding to special projects, like the Female Founder Fund.

The HBAR Foundation reported that they are in discussions with a majority of the Council members around grant opportunities for use cases. The HBAR Foundation also provided an update on Council recruitment efforts, market education efforts (including outreach to developers), and start-up accelerator programs.

Shayne Higdon
Executive Director,
HBAR Foundation

Don Thibeau
Chief Strategy Officer,
HBAR Foundation

Executive Session – Use Case

The Council meeting then moved into executive session to be briefed on the development of a Council Member's use case for the Hedera network.

Board Report - Council Member engagement program

Brett M. reviewed proposals for a program to provide reasonable stipends to individuals that devote significant amounts of their professional time to Hedera governance activities. Brett M. noted that the current Board members had tasked the Chair and the CFO with preparing a such proposal for compensating Board members, Committee chairs, and transaction signers for their time, as these positions require individuals to dedicate significant time and energy to Hedera governance activities.

After researching and reviewing available benchmarks and taking into account the time and effort involved in the various roles, Brett M. and Young C. recommended that Board members receive an annual stipend of \$250k, committee chairs an annual stipend of \$100k, and consistent transaction signers an annual stipend of \$50k, with each stipend being paid in hbars and subject to certain performance obligations. It was noted that individuals receiving compensation in connection with providing outsourced services by Hedera would not be eligible for this program.

The Council members discussed the time requirements of various roles and relevant benchmarks, and as to whether active committee participation should also be considered for the program.

After being moved and seconded, the Council members approved the Compensation for Active Participation program as presented in the meeting. Magazine Luiza and TATA Communications both abstained from the motion.

New Corporate Utilization Committee Proposal

Brett M. shared a proposed committee charter for the Corporate Utilization Committee, which would replace the Hedera Enterprise Alliance as the group facilitating Council member exploration of use cases and to coordinate collaboration among Council members on go-to-market strategies.

After being moved and seconded, the Council approved the charter for the Corporate Utilization Committee as presented.

Brett McDowell
Chair

Young Cho
CFO & Treasurer

Brett McDowell
Chair

Brett M. shared that Andrew Gastwirth has agreed to sit as chair of the committee and that a co-chair nomination period will occur later this year.

After being moved and seconded, the Council appointed Andrew Gastwirth from DLA Piper as chair of the Corporate Utilization Committee.

TechCom Report

Dr. Leemon Baird
Chief Scientist

Dr. Leemon B. reviewed the TechCom's decisions since the last Council meeting, including the approval of several Hedera improvement proposals (HIPs) and updates to existing policies. He noted that, later this week, a mainnet update will occur that will be initiated and signed by the Council members, which represents an important decentralization milestone.

Looking ahead, TechCom will focus on state proofs, inter-ledger operations, and open sourcing the hashgraph code. There have been no changes to the Technical Roadmap since the last Council meeting, and attendance has remained high within TechCom.

CoinCom Report

Dr. Leemon B. summarized CoinCom's discussion and decisions relating to implementing staking. CoinCom also approved a new pricing list and recommended that the Board adopt a draft Treasury Management Policy, which reflects Council member guidance.

The Engineering team is now working on implementing CoinCom's decisions into the staking code, which is expected to go live on the Hedera mainnet later this year. Attendance has remained high in CoinCom.

RegCom Report

Tom Sylvester
General Counsel &
Secretary

Tom S. reviewed the proposal to expand RegCom's scope to include public policy and government affairs activities. The proposed updates to the charter will be sent to the Council members for review. Jason B. introduced himself as a consultant who will work with the Council members on regulatory engagement.

Tom S. noted that Hedera is also reviewing President Biden's recent executive order on digital assets.

Sam B. reviewed how Russia-related sanctions developments affect Hedera and summarized how other networks have been responding. Sam B. explained that Hedera's list of direct counterparties had been reviewed against the relevant OFAC list and discussed the possibility of adding the Donetsk and Luhansk regions to Hedera's list of prohibited jurisdictions. He added that RegCom will continue to monitor sanctions developments.

Simonas B. from Google asked if Hedera had considered donating HBAR to Ukraine, and Brett M. agreed to have the Board review the matter.

Any Other Business

Brett M. McDowell
Chair

Mance H. explained that Swirls is waiting to approve the updated LLC Agreement (which would, among other things, remove references to the office of CEO and remove Swirls's right to appoint a Board member) until an outsourcing services term sheet between Hedera and Swirls Labs is signed. As Swirls is the final Council member needing to approve the amended LLC agreement, Brett M. asked the Council members to extend the voting period until the outsourcing term sheet is completed. Brett M. further noted that Board elections will also be delayed until the term sheet is signed and the amended LLC agreement is effective.

After being moved and seconded, the Council approved extending the voting period for the amended LLC agreement until the outsourcing term sheet is executed.

The meeting was adjourned.

Actions taken or ratified by the Hedera Council by written consent (Feb. 10, 2022 – March 9, 2022)

None