

Hedera Council Meeting Minutes

Date: December 14, 2022
Time: 9:00am ET
Location: Videoconference

Council Member Attendees

abrdn plc: Duncan Moir
Avery Dennison: Pradeep Iyer
Boeing: Brian Jeffords
Dell:* David Fraturra, Steve Todd
DLA Piper: Scott Thiel, Mark Radcliffe, Andy Gastwirth
EDF: Julien Pestourie, Gilles Deleuze
FIS/Worldpay: Saiprasad Raut, Che Cabrerros
Google: Simon Baksys, Rich Widmann
IIT (Madras): John Augustine
LGE: Tony Jang
LSE: Carsten Sorensen, Thamim Ahmed
Magazine Luiza: Simon Olson
Service Now: Tasker Generes, Nicola Attico
Shinhan Bank: Daseob Lee, Minju Kim
Standard Bank: Ian Putter
Swirls: Dr. Leemon Baird, Mance Harmon, Bill Miller, Arlan Harris, Natalie Furman
UCL: Nikhil Vadgama, Paolo Tasca
Zain: Richard MacNamara

Hedera Staff/Contractors

Brett McDowell, Chair
Betsabe Botaitis, Chief Financial Officer
Alex Popowycz, Chief Information Officer
Nilmini Rubin, Chief of Staff & Head of Global Policy
Sam Brylski, Chief Regulatory Officer
Tom Sylvester, General Counsel & Secretary
Gregory Schneider, Deputy General Counsel
Kate Ball, Director of Legal Operations & Senior Counsel
Janice Carroll, Director of Membership Operations
Mike Cave, Director of Technical Programs
Brad Wells, Director of Compliance Operations
Jason Brett, Key Bridge Advisors, LLC
Young Cho, Swirls Labs
Lionel Chocron, Swirls Labs
Zenobia Godschalk, Swirls Labs
Christian Hasker, Swirls Labs
Atul Mahamuni, Swirls Labs
Cate Papez, Swirls Labs

**Admission pending public announcement per LLCA Section 4.3(f)*

Members Not Present

Chainlink
DBS
Dentons
Deutsche Telekom
eftpos
IBM
Nomura
TATA Communications
Ubisoft
Wipro

Summary of actions taken at meeting:

- **Allocation of Transaction Fee Revenue:** The Council members approved the allocation of transaction fees as follows: 80% to a Hedera account to cover operating expenses, 10% to a staking rewards account, and 10% to a node rewards account.

Actions taken or ratified by the Hedera Council by written consent (November 9, 2022 - December 14, 2022)

- On December 11, 2022, the Council members voted to approve Dell Technologies as the 28th member of the Hedera Governing Council.

Call to Order & Introductions

Brett M. called the meeting to order.

Brett McDowell
Chair

Brett M. introduced Dell Technologies as the 28th member of the Hedera Council, noting that their membership would become effective upon being publicly announced. Council member

representatives introduced themselves and their organizations to Dell, and Dell's representatives introduced themselves and discussed their interest in the Hedera network and potential use cases.

Approval of October Meeting Minutes

Tom S. reviewed draft October 8-9, 2022 meeting minutes, which the Council approved subject to finalizing the description of the Enterprise Accelerator Pilot program.

Tom Sylvester
General Counsel &
Secretary

Election Reminder and Update

Janice C. reminded Council members that the voting period for the Board of Directors election ends December 14 and encouraged Council representatives that had not yet voted to do so. She also noted that the call for Committee Co-Chair nominations ends December 15 and encouraged nominations for the four open Co-Chair roles (CoinCom, MemCom, RegCom and TechCom).

Janice Carroll
Director of
Membership
Operations

Update on Q2 and Q4 2023 In-person Council Meetings

Janice C. noted that in-person Council meetings were being planned for Q2 and Q4, with the Q2 meeting expected to be in Mountain View, CA and the Q4 meeting expected to be in Singapore.

Janice Carroll
Director of
Membership
Operations

Updates to Committee Policy and Charters

Brett M. discussed proposed revisions to the Hedera Committee Policy and certain committee charters to, among other things, simplify quorum calculations and committee voting requirements.

Council members discussed the feasibility of the proposed changes, including time zone challenges given the geographic distribution of members and the importance of committee decisions being made with sufficient Council representation.

Council members did not reach consensus on the proposed changes to the Committee Policy and instructed Hedera staff to collect committee participation data for their review and re-introduce proposed changes to the Committee Policy and committee charters in 2023.

Brett McDowell
Chair

Tom Sylvester
General Counsel &
Secretary

Legal & Regulatory Committee Report

Mark R. shared he is stepping down as the Co-Chair of RegCom due to time constraints, and Brett thanked Mark for his service and contributions to RegCom. The Council meeting then moved into executive session to discuss legal and regulatory developments within the DLT industry.

Mark Radcliff
DLA Piper

Rich Widmann
Google

Treasury Management & Coin Economics Committee Report

Dr. Leemon B. shared that Hedera transaction fee revenue must be allocated among a Hedera account to cover operational expenses, a staking rewards account, and a node rewards account. CoinCom proposed dividing transaction one-third to Hedera account, one-third to staking rewards account, and one-third to node rewards account. Dr. Leemon B. noted that Council members could approve a certain allocation at the meeting and then adjust it in the future.

Council members discussed the allocations as presented by CoinCom, and Council members discuss the importance of network sustainability. After being moved and seconded, the Council members approved the allocation of transaction fees as follows: 80% to a Hedera account to fund operational expenses, 10% to a staking rewards account, and 10% to a node rewards account.

Dr. Leemon Baird
Swirls

Technical Steering & Product Committee Report

Dr. Leemon Baird

Swirls

Dr. Leemon B. discussed community nodes (i.e., nodes hosted by non-Council members) and the four contemplated phases for expanding node hosting:

- *Phase 1: 5 Community Nodes*
- *Phase 2: 10+ Community Nodes*
- *Phase 3: 20+ Community Nodes*
- *Phase 4: Permissionless Nodes*

Dr. Leemon noted that, in addition to supporting further decentralization, the Hedera community is very interested in community nodes. TechCom expects to devote significant time to this initiative in 2023 and will update the Council on its progress.

Dr. Leemon shared general updates regarding nodes and transaction signing. Dr. Leemon noted that, with the addition of abrdn, there are now 27 nodes on the Hedera network. Dr. Leemon discussed plans to sign for updates on several different dates in order to ensure participation and network stability over the holidays.

Corporate Utilization Committee Report

Saiprasad Raut
FIS/Worldpay

Sai R. and Andy G. updated Council members on CorpCom's recent activity. CorpCom has invited several experts to showcase use cases during CorpCom meetings. CorpCom has also been fostering relationships with Swirls Labs, BCW Group, the HBAR Foundation and the Hashgraph Association in order to take advantage of each entity's expertise and improve use case presentations and strategies around use case deployment.

Andrew Gastwirth
DLA Piper

Sai R. and Andy G. shared that, in 2023, each CorpCom meeting will be themed. For example, in early 2023, CorpCom will host a meeting about identity with relevant use cases and experts. CorpCom plans to publish proposed themes on a quarterly basis.

Membership Committee Report

Simon Olson
Magalu

Bill M. and Simon O. shared that MemCom's goal for 2023 is to nominate the remaining eleven Council members to reach full capacity of 39 Council members. MemCom is focused on objective criteria for industry diversity and will specifically target the energy and healthcare sectors.

Bill Miller
Swirls

MemCom has been working on a Council Development Policy, which specifies the criteria and process for nominating, sponsoring, and approving a new Council member.

Bill M. and Simon O. addressed several prospective Council members that MemCom had reviewed and nominated over the past several months. The Council members agreed that, if a MemCom-nominated entity doesn't sign the Hedera LLC joinder agreement by February, the entity must again seek approval by MemCom before its membership application can proceed.

Bill M. and Simon O. also noted that MemCom is discussing expanding its scope to include monitoring and facilitating Council member engagement.

The meeting was adjourned.