



Hedera Council Meeting Minutes

Date: June 14, 2023
Time: 9:00 am ET
Location: Virtual (Zoom)

Council Member Attendees

abrdn plc: Duncan Moir
Avery Dennison: Pradeep Iyer
Boeing: Brian Jeffords
Chainlink: William Herkelrath
Dell: David Fraturra, Steve Todd
Dentons: Teo Yi Jing
DLA Piper: Kristi Swartz, Ian Jebbit, Scott Thiel
FIS/Worldpay: Saiprasad Raut, Che Cabrerros
Google: Simon Baksys, Rich Widmann
IBM: Shyam Nagarajan
IIT (Madras): Prabhu Rajagopal, John Augustine
LGE: Tony Jang, Paulo Lee
LSE: Carsten Sorensen, Thamim Ahmed
Magazine Luiza: Simon Olson
Nomura: Akira Iwasaki, Emi Hidaka, Toshinori Ishibashi, Olivier Dang
Service Now: Tasker Generes, Shuchi Rana, Nicola Attico
Shinhan Bank: Daseob Lee
Swirls, Inc.: Mance Harmon, Bill Miller, Arlan Harris, Natalie Furman
UCL: Nikhil Vadgama, Juan Ignacio Ibanez, Jiahua Xu
Wipro: Andrew Aitken
Standard Bank: Ian Putter, Gideon Rossouw
Zain: Richard MacNamara

Independent Board Member Attendees

Monique Morrow, Independent Board Member

Members Not Present

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| COFRA | Ubisoft |
| DBS | Eftpos |
| Deutsche Telekom | EDF |
| TATA Communications | |

Hedera Staff

Brett McDowell, Chair & President
Betsabe Botaitis, Chief Financial Officer
Nilmini Rubin, Chief of Global Policy
Sam Brylski, Chief Regulatory Officer
Tom Sylvester, General Counsel & Secretary
Gregory Schneider, Deputy General Counsel
Kate Ball, Director of Legal Operations & Sr Counsel
Vanessa Valentine, Committee Operations Manager
Brad Wells, Director of Compliance Operations
Mike Cave, Director of Technical Operations
Ian Utile, Chief of Staff

Service Providers

Jason Brett, Key Bridge Advisors, LLC
Eric Piscini, Swirls Labs
Lionel Chocron, Swirls Labs
Christian Hasker, Swirls Labs
Atul Mahamuni, Swirls Labs
Cate Papez, Swirls Labs

Summary of actions taken at meeting:

- Revision to Travel Reimbursement Policy. Hedera's travel policy provides that the Council will reimburse directors, committee chairs, and one representative per Council member for travel costs to attend in-person meetings. Council members revised the travel policy so that such costs would only be reimbursed if tickets are purchased at least sixty days prior to the meeting (provided that at least 90 days' notice is given of the meeting date).
- Approval of Code Changes. Council members approved the development and implementation of certain changes to the staking rewards algorithm as presented at the meeting.

Actions taken or ratified by the Hedera Council by written consent (May 19 – June 14, 2023): None

Call to Order & Introductions

Brett M. called the meeting to order and the agenda was adopted.

Brett McDowell
Chair & President



Singapore Council Meeting: Logistics

Brett McDowell
Chair & President

Brett M. discussed dates for an in-person Q4 Council meeting and other activities taking place in Singapore, including Singapore FinTech week (at which Hedera will have a presence).

Council members decided to hold the meeting during the week of November 6, 2023, with the meeting lasting three full days and a Board meeting taking place on the fourth day. Brett M. discussed budgetary considerations and noted that Council members should expect modest accommodations.

Discussion ensued regarding Hedera's travel reimbursement policy, which covers travel and lodging expenses for one Council member representative as well as each individual elected to a leadership position (Directors and Chairs). After being moved and seconded, Council members **REVISED** Hedera's travel reimbursement policy as follows: as long as the meeting dates are selected at least ninety days in advance, the Council will reimburse the cost of flights made at least sixty days in advance of the meeting.

Board Allocation Request: Ecosystem & Open-Source Development

Brett McDowell
Chair & President

Tom S. discussed the history of the allocation of coins from Hedera's Treasury for ecosystem development. On July 14, 2021, Council members approved the allocation of 10.7 billion hbars from Hedera's treasury to an account controlled by the Board to be distributed for ecosystem development purposes. Brett M. added that, although the Board typically controls the budget for fiat spending, unallocated coins from Hedera's Treasury are controlled by the Council members.

Tom Sylvester
General Counsel

Board members Tasker G. and Monique M. explained that the Board's initial allotment for ecosystem development is fully allocated towards existing commitments, including grants to The HBAR Foundation, the Hashgraph Association, and the DLT Science Foundation. For that reason, the Board is requesting an additional one billion hbars in order to further advance ecosystem development and open-source initiatives. One director expressed opposition to the request on the grounds that such allocation requests should provide more detail to the Council members on the expected uses of the coins.

Council members discussed the request and the Board's expected use of such an additional allocation. Board members confirmed that there are no exigent circumstances underlying the request. Following the discussion, the Board agreed to withdraw its proposal and present a more detailed proposal at the July Council meeting with more information on the expected use of any such additional ecosystem allocation.

Executive Session

Brett McDowell
Chair & President

The Council then entered executive session to discuss a Council recruitment question involving a prospective member.

Proof-of-Stake Task Force Recommendation for a Code Change

Brett McDowell
Chair & President

Brett M. discussed the Proof-of-Stake Task Force, which has been meeting roughly twice a week since the May Council meeting. The Proof-of-Stake Task Force has been discussing and analyzing proof-of-stake security models, different staking structures, reward models, and other related topics. The Proof-of-Stake Task Force does not have decision-making authority but is tasked with researching, deliberating, and making recommendations about Hedera's proof-of-stake model.

Brett shared that the Proof-of-Stake Task Force was prepared to recommend a change to the staking rewards algorithm. The proposed changes would enable a dynamic, code-based staking reward model that would automatically and gradually increase or decrease over time in accordance with the amount of coins in account 0.0.800 (which is funded by donations and transaction fees and is not funded directly by the Council). Currently, the staking reward rate is fixed at 6.5% until the balance of hbars in account 0.800 runs out, at which time the reward rate would immediately drop to a de minimis rate. The proposed code changes would create a dynamic reward rate that would react to various parameters (including a certain threshold balance in account 0.0.800, the



maximum percent of total hbar supply that can earn staking rewards, and the maximum staking reward rate).

Discussion ensued regarding the proposed code changes. After being moved and seconded, Council members **APPROVED** the development and implementation of the code changes as presented and described herein. The approved code changes are expected to ship in August.

Council members also addressed the decision on June 15, 2022, to authorize CoinCom to select and adjust the specific staking parameters provided that at least five Council members vote to approve the settings. Council members agreed to consider the resolution in light of current conditions and to review the delegation of authority at the July meeting.

The meeting was adjourned.