H Hedera Hashgraph

Hedera Council Meeting Minutes

Date: July 14, 2021

Time: 6:00 – 8:00pm ET

Location: Teleconference

Attendees:

Avery Dennison: Max Winograd, Pradeep Iyer
Boeing: Brian Jeffords
Chainlink: David Post, William Herkelrath
Dentons: Kenneth Oh
DLA Piper: Scott Thiel, Mark Radcliffe
EDF: Heidi von Korff
eftpos Australia: Rob Allen, Ben Tabell
FIS/Worldpay: Micah Kershner, Che Cabreros
Google: Simonas Baksys, Rich Widmann, Atul Luykx
IBM: Paul Tippett
LG Electronics: Samuel Park, Jaewook Kim
Magazine Luiza: Simon Olson
Nomura: Akira Iwasaki, Sohail Khalid
Shinhan: Do Hyung (Andrew) Kim, Daseob Lee
Standard Bank: Gideon Rossouw
Swirlds: Bill Miller, Arlan Harris
Tata Communications: Ankur Jindal
University College London: Nikhil Vadgama, Juan Ignacio Ibanez

Members Not Present
Deutsche Telekom
Wipro
Zain

Hedera Officers/Staff:

Mance Harmon, CEO
Dr. Leemon Baird, Chief Scientist
Young Cho, CFO
Brett McDowell, Executive Director
Natale Furman, General Counsel
Lionel Chocron, Chief Product Officer
Christian Hasker, Chief Marketing Officer
Samuel Brylski, Chief Compliance Officer & Regulatory Counsel
Tom Sylvester, Assoc. General Counsel & Secretary
Atul Mahamuni, SVP of Products
Rachel Epstein, Corporate Counsel
Donald Thibeau, Director, Product Management
Josh Planton, VTM Group

Summary of actions taken at meeting

- Minutes approved. Council Members approved the minutes from the Council meeting held on May 12, 2021.
- Treasury Allocation for Ecosystem Development. Council Members approved the transfer of $2 billion worth of hbars from the Hedera Treasury to a separate account controlled by Hedera's Board, with such funds to be disbursed by the Board in a prudent manner for the purpose of funding Hedera network ecosystem development efforts. Council Members further agreed that such $2 billion HBAR allocation (10.7 billion hbars) was expected to include an allocation of $1 billion worth of hbars (5.35 billion hbars) and fiat to the HBAR Foundation based on the strength of their RFP proposal, with grant terms to be negotiated and approved by the Board, provided such terms should include an observer seat for Hedera on each of the Foundation's board and grant committee.
- Budget Approval. Council Members approved the allocation of 4,393,150,000 HBAR for H2 2021 budget.
- HUG Renaming. Council Members approved changing the name of the Hedera User Group to the Hedera Enterprise Alliance.

Call to Order & Introductions

Brett McDowell
Executive Director

Brett M. formally called the meeting to order and welcomed Council Members to the fourth Council meeting of 2021.

After being moved and seconded, the Council Members unanimously approved the agenda as presented for the meeting. Brett welcomed new members and allowed them a few minutes to introduce themselves.

CEO Update

Mance Harmon
CEO

Mance H. summarized the history of Hedera from inception through opening the network for public use through to the present day. He noted that projections from 20 Hedera Network clients suggest network usage is forecasted to increase over the next few years to 1 billion transaction per month. Mance H. also discussed the growth of on-ramps and momentum around enterprise adoption.

Secretary Report

After being moved and seconded, the Council Members unanimously approved the minutes from the Council meeting held on May 12, 2021.

Tom Sylvester
*Secretary & Assoc.
General Counsel*

Tom S. noted that a version of the Hedera LLC agreement with updated schedules had been posted to Hedera's website.

Ecosystem Grant Programs (Executive Session)

Brett McDowell
Executive Director

The Council meeting moved into executive session to discuss network ecosystem grant programs.

In the executive session, the Council Members approved the following resolutions:

> RESOLVED, that the Council hereby approves the transfer of $2 billion worth of hbars[1] from the Hedera Treasury to a separate account controlled by the Board of Directors, with such funds to be disbursed by the Board in a prudent manner for the purpose of funding Hedera network ecosystem outreach and development efforts.

> RESOLVED, such allocated funds are expected to include a grant of $1 billion worth of hbars and cash to the HBAR Foundation (the "Foundation") based on the strength of their RFP Proposal, subject to final grant terms negotiated by the Board that must include, but are not limited to, (a) a non-voting seat on the Foundation's Board filled by a person selected by the Hedera Board, and (b) a non-voting seat on the Foundation's grant committee filled by a person appointed by the Hedera Board.

2021 Budget

Young Cho
CFO

Young C. reviewed the proposed 2021 HBAR budget request for 4,393,150,000 hbars.

Young C. confirmed that the terms of the sale of hbars to Immutable Holdings had been agreed. Young C. also presented a proposal for a joint venture Hedera ecosystem fund of $50 million, which would be funded 50% by Hedera and 50% by a venture capital firm.

Brett M. noted that the 6-month budget requests to the Council Members occur due to a security policy established by the Council Members in 2019. After being moved and seconded, the Council approved the allocation of 4,393,150,000 HBAR for the H2 2021 budget.

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[1] Note: This approval resulted in an allocation of 10,700,337,060 hbars, as $2 billion worth of hbars was calculated as of the meeting date using the 30-day trailing average closing price of hbars on coinmarketcap.com, which was $0.18691. The number of hbars expected to be allocated to a grant to the Foundation was 5,350,168,530 hbars.

Committee Reports

TechCom

Dr. Leemon B. summarized recent TechCom work, including the approval of network and policy updates, reviewing node and transaction signer statuses, and reviewing and approving the first Hedera Improvement Proposals (HIPs).

Dr. Leemon Baird
Chief Scientist

Dr. Leemon B. reviewed the Hedera Technical Roadmap for Q2, Q3, and Q4 2021, giving details on roadmap items completed in Q2, and updates to the roadmap since the last Council meeting. Dr. Leemon B. also presented the node and transaction signer status for the Council Members.

Brett M. emphasized the importance of the TechCom discussions and making sure Council Members are involved in the proposals being reviewed and approved within the committee.

CoinCom

Dr. Leemon B. reviewed CoinCom's scope of oversight and responsibility, and summarized CoinCom's recent discussions and decisions regarding staking, pricing, the Hedera grant program, and other topics within its purview.

Dr. Leemon Baird
Chief Scientist

RegCom

Natalie F. noted that RegCom has been focused on reviewing Hedera's regulatory posture, and what further steps Hedera could take to strengthen Hedera's regulatory positioning. Such review included the legal and regulatory status of hbars.

Natale Furman
General Counsel

Network Utilization

Brett M. shared with the Council Members a request to include Council Member names next to their respective nodes on status.hedera.com. Some Council Members noted that they do not publish their data center locations and requested more time to discuss this request. It was agreed that the topic should be reviewed in TechCom as a potential change to the Node Policy.

Brett McDowell
Executive Director

Brett M. encouraged Council Members to participate in the Hedera User Group (HUG), sharing with the Council the recent decision to move the group's meetings to a semi-private status with participation occurring under Chatham House Rules. He noted that the HUG Co-Chairs would like to relaunch the program as the Hedera Enterprise Alliance. It was agreed to update the name of the Hedera User Group to the Hedera Enterprise Alliance.

The meeting was adjourned.