Hedera Council Meeting Minutes

Date: February 19, 2019
Time: 8:30 – 5:00pm
Location: Signiel Seoul,
Seoul, South Korea

Attendees:

Representatives from:
Deutsche Telekom
DLA Piper
Magazine Luiza
Nomura
Swirlds
Swisscom Blockchain

Hedera Officers/Staff:
Mance Harmon, CEO
Leemon Baird, Chief Scientist
Brett McDowell, Executive Director
Tom Trowbridge, President
Natale Furman, General Counsel (*via video*)
Christian Hasker, CMO
Jordan Fried, SVP, Global Business Development
Zenobia Godschalk, VP, Communications
John Larre, VP, Finance
Tom Sylvester, Associate General Counsel

Introductions, Orientation, & Formative Actions	Lead
Welcome & Introductions • Brett M. welcomed the meeting attendees and called the meeting to order.	**Brett McDowell** *Executive Director*
Review Hedera Council Governance • Mance H. presented Hedera's governance model and explained how it was designed to ensure expert, effective governance that is decentralized and, unlike "open source" platforms, has the ability to prevent destabilizing "forks."	**Mance Harmon** *Co-founder & CEO*
Review Hedera's Technology • Leemon B. provided an overview of the hashgraph technology, described how it is fast, fair, secure, and stable, and identified four generations of distributed ledger technology.	**Dr. Leemon Baird** *Co-founder &* *Chief Scientist*
Countersign LLC agreements • Mance H. and Leemon B. countersigned the Amended & Restated Limited Liability Company Agreement of Hedera Hashgraph, LLC, which formally admitted the Council Members to the Hedera Council.	**Mance Harmon** *Co-founder & CEO*
Process for approving actions of the Council • Brett M. described the process for formal actions of the Council as follows: o A member makes a motion; o Another member seconds the motion; o Members discuss the motion (and members are generally limited to speaking twice during discussion of a motion); o The meeting chair puts the motion to a vote; o The meeting chair announces the vote results and what happens with the motion.	**Brett McDowell** *Executive Director*

Recognize the initial Council and establish Executive Director & Vice Chair role After being moved and seconded, the Council Members unanimously approved the following resolutions: • **Council Resolution of Formation:** *RESOLVED, that the Members hereby recognize the establishment of the Council and the initial meeting of the Members on February 19, 2019.* • **Council Resolution to establish Executive Director & Vice Chair:** *RESOLVED, that the Council hereby establishes the position of Non-Voting Vice Chair of the board of managers of the Council (the "Board"), which shall perform the duties of the Chair when the Chair is absent or when the Chair seat is vacant; and it is further RESOLVED, that the Council hereby establishes the position of Executive Director, which shall be appointed by and shall report to the Council's Chief Executive Officer and shall serve ex officio as the Vice Chair of the Board and Council.*	**Brett McDowell** *Executive Director*

Executive Reports	
CEO Report & 2019 Strategy • Mance H. discussed preparations to transition the Hedera network to "Open Access," when anyone could create an account on the platform, any developer would be able to build applications on the platform, and the initial distribution of hbar coins to investors, partners, community members, and management would occur. Hedera is targeting "Open Access" to occur in summer 2019.	**Mance Harmon** *Co-founder & CEO*
Technology Report & 2019 Roadmap • Leemon B. discussed the state of the network, which was launched in August 2018, and the related services and features, including cryptocurrency accounts, file storage, smart contracts, SDKs, software wallets, and phase 1 of the community testing program. Leemon B. also discussed the roadmap for 2019, which included improvements to the platform and the second phase of the community testing program.	**Dr. Leemon Baird** *Co-founder &* *Chief Scientist*
VP Finance Report & 2019 Budget • John L. discussed Hedera's cash balance after completing its fundraising, spending to-date, and the 2019 budget.	**John Larre** *VP of Finance*
SVP Business Development Report & 2019 Pipeline • Jordan F. discussed the recruitment of Council members, the envisioned Hedera University Partnership Program, and examples of applications that are being developed on the Hedera platform.	**Jordan Fried** *SVP, Global Business Development*
CMO Report & 2019 Marketing Plan • Christian H. discussed key milestones in the development of the Hedera network and efforts to build and educate a global community of developers at both enterprises and start-up companies. • Zenobia G. discussed media coverage of Hedera to-date and the plan to ensure all public communications are in-line with Hedera's values of transparency, credibility, and respect.	**Christian Hasker**, *CMO* **Zenobia Godschalk** *VP, Communications*
General Counsel Report • Natalie F. discussed Hedera's goal of being the standard bearer for legal and regulatory compliance in the DLT industry, steps taken to-date, and future plans to ensure a stable, compliant roll-out of the Hedera platform.	**Natalie Furman** *General Counsel* **Tom Sylvester** *Assoc. General Counsel*

Hedera's Board of Managers & Committees (Call for Participation)	
Initial Board of Managers Recognition • Mance H. and Tom S. provided an overview of Hedera's Board of Managers including its members, responsibilities, and election process.	**Mance Harmon** *Co-founder & CEO*
Council Committees	
Audit Committee & Finance Committee • John L. described the roles and responsibilities of the Audit Committee and the Finance Committee, and noted that, at least initially, the audit functions may be the responsibility of the Finance Committee.	**John Larre** *VP of Finance*
Membership Committee • Brett M. described the roles and responsibilities of the Membership Committee.	**Brett McDowell** *Executive Director*
Technical Steering & Product Committee • Leemon B. described the roles and responsibilities of the Technical Steering & Product Committee.	**Dr. Leemon Baird** *Co-founder & Chief Scientist*
Legal & Regulatory Advisory Committee • Tom S. described the roles and responsibilities of the Legal & Regulatory Advisory Committee.	**Tom Sylvester** *Assoc. General Counsel*
Marketing Advisory Committee • Christian H. described the roles and responsibilities of the Marketing Advisory Committee.	**Christian Hasker** *CMO*
Brett M. discussed the importance of Council member participation on the committees and encouraged Council members to participate in committees in which they had interest and/or expertise.	**Brett McDowell** *Executive Director*
Treasury Management	
Introducing Treasury & Treasury Management • Tom T. provided a history of Hedera's fundraising to-date and described Hedera's plans for a slow, measured release of coins to ensure the stability and security of the network.	**Tom Trowbridge** *President*
Preview Council Authorization Logistics for Treasury Management • Leemon B. explained that the Council will be responsible for the transfer of coins from the Hedera Treasury account, the addition and removal of nodes (at least initially), and to update the platform's software. Leemon B. noted that at least two-thirds of the Council will need to sign a transaction for it to take effect, and that Hedera is making plans to transition digital keys to the Council members over time.	**Dr. Leemon Baird** *Co-founder & Chief Scientist*
Review & Discuss Proposed Plan for Open Access • Mance H. discussed the proposed plan for the network's transition from its testing phase, during which access is restricted to a limited number of developers and users, to "Open Access," when anyone may open an account on the Hedera network.	**Mance Harmon** *Co-founder & CEO*

Council approval of the Open Access plan After being moved and seconded, the Council unanimously approved the following resolution: • ***Council Resolution for Hedera Network Open Access:*** *WHEREAS, access to the Hedera Network is currently restricted to a limited number of developers and end users but the intent is to remove access restrictions at the appropriate time and allow open access to the Hedera Network for all interested developers and end users ("Open Access");* *WHEREAS, the Members agree that Open Access should occur only after the Board agrees that the Hedera Network has met certain technical, regulatory and other milestones ("OA Milestones"), which is currently expected to occur during Q2 2019 at the earliest and Q3 2019 at the latest;* *NOW, THEREFORE BE IT RESOLVED, that the Board is hereby authorized to determine, in their reasonable business judgment, when the OA Milestones have been met and when to transition the Hedera Network to Open Access (the "Open Access Date").*	***Brett McDowell*** *Executive Director*
Council approval of the plan for the initial release of coins After being moved and seconded, the Council unanimously approved the following resolution: • ***Council Resolution for the initial release of coins to SAFT holders:*** *WHEREAS, the Council has issued Simple Agreements for Future Tokens ("SAFTs") through which SAFT purchasers have the right to receive cryptographic coins functional with the Hedera Network ("coins");* *WHEREAS, each SAFT provides that an initial twenty percent (20%) of coins acquired pursuant to the SAFT shall be issued to the SAFT purchaser as promptly as reasonably practicable following the date that is six (6) months after the date of the Network Launch (the "Initial Release") and contains further provisions regarding compliance with applicable law;* *WHEREAS, Network Launch occurred on August 24, 2018 but the Board has determined that for both technical and regulatory reasons an Initial Release to SAFT purchasers prior to the Open Access Date is not reasonably practicable;* *WHEREAS, the Board accordingly recommends that the Initial Release not occur until on or after the Open Access Date and the Members agree with the Board's recommendation;* *NOW, THEREFORE BE IT RESOLVED, that the Initial Release shall occur on or after the Open Access Date; and it is further* *RESOLVED, that the Board is hereby authorized to determine, in their reasonable business judgment, the date on or after the Open Access Date upon which is it reasonably practicable to effect the Initial Release; and it is further* *RESOLVED, that the Board is hereby instructed to inform the Members if it determines that the Initial Release should not occur by the one-year anniversary of the Network Launch.*	***Brett McDowell*** *Executive Director*
Enterprise Roundtable	
A Facilitated Discussion on Enterprise Adoption • Jordan F. led a discussion among the Council members of potential enterprises use cases for DLT.	***Jordan Fried*** *SVP, Global Business Development*
Preview Events in Seoul • Christian H. described the planned events for the Annual Assembly event on February 20, 2019.	***Christian Hasker*** *CMO*

Wrap-Up & Next Steps	
Review key outcomes and action items from throughout the day • Tom S. provided a summary of the approved resolutions and action items.	**Tom Sylvester** *Assoc. General Counsel*
Council Development Plan & Discussion Brett M. discussed plans to develop the Council and supporting organizations and individuals, including: • Recruiting Council members from a variety of industry sectors; • Launching a Participating Organization Program for organizations that may not be able to participate as Council members; • Recruiting a Council Chair; and • Recruiting advisors; and • Revising Hedera's LLC Agreement.	**Brett McDowell** *Executive Director*
Scheduling next Council meeting • Brett M. raised the issue of the next Council meeting, and the members agreed that mid-May in New York City would be a suitable time for the next meeting.	**Brett McDowell** *Executive Director*
Insurance • After being moved and seconded, the Council unanimously approved a motion to create a policy that the Council should have an insurance policy that covers Council members. • John L. and Tom S. agreed to review Hedera's insurance policy and provide an update to Council members on insurance coverage.	**Brett McDowell** *Executive Director*
Wrap-up & closing remarks • Mance H. thanked the Council members for their active participation and contributions during the meeting.	**Mance Harmon** *Co-founder & CEO*
The meeting was adjourned.	