**Hedera Council Meeting Minutes**

**Date:** February 26, 2020
**Time:** 9:00 – 5:00pm CT
**Location:** Hedera Hashgraph Offices
3400 N. Central Expy
Richardson, TX 75080, USA

**Attendees:**

**Boeing**, Brian Jeffords

**Deutsche Telekom**, Friedrich Kurz *(remote)*

**DLA Piper**, Scott Thiel, Johnathan Gill *(remote)*

**Google,** Simon Baksys, Peter Conolly, Zach Jordan, Richard Williams, Thomas Mack *(guest)*, Richard Widmann, Sri Varada

**FIS (Worldpay),** Micah Kershner, Che Cabreros

**IBM**, Bryan Gross

**Magazine Luiza**, Simon Olson *(remote)*

**Nomura**, Akira Iwasaki *(remote)*

**Swirlds**, Bill Miller

**Swisscom**, Kamal Youseffi

**Tata Communications**, Ankur Jindal *(remote)*

**Wipro,** Maneesh Grover

*Hedera Officers/Staff*

Mance Harmon, CEO

Dr. Leemon Baird, Chief Scientist

Brett McDowell, Executive Director & Vice Chair

Natale Furman, General Counsel *(remote)*

Lionel Chocron, Chief Product Officer

Christian Hasker, Chief Marketing Officer

Tom Sylvester, Associate General Counsel

Atul Mahamuni, SVP of Products

Jordan Fried, SVP, Global Business Development

John Larre, VP of Finance & Treasurer

Nigel Clark, SVP of Partners and Industries *(remote)*

Rachel Epstein, Corporate Counsel *(remote)*

**Invited Guests:**

**Avery Dennison** - Pradeep Iyer

**AdsDax** - Ian Mullins *(remote)*

**Acoer** - Jim Nasr *(remote)*

**Armanino** - Noah Buxton *(remote)*

**Minute Taker:**

**VTM Group** - Josh Planton

**Members Not Present:**

*All members were present.*

| *Call to Order and Introduction* | ***Brett McDowell*** |
|---|---|
| | *Executive Director &* |
| | *Vice Chair* |

Brett M. formally called the meeting to order.

Brett welcomed Council Members to the 2020 Q1 Meeting, and new Council Members were provided with an opportunity to introduce their organization and interest in joining the Hedera Council.

*Agenda approved*
After being moved and seconded, the Council Members unanimously approved the agenda as posted.

| *Approval of the Meeting Minutes* | ***Natalie Furman*** |
|---|---|
| | *General Counsel* |

After being moved and seconded, the Council Members unanimously approved the meeting minutes from December 11, 2019, with a minor amendment.

***Executive and Finance Report***

***Mance Harmon***
Co-Founder and CEO

Mance H. provided an overview of Hedera's history, progress, and milestones. He then reviewed and provided an update on Hedera's key performance indicators (KPIs) that the Council Members adopted for measuring progress and success in 2020 in the areas of utilization, finance, reliability, membership, and culture.

*Budget Summary*

***John Larre***
Treasurer

John L. provided a briefing on the Hedera 2019 actual operating costs, cash balance and estimated 2020 budget, which will be distributed to the Board for its approval. John L. continued by reviewing a 36-month operating plan.

***Technology & Product Report***

***Dr. Leemon Baird***
*Co-founder & Chief Scientist*

Leemon B. provided a summary of the four Hedera network services and the advantages of the Hedera Consensus Service (HCS) to meet user expectations in security, transparency, finality, and speed of the network. He described how HCS enables organization and timestamp management of messages being sent by one or multiple private networks utilizing a mirror node to transfer encrypted data between parties. Leemon B. clarified that access to protected files would be managed by the private network user, and that whichever mirror nodes are utilized in the transfer would not affect network consensus.

*HCS Demonstration*

***Lionel Chocron***
Chief Product Officer

Lionel C. shared a demonstration of the Hedera Consensus Service, noting that mirror nodes could store some or all of the network's transaction history. Lionel C. confirmed that the current mirror node latency is approximately 10 seconds, but with improvements to the network it is expected to reach 2-3 seconds. He noted that HCS allows users of a private network to benefit from the trust that comes with verifiable time-stamped transactions on Hedera's public network. Additionally, the network source code will be available for review, so users will be able to audit it to make sure the network is working properly.

*2020 Roadmap*

Lionel C. reviewed the 2020 Hedera network roadmap, which in Q1 saw the delivery of HCS, a mirror node upgrade, developer SDKs (including Java), and the integration of the Ledger hardware wallet. Still expected are system recovery and transaction tools, wallet integration with Kingdom Trust, a Hyperledger plug-in, and a tokenization demo. Additional rollouts of demos and developments in the Hedera ecosystem, developer tools, network/Council operations, and mainnet/mirrorrnets are expected throughout 2020.

***Network Utilization: Dapp Case Studies***

***Christian Hasker***
*Chief Marketing Officer*

Christian H. welcomed and introduced a series of real-world dapp case studies presented remotely by a sample of innovative developers already deployed on the Hedera network—AdsDax, Acoer, and Armanino.

*AdsDax*

***Ian Mullins,***
*CEO and Founder, AdsDax*

Ian M. provided the Council Members with a summary of AdsDax's services and an overview of their platform. He said that AdsDax's business model was not able to reach scale until it started using Hedera, which also resolved issues such as trust, operational inefficiencies, and transparency for AdsDax customers. Ian M. noted that the cost to AdsDax is substantially lower while utilizing Hedera, while also reducing payment times by utilizing Hedera's cryptocurrency service and providing auditable records for AdsDax.

*Acoer*

Jim N. summarized for the Council Members his background in healthcare software development and provided a synopsis of Acoer's two platforms: HashLog and HashLoad. The HashLog platforms utilizes a combination of machine learning and Hedera's network to reach consensus on healthcare trends so researchers can gain insight into medical issues such as recent viral epidemics. HashLoad is a secure data file sharing platform for use in clinical research or for legal purposes. He demonstrated how each platform works when integrated with a service such as DragonGlass or Kabuto, which add integrity to the data collection process for HashLoad users.

*Armanino*

Noah B. reviewed Armanino's history, and their dedicated blockchain and cryptocurrency practice which serves approximately fifty companies. Noah B. relayed that the benefit of using Hedera Hashgraph to gain real-time audit capability and transparency through the use of mirror nodes has allowed Armanino to begin to wrap a compliant auditing program around a key business venture by offering a transparent auditing and compliance reporting setup for enterprises and other publicly traded companies.

**Network Utilization: Enterprise Use Cases**

Lionel C. shared that enterprise use cases have been channeled through both private networks and direct engagements with Hedera. While private network developers have been focused on ordering and interconnectivity activities (e.g. supply chain management), enterprise developers working directly with Hedera have been slanted more towards establishing publicly auditable logs of private B2B messages and events, and decentralized identity management use cases.

A few Hedera Council Members presented use cases currently in development with Hedera staff and Lionel C. gave an assessment on work timelines for additional developments.

**Committee Reports**

*Incentive Program Proposal from Network Utilization and Growth Committee (GrowthCom)*

Jordan F. reviewed the GrowthCom proposal with Council Members, noting that GrowthCom has spent considerable time studying different grant and incentive programs within the ecosystem to determine how best to encourage new developers to start using and testing the Hedera network. The business development team has been working on building up a pipeline of potential developers who are interested in working with Hedera, and possibly joining the Hedera Council, but are in need of assistance in offsetting up-front costs.

To help facilitate the business development team's efforts, GrowthCom recommended that the Council re-allocate 1 billion hbars to a community incentives program, which is overseen and managed by Hedera's Board of Managers. Jordan F. went on to explain that the objective of the proposal is to accelerate the time it takes to approve hbar grants for developers.

Simon O. suggested that the business development team also work to establish parameters for tracking use of the allocated hbars and set up a program to reallocate hbars away from developers not utilizing them. Council Members agreed with Simon O.'s suggestion and added that parameters should be determined and set prior to any distribution of hbars. Jordan F. agreed to work with the Board in determining parameters on a case-by-case basis for each hbar allocation under the incentives program.

**Jim Nasr,**
*CEO and Founder,*
*Acoer*

**Noah Buxton,**
*Auditor, Armanino*

**Lionel Chocron**
*Chief Product Officer*

**Jordan Fried**
*For GrowthCom*

The Council discussed adding a percentage limit to the total number of hbars which are allocated to a single developer. Jordan F. suggested instead that the Council leave it to the Board's discretion to inform the Council of any possible hbar distributions which will include a substantial percentage of the hbars available within the program, to which the Council agreed.

After being moved and seconded, the Council Members passed a motion to approve the reallocation of 1 billion hbars to a community incentives program, on the condition that the Board determine metrics for success of any proposal before approving any hbar grants, and the metrics shall align with the network utilization aspect of Hedera's corporate KPIs. It was noted that the Board also take into consideration the overall percentage of any single allocation of hbars within the program when making a decision, as well as the nature of the grant and potential grant recipient. Google abstained from the motion.

*Indemnification Letter Proposal from Legal & Regulatory Committee (RegCom)*

*Natalie Furman*
*For RegCom*

Natalie F. recapped the limitation on the liability of Council Members through Hedera's LLC Agreement and insurance policies. Natalie F. noted that RegCom also proposed that the Council approve the use of a typical indemnification letter agreement with each Council Member.

Natalie F. noted that the Board of Managers has the ability to approve the letter, but she wanted to bring it to the Council's attention. There were no objections from the Council to proceeding with the distribution of the indemnification letter once it is approved by the Board.

Additionally, Natalie F. shared that the legal team is working on a Governance, Risk, and Compliance (GRC) Dashboard and a paper focusing on GDPR and privacy laws in relation to a DLT such as Hedera. Natalie F. also briefed the Council on Hedera's employee transaction policy, which is akin to an insider trading policy, and how that policy has been implemented. Council Members confirmed that such policy should also be applied to third-party contractors in addition to Hedera staff and Council Members.

*Council Membership Criteria Proposal from MemCom*

*Brett McDowell*
*For MemCom*

Brett M. reviewed the objectives and tasks of MemCom and clarified that per the LLC Agreement, the Committee would not become operational until after the 38th Council Member is appointed. In an effort to help streamline committee workloads and allow the business development team to continue to work efficiently, MemCom is recommending that the Council consider suspending all MemCom activities until the 38th Council Member is appointed and its functions are required per the LLC Agreement.

Brett M. noted that the Council should also consider looking for ways it can encourage diversification of use cases and geographic headquarters amongst its Members. A use case tree was discussed, and Brett M. suggested discussion of the development of such a resource with the business development team. The Council also discussed addressing diversity amongst the individuals participating in the Council and committees. It was agreed to address this issue at a later time, once the issue had been studied and a recommendation drafted.

After being moved and seconded, the Council Members unanimously approved the motion to suspend all MemCom activities until the 38th Hedera Council Member is appointed.

*Committee Consolidation Proposal from Vice Chair*

**Brett McDowell**
*Executive Director &
Vice Chair*

Brett M. next reviewed the history of the Hedera Committees and provided a recommendation to consolidate several of the committees in order to make them operate more efficiently. Brett M. added that he has already spoken with all the Committee Chairs regarding the proposal.

Given the Board is the group currently overseeing operational governance on a regular basis, it is recommended that budget management be handled by the Board, as opposed to the separate Finance Committee (FinCom). Under the proposal, FinCom's activities would be suspended.

Brett M. went on to explain that the proposal called for an expansion of the MarCom charter scope to include oversight of all advocacy and education programs. Finally, the incentive program structuring overseen by GrowthCom and coin economics overseen by PriceCom would be combined under a single new group called the Treasury Management & Coin Economics Committee (CoinCom).

This proposal would leave the Council with the following active committees:

- Technical Steering & Product Committee (TechCom)
- Marketing Advisory Committee (MarCom)
- Legal & Regulatory Committee (RegCom)
- Treasury Management & Coin Economics Committee (CoinCom)

Brett M. went on to review the proposed charter for the CoinCom, noting it would be responsible for providing feedback to the Council on all Treasury- and coin economics-related items.

After being moved and seconded, the Council Members unanimously approved the proposal for committee consolidation as well as the Charter for the Treasury Management and Coin Economics Committee (CoinCom).

*Other Governance Matters*

**Brett McDowell**
*Executive Director &
Vice Chair*

*Process for Filling the Open Board Seat*

Brett M. informed the Council Members that the process for filling the remaining open Board seat is in the LLC Agreement, and asked for any formal nominations to be sent to him.

*Amendments to the LLC Agreement*

**Thomas Sylvester**
*Associate General
Counsel*

Tom S. shared that he will be sending out a draft redline of the LLC Agreement with proposed changes, such as clarifying that a new Council Member will formally join the Council when such Council Member is disclosed publicly on Hedera's website, instead of the date the joinder agreement is executed. Other proposed amendments include explicitly providing the Board with the ability to create Board committees, updating the indemnification language to include Council Member representatives, moving the list of Hedera's officers to a separate schedule, and adding the Council's responsibility for Treasury management into the agreement. There were no comments or questions from Council Members on the proposed changes.

### Decentralized Governance

*Dr. Leemon Baird*
*Co-founder & Chief*
*Scientist*

*Transaction Signing and Hardware*

Leemon B. reviewed the process for approving the transfer of coins out of Treasury and provided a demonstration of the signing process. Dr. Leemon B. went on to explain the revised node requirements as well as the transaction signing requirements. Treasury transfers of unallocated hbars will require a majority of Council Members, but key updates, node changes and software updates will require the approval of at least two-thirds of the Council Members.

Leemon B. answered questions from Council Members on the process and provided additional guidelines for how each Council Member should improve security. He concluded by emphasizing that this is a huge milestone in enhancing security and decentralizing governance of the Hedera network.

*Introducing New Members Area*

*Brett McDowell*
*Executive Director &*
*Vice Chair*

Brett M. shared with the Council Members the newly launched member website on Causeway and introduced Josh Planton to the Council Members as the recently appointed administrator who will provide secretariat services to the Hedera Council and committees.

### Interactive SWOT Planning Session

*Leadership Team*

Brett M. lead the Council Members in identifying and defining strengths, weaknesses, opportunities, and threats based upon discussion and assumptions amongst Council Members.

Due to time constraints, Brett M. agreed to work after the meeting on cleaning up the identified strategy topics under each category for the Council's review.

### Plan Logistics for the Q2, Q3, & Q4 Council Meetings

*Brett McDowell*
*Executive Director &*
*Vice Chair*

Brett M. recapped the Council's decision to hold quarterly meetings, and there were no objections to continuing with the same cadence in 2020. Brett M. noted that in addition to the frequency of the Council meetings, the Council should also consider the duration of the meetings and addressing concerns around travel approvals by selecting locations based on industry events to help maximize in-person participation.

Nigel C. joined the meeting to provide the Council Members with a recommendation for hosting a Council meeting in India, given recent progress being made there and potential Council Members he believes the Council could engage with while in the region.

*Nigel Clark*
*SVP, Partners &*
*Industries*

It was agreed that a poll will be sent out to confirm meeting dates which work for Council Members and then begin the planning of the Q2 and Q3 Council Meetings.

### Executive Session

*Council Member*
*Volunteer*

Hedera officers and staff then left the meeting and the Council Members met in an executive session. In the executive session, the Council Members unanimously approved a resolution to have the Executive Director be an officer of the Council that reports directly to the Board.

After the executive session, the meeting was adjourned.