July 21, 2022

Proposal for Settings Changes for the Public Seeds Sale by the SEEDS Commons (see step 6 in outline below).

Passed in Governance Mode (July 21, 2022)

usd_per_seed: $0.015 USD == 1 Seed
seeds_per_round: 750,000
Percent_price_adj_per_round: 1.5%

Total Sale Revenue on 79m Seeds == $2,848,834
Price of last Seed sold is 7.16 cents

[A] We will then review the technical steps below with Hypha to see when the implementation can be scheduled. People buy Seeds with EOS/BTC right now, but we like to think about people buying them with USD. SEEDS Commons will need to make treasury decisions relative to the receipt of the proceeds of sales from Hypha. Will will need to setup capacity for treasury management in the SEEDS Commons.

[B] Prior to implementation, we need an agreed Communication Plan and schedule.

[C] Proposal for initial multi-sig treasurers for SEEDS Commons: Mark, Sorin, Apostol

Outline of Steps to Transfer Public Seeds Sale from Hypha to the SEEDS Commons

December 15, 2021

This is a high-level overview for feedback and discussion. The goal is to agree to the implementation plan, estimate the time to develop and test, and schedule a date for deployment. The intention of this outline is to identify the simplest path to transfer the Public Seeds Sale to the SEEDS Commons.

Additional functionality or requirements desired can be coordinated at a later time.

1. Pause the system

2. Move full Seeds balance from tlosto.seeds back to seeds.hypha.

3. Setup multi-sig for account “seedscommons”.

4. Move full Seeds balance from milest.seeds to seedscommons.

5. SEEDS Commons then moves desired amount of Seeds to tlosto.seeds.

6. SEEDS Commons provides settings configuration for tlosto.seeds operations (for example, current_seeds_per_usd, seeds_per_round, percent_price_adj_per_round, and any others that are needed).

7. Hypha makes smart contract changes as needed to implement the following behavior:

    a. When the system receives money designated for the purchase of Seeds (which will be automatically transferred from tlosto.seeds to a destination user account), this money currently arrives in the form of either EOS, BTC, or HUSD. Based on various external oracles and such, there is some USD-equiv amount determined as the value of the received money, and there is a destination user account. The money is received (in effect deposited) into the Hypha Treasury.
    b. At the same time that the money is deposited into the Hypha Treasury, we want the following **new behavio**r: that same amount of USD-equiv will be

automatically minted and issued as HUSD tokens, and they will be sent to the seedscommons account.

c. The system then triggers a **new action** in tlosto.seeds (which includes as arguments: the destination account for the Seeds, the amount of USD-equiv in Seeds to be sent, the transaction id of the HUSD transfer to seedscommons, and maybe some additional information). The smart contract in tlosto.seeds then validates the HUSD transaction was completed with the correct amount and that the Seeds have not already been sent for this transaction id (i.e. not a duplicate request to release Seeds). Then it does some computations to determine the correct number of Seeds that are needing to be sent to the destination account (using Seeds per USD and the amount left in the round). Unless there is some sort of exception (e.g. more than the max number of Seeds this week for the destination account, or other exceptions), then the Seeds are sent out and it records that this request to send Seeds has been satisfied.

8. Once software and configuration changes are made, tested, and deployed, then the system is ready to be restarted. Prior to restarting, the tlosto.seeds account should have its multi-sig authority updated so SEEDS Commons hold the keys for any further modifications.

9. Restart the system.

SIDE QUESTIONS:

In the website people use to buy Seeds (link), there is a script telling people where to send their money. For EOS, it says to send to thehyphabank (with user account as memo). For BTC, it says to send to a private BTC address, but I don't know where it gets that address (presumably stored on-chain somewhere). For credit cards (via ramp.network), they coordinate buying the BTC for you, and we tell them the destination BTC address to send to (the same private one used for BTC).

What security do we have in place to make sure the above all works properly?? We don't want someone to be able to modify the website maliciously and cause people to send their money to the wrong destination.

Additionally, what current monitoring tools are in place to recognize any failure in the whole system of buying Seeds? For instance, someone might send EOS or BTC or

HUSD, but the system has some sort of exception that causes it to fail to complete the transaction successfully (i.e. does not send out the Seeds). We see that this happens from time-to-time, and sometimes it is caught pretty quickly, but other times people report the problem and it might take a while for someone (i.e. Nik) to figure it out and get the system working again. We should document in detail the current monitoring tools, and then decide how they could be improved.

Comments:

(From Nik)
Basically that makes Hypha a payment service provider for Seeds Commons.

Hypha needs to be compensated for this, since it generates effort on our end.

Currently, all the cash is going to Hypha. Therefore, the cost associated with the payment system is implicitly carried by Hypha. The cost is maintaining backend systems, fixing errors, dealing with customer reports - things like that.

So we need to get clarity on who does this - initially Hypha but eventually would be neat if this could be split off; and then, how this service is maintained, and who pays for it. Seeds Commons could pay for this in Seeds, I think that would be OK for Hypha.

I don't want to have "free" services provided since that creates conflicts of interest, if the Seeds Commons participants have no cost and all the benefits. It creates misalignment and conflicts will come from that.

Similarly, contract work and so on will need to be fleshed out.

Mark has said that Hypha has an interest in Seeds succeeding but that's not good enough. We need to have clear payment structures, and effort needs to be compensated. Otherwise we end up in a mess where most likely Seeds Commons will hate on Hypha for not doing their job good enough, and Hypha will hate on Seeds Commons for getting stuff for free and complaining. The solution to all this is very simple: Have a clear value exchange. Without this, humans will become very unhappy. Clarity solves this. That also paves a way for outsourcing these services from Hypha - it should be structured such that another entity can take over these services.

(From Mark)
Totally agree. And, yes, the compensation price has always been part of the design. Each DHO in the SEEDS Commons makes 3 month contribution proposals for the

services they provide. This will be easier to implement once SEEDS Commons is an actual DHO doing everything on chain. It will be great if SEEDS Commons is one of the earliest alpha adopters of Hypha DHO tools, when they are available.

Hypha proposes the price for the service, and SEEDS Commons would then vote to approve. Easy!

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Feb 10, 2022

Further discussions on this topic (FinFlow meeting – Joachim, Nik, Mark).

[Nik]
One suggestion - in your implementation steps, the one thing we can literally do inside 30 minutes is start selling Seeds commons Seeds

That requires no code changes, just moving balances around

And putting seedscommons account under msig, although that's only needed for the second part

The second part is code changes, which are more effort, require unit testing, and so on, and I can get one of the smart contract team on it.
So once we sell seeds commons seeds, the proceed from that are obviously towards the commons
Although another issue is we take in EOS and BTC

If we issue HUSD to commons, we basically start speculating on these coins....
Guaranteeing HUSD payouts but we have BTC and EOS which fluctuate wildly. It would be better to assign the commons the BTC and EOS we take in so we don't have to worry about that.
Maybe HBTC and HEOS
?
We could issue HBTC and HEOS to the commons instead, which are EOS and BTC equivalent IOU coins
Then we could also more easily keep track of these balances
Or maybe we open new BTC and EOS wallets which are property of the commons, initially managed by Hypha, but can later be wholesale handed over to Seeds

Commons (multisig and so on is pretty gnarly to handle on these coins so this requires preparation)
I think issuing HEOS and HBTC is easiest for the time being
Or the contract could even just keep track of EOS and BTC balances taken in

[Mark]
I agree it's very easy for Seeds to be moved from tlosto.seeds back to seeds.hypha.... and then it would also be easy to move Seeds from milest.seeds to tlosto.seeds. All that is needed is the keys/msigs to do that. The good part of doing that is then the Seeds being sold are from SEEDS Commons. But, we still have the same accounting things to solve:

[1] When Seeds are sold, the proceeds stay in Hypha until the SEEDS Commons is ready to take them. So, this is complicated because then Hypha has to deal with this, and keep track of the amount. And, if we think of the liability in HUSD, then as you are correctly pointing out, then Hypha is holding EOS/BTC and it could go up or down, so there is risk/reward for Hypha if they issue the liability in HUSD.

[2] What is a fair compensation to Hypha for providing this treasury service? And, does Hypha want to provide the service via HUSD (and continue managing their own treasury in whatever tokens), or does Hypha was to "distribute" proceeds to SEEDS Commons in the same form they arrived (EOS/BTC)?

[3] As you pointed out last night, this all falls into the larger question of how long will it take for SEEDS Commons to mature to be able to use its "voice" to clearly say what it needs, and properly document as a contract with each DHO providing services? And, just like Hypha, there isn't much working capital. I do think the SEEDS Commons is maturing, but it's going to take more time and expertise.

My recommendation on quick implementation for tlosto.seeds (for now) is this:

[A] Pause the system

[B] Add code to tlosto.seeds contract to keep track of the total received EOS and BTC, starting at zero and increasing with every new transaction. Where would these numbers be stored, and is it easy to confirm they are accurate? I think this is a better approach than creating new liability tokens (HBTC and HEOS).

[C] Remove the ability in tlosto.seeds to accept HUSD. The contract will only accept

EOS and BTC for now. We will deal with HUSD redemption (for Seeds) by Hypha members in a different manner.

[D] Move full balance of Seeds from tlosto.seeds to seeds.hypha

[E] Move full balance of Seeds from milest.seeds to tlosto.seeds

[F] Turn the system back on and confirm working as intended.

If we do this, then the Seeds being sold via the website (http://buyseeds.earth/) will be the Seeds that are owned by the SEEDS Commons. This is the beginning of direct funding for the SEEDS Commons, and this is good. The proceeds (EOS/BTC) will continue to live in the Hypha Treasury, until the SEEDS Commons is ready to receive them. The accounting for the proceeds will live in the tlosto.seeds contract, where it is visible.
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Dec 8, 2022
Discord Note from Chuck:

Thinking about a "reset" option -- going back to before we started talking about bonding curves. We would have

1. Restart the tlosto.seeds public sale with Seeds Commons treasury. The price will follow the stepwise increasing pattern. We could start the treasury function with the existing BTC, EOS capacity, we don't need to add a stablecoin right now.
2. Start up a collaborative sale (new contract). This could pay out in a HUSD-type cash token which is redeemable against the cryptocurrencies in the treasury. This contract will issue transferrable sale-participation tokens (cosale tokens).

At this point I have speculated that a secondary market would organically arise and provide liquidity for the cosale tokens. However I am now thinking we should be more proactive. We should assemble a syndicate of financial participants who commit to buy cosale tokens at or near the tlosto.seeds price. These would be individual buyers participating in the syndicate (no syndicate contract on chain, no business organization) by informal agreement, possibly sharing an escrow agent. They would typically use paypal, worldremit, or some other actual fiat payment service.

The syndicate members are betting that the ecosystem will recover and that their share of the collaborative sale pool will be liquidated at a profit some time in the future.

(Possibly the distant future!) There should be a pool of people who believe this is a good financial bet; we don't have to rely on philanthropy.

If this readily-accessible fiat-for-cosale market is put in place at the beginning, I think it would go a long ways towards establishing trust in the SEEDS v1 token. We may not need to introduce a v2 token (or v1+v2 mashup) in the near future, or perhaps at all.

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