



## DISTRICT STARTUP PLAN

DECENTRALAND'S CYBERPUNK DESTINATION

<https://aetheria.io>

### Executive Summary

The purpose of this document ("Startup Plan") is to set forth the governance and basic economics plan for the startup of the Aetheria district in Decentraland, and the rights of those who contributed Land to the Aetheria district ("Contributors").

This is the document whose ratification authorizes the District Leadership to proceed to structure the district, obtain its land, and begin development of the district as described in this document.

This plan includes by reference the [Aetheria Initial Development Plan](#), which describes the process for development of the district. However, that plan is and will be in flux as technologies change, land allocation occurs, the build commences, and the community begins making policy decisions about land use. If any provision contained in this Startup Plan conflicts with any provision in any other prior district plan or document, the provisions contained in this Startup Plan shall govern and control. If there is a conflict in provisions between this plan and any future articles of incorporation, bylaws, or policies approved by the district organization, those documents shall govern and control.

### Mission

Aetheria exists as an organisation within Decentraland with the goal of realizing cyberpunk ethos and aesthetics that will largely be community developed and driven.

# Revision History

| Version | Date       | Changes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| v3.00   | 2018-06-04 | Preliminary Draft for Review by Leadership Team                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| v3.01   | 2018-06-17 | Further clarifications about the community, the land holding company, the DAO, the Board of Directors and the members of the community DAO, and removed references to being a non-profit corporation.                                                                                                                                                                                                                                                                                                                                                                                   |
| v3.02   | 2018-06-20 | Fixed the font on one section. Resolved all comments. No wording changes<br>Put the version and date in the footer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| v3.03   | 2018-06-29 | Added verbiage to the DAO section committing to dates for DAO initiation proposals and initial DAO approval vote; clarifying the voting mechanisms, quorums, tokens,etc.<br><br>Reduced the term of initial leases (before DAO exists) to 1 year.<br><br>Added "or dividends" after profits in the Benefis section.<br><br>Changed "Possible Benefits" to "Benefits" in a section header<br><br>Elaborated, underlined and bolded the reference to the land allocation benefits and to their being further detailed in the Initial Development Plan<br><br>Added Economic Model section |
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# District Leadership Team

The initial district leadership team (“District Leadership”) consists of:

- **Alonzo Coeus** - Founder, Advisor. Lead for smart contracts and backend development. Represented by his mother, Julia Parris. as guardian/trustee until Mr. Coeus is of age.
- **Carl Fravel** - Official contact for the district for Decentraland. Lead for governance and organization development. <https://www.linkedin.com/in/cfravel/>
- **Diogo Farias Rodrigues** - Project Manager. Lead for web/apps development. <https://www.linkedin.com/in/diogofariasrodrigues/>

The District Leadership will proceed to undertake the creation of the district and its governance structures in accordance with the provisions of this Startup Plan.

## Board of Directors

The District Leadership will become the initial Board of Directors upon the incorporation of the District, and serve as the executive function of the District until a Decentralized Autonomous Organization (“DAO”) can be established. Then the Board of Directors will serve any necessary executive functions needed on behalf of and in accordance with policies set by the DAO.

The Board of Directors will serve to lawfully carry out the tactical actions necessary to implement DAO decisions and policies.

The initial term of the initial Board of Directors is 4 years from the end a successful ratification vote for this plan.

A member of the initial Board of Directors may not be removed from the board before the completion of their initial term for any reasons other than gross negligence, asset misappropriation fraud. or conviction of a felony, and then only by a vote of the DAO.

Unless changed by the DAO, the members of the Board of Directors serve for terms of 4 years and may be reelected to the Board of Directors .

The DAO may make changes to the terms of Board members and the times of their election in order to stagger changes to the Board of Directors.

A vacancy on the Board of Directors may be filled for the remainder of the term by the Board of Directors. The DAO may take a vote to approve or replace the new Board member.

The Board of Directors will appoint its own officers, including those required by law for its form of incorporation.

# Initial Executive Actions to be Undertaken

The District Leadership and later the Board of Directors are authorized by the ratification of this Startup Plan to undertake the following executive actions on behalf of the contributors:

- **The Land Holding Company**

The District Leadership will form a legal entity (“the Holding Company”) for the purpose of permanently holding the district Land tokens contributed by the original contributors to the District. The Holding Company will be incorporated in a national or state jurisdiction, probably an LLC within the US or a Limited Company in the UK. The exact legal form of the Holding Company entity is yet to be determined in consultation with legal counsel or other experts.

- **Board of Directors**

The District Leadership will become the initial Board of Directors of the Holding Company.

- **Primary District Wallet**

The Board of Directors will appoint the signers of a multisig cryptocurrency wallet (“Primary District Land Wallet”), with at least 3 signers, and a majority of the signers required for a transaction. If deemed necessary for protection of the security and protective interests of the Holding Company, the Board of Directors may change the total number of signers in the future, but not less than three signers and with a majority the signers required for a wallet transaction or crypto signing to complete. The identities of the initial signers of the wallet will be made available to Decentraland if they require. The identities of the wallet signers will not be public information in the interest of their personal safety and the security of the district assets.

- **Land Transfer Agreement**

Once Decentraland’s requirements and criteria have been met, the Land Transfer Agreement with Decentraland will be signed by an officer of the Holding Company and the transfer of the Land tokens to the District Wallet will be requested from Decentraland. The Land tokens, once transferred from Decentraland to the District Wallet, will be owned by the Holding Company.

- **DAO**

The Board of Directors will undertake the creation of a Decentralized Autonomous Organization (DAO) for the community members, whose purpose is to vote on and control land and governance policy matters of the Holding Company including the election of future members of the Board of Directors or their removal. The initial members of the DAO will be the original Contributors to the district.

# The DAO

It is the intention of both the Contributors and the District Leadership to eventually have the governance of the Holding Company be conducted by a community-driven Decentralized Autonomous Organization (“DAO”), including policies and decisions about the use of the land in Aetheria. However, since the state of DAO smart contracts available from vendors is not very mature yet, and since we don’t have a DAO smart contract programmer who is both qualified and committed yet, this will be a gradual process that will begin after the district is formed. The District Leadership commits to making best efforts, and to submitting plans to, or receiving proposals from, the contributors for improvements to the initial governance structure, for discussion within 3 months of receipt of the Land tokens, and to submit them for discussion and for votes by the contributors within 6 months of the receipt of the land tokens.

The initial membership and voting shares in the DAO will be based on the contributed land counts of the original Contributors to the district.

The Board of Directors will create and maintain a DAO voting mechanism for such matters as Board of Directors elections, policy decisions, personnel and compensation matters, and the application of zoning, rewards and sanctions in Aetheria. The voting mechanism will be transparent and verifiable, initially using Google Forms with crypto-signed messages until such time as a voting dApp has been selected for use. Within one year of receipt of the Land tokens, the Board of Directors will create blockchain tokens to represent voting shares and membership in and benefits of the DAO, unless directed otherwise by the DAO. These will be ERC20 compatible tokens issued in proportion to the original lands contributed. They may or may not be NFTs, depending on the needs determined by the time they are created.

For a proposal to pass, at least 50% of the community shares or tokens must have voted, and at least 67% of the shares or tokens that voted must approve the proposal. The DAO may change the quorum and passage requirements in the future as it develops experience in the level of voter participation.

The Board of Directors will look into using mechanisms such as Aragon, or other smart contracts, on which the DAO will operate.

Proposals may originate from the Board of Directors or from anyone qualified to vote in the DAO. Proposals that have failed may not be reintroduced in less than 90 days.

If a lease or agreement previously approved and renewable is not specific as to the voting requirements for its renewal, then a proposal must be made and passed to terminate (not renew) the agreement, or its renewal is considered approved by the DAO.

The Board of Directors will propose to the DAO, within 3 months of the creation of membership tokens, a mechanism by which community membership shares or tokens may be transferred or sold to other accounts or parties. This might be set up to be conducted through the Holding Company or privately, at the DAO's discretion. This might be simply a community shares registry update mechanism provided by the Holding Company, or by use of tokens for community shares registration and bookkeeping purposes. Any such tokens or registration process will be carefully crafted to not qualify as a security. The DAO will decide whether to accept that proposal.

The DAO may or may not choose to create mechanisms for others to be added as voting members of the DAO.

Any powers not specifically granted to other agencies are reserved to the DAO.

## Other District Wallets and Accounts

In addition to the Primary District Wallet, the Board of Directors is authorized to create other crypto wallet accounts and bank accounts as needed to conduct the affairs of the Holding Company and the DAO. The members of the DAO will be kept informed about these accounts.

## Land Allocation and Use

**It is the intention of the Contributors and of the initial District Leadership that the Aetheria district land be perpetually owned by the Holding Company and never transferred to any other ownership.**

Land in the district will have various uses, including:

- Public land, such as roads
- Large community spaces, such as the Fractus Club
- Privately allocated land, for individuals or businesses to use for their own purposes so long as they are compatible with the aesthetics and land use policies of the DAO.

A Land Allocation process, as outlined in the Initial Development Plan, will be created and managed by the Board of Directors. The result of the Land Allocation process will be the establishment of where the initial public and private lands are in the district.

Land allocated for private use, such as businesses or individuals, will be in the form of Leases, managed by a combination of the Decentraland Lease contract and other smart contract mechanisms of the DAO.

The DAO may issue leases for free or on highly favorable terms to members or to other future worthy projects, including for very long or conditionally permanent terms. The DAO may also

charge fees for Leases on terms it chooses. Legal contracts approved by the DAO will be signed by an officer of the Board of Directors. All leases will be subject to termination by the DAO for noncompliance with the terms of the lease.

The DAO may set policies about Lease terms and requirements, the termination or renewal of leases, and how to deal with abandoned land or land that is used contrary to DAO policies. The DAO may set up systems for reporting abandoned or inappropriately used lands, and it may set up juries or other mechanisms by which the community can adjudicate such matters. The DAO will set policies on the disposition of whether privately-allocated land that is abandoned or misused may or may not remain allocated to or returned to the use of the entity to which it was originally allocated,

## Operating Entities

The Board of Directors may consider creating or contracting with one or more companies (Operating Entities) to provide operational management for portions or all of the district, to handle its practical logistics and economics, collect rents and fees in conjunction with district operations, and handle other matters as may be useful.

The Board of Directors will make recommendations for such projects and engagements to the DAO, and with the approval of the DAO, enter into such arrangements.

Any such arrangements or contracts that need to be made before the DAO is functional will not be for a term greater **than one year** and any terms about renewals must be made subject to the approval of the future DAO.

Operating Entities may themselves be profitable, incorporated, independent businesses, raise funds or receive investments, etc.



# Benefits to the DAO Members

The original district proposal stated that *“all money we acquire from any of the monetized activities or membership fee profits [of Fractus] will be used to purchase more land, help pay developers and artists, and pay for any type of fees associated with running Fractus.”* We believe that this philosophy is critical to the success and growth of the district.

**In order to avoid having the shares or tokens in the DAO being construed as a security, the Holding Company is not treating the contributions as an investment contract and will not distribute any net profits or dividends of the District to the original contributors or community membership shares.**

However, the DAO in the future ***might*** choose to use something like a digital asset licensing, royalty or rental model to allow the members of the DAO to receive their share of license fees or commercial rents collected on their behalf by the Holding Company from Operating Entities. The terms of those license fees or rents would be negotiated with Operating Entities by the Board of Directors but must be approved by the DAO. License fees or leases should normally be based on a portion of gross revenues of the Operating Entity, if any, such as is typical of digital asset licenses and commercial rents, but may contain moratoriums, exemptions, or tiers as appropriate.

**Other benefits will accrue to members such as priorities in land use allocation, access to facilities, recognition, etc. Some of these possibilities are described in the Initial Development Plan. Others will be proposed and developed by the DAO.**

# Economic Model

The Holding Company is a non-profit entity. It will not be distributing dividends. It may incur expenses - service costs, legal costs, insurance, staff compensation. It may raise funds to cover these expenses, in forms such as seeking grants or donations, signing contracts with operating entities on the public lands, or other methods that may be proposed by the DAO in the future. The budget and management of the Holding Company is entrusted to its Board of Directors, who are charged with acting in the best interests of the district as envisioned in this plan.

\The DAO may in the future set policies for the Board to use in managing the district, reporting on its finances, etc. The DAO might choose in the future to create policies and mechanisms to charge fees or taxes on public or private land use. Some of those fees could be provided to the Holding Company to cover its costs, on whatever conditions the DAO may stipulate. The DAO may choose in the future to establish digital asset license fees to be paid to the land contributors or their tokenized successors, and whether those are to all such holders, or only for contributions to public lands.

Operating Entities may be contracted by the Holding Company to operate businesses or services on public land. Once the DAO is formed, it may assume control of such matters, with the Board serving to execute contracts and policies as directed by the DAO.

Privately allocated land is actually owned by the district, but allocated to individuals based on the initial Allocation process. See the Initial Development Plan for details of the Allocation process. Privately allocated land is issued to the private party by means of the Decentraland-provided Lease smart contract. Unless the DAO subsequently elects to charge a fee or taxes, land privately allocated to private parties is free of lease fees.

Privately allocated land may be used by the party to which it is allocated for any purpose that fits within land use policies that may be set from time to time by the DAO. Such use can be for-profit by the private party, or not. Land that is abandoned or used contrary to DAO policies may be sanctioned by the DAO, including up to the DAO reclaiming build rights and putting other content on the land, or even converting the land to public use. Policies for this must be set in the future by the DAO. Some suggestions for this are provided in the Initial Development Plan.

# Initial Build - Minimum Viable Product (MVP)

The initial building of the Aetheria district will be focused on:

- Land allocation processes.
- Ground level build of public areas
- Support for privately-allocated lands to be built by those who hold them
- Creation of the first generation of the public facilities, such as the Fractus Club
- Mechanisms for leases and rentals.

Much more detail is provided in the Aetheria Initial Development Plan.

## Startup Plan Ratification

Ratification of this plan authorizes the District Leadership to undertake the actions described in this plan.

Ratification of this document will be sought by a vote of the contributors.

The terms and mechanics of the election have been defined by Decentraland

- The vote must clearly refer to the version of the Startup Plan being voted upon.
- The vote must last until either 51% of the Lands have been voted, or for 2 weeks.
- The Startup Plan ratification requires at least 67% of the Lands that did vote having voted in favor of the plan.
- For balloting, Decentraland approves either the use of a Google Form with Ethereum account signed approval messages, or of a dApp that requires an Ethereum signature for submission.
- The results must be auditable and approved by Decentraland.
- A summary of the results, once approved by Decentraland, will be publicly announced.

# Risk Management

## Security

We expect in the short-term that all district LAND ownership and MANA holdings will be controlled from a single multi-signature Ethereum wallet. The Board of Directors may choose a larger number of signatures in the wallet to authorize a transaction to prevent a hostile takeover.

## Other Risks and Mitigation Plans

| Risk                                                                                                                                         | Mitigation                                                                                                                                                                                                                                                                 | Likelihood |
|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Legal action is taken against Aetheria due to failures in regulatory compliance in various jurisdictions                                     | Aetheria will make policy adjustments to become compliant where practical. Where possible ahead of time Aetheria will seek legal advice to make sure it's organisational structure is set up to best allow compliance based on key laws being passed by various countries. | Medium     |
| Certain states or countries change their laws to restrict access to blockchain related services                                              | For compliance, Aetheria may opt to block access to users or restrict functionality from certain countries to satisfy compliance and this is subject to change at any time, although we will give advance warning of any policy changes where practical.                   | Medium     |
| Aetheria's Leadership team or Board of Directors has all their private keys stolen and the district Ethereum wallet(s) are drained of assets | We will require specific security policies to be followed by signatories on smart contracts and multi-signature wallets.                                                                                                                                                   | Low        |