

Purpose of Towns Lodge

Towns Lodge is the conduit through which the \$TOWNS governance token holders will be able to vote and make decisions regarding the 3 billion \$TOWNS tokens contained within the Treasury. It provides a real-world mechanism for empowering its members to support the Towns Protocol and be involved in the protocol's growth and development.

Initially formed as a Wyoming Unincorporated Nonprofit Association ("UNA"), the initial members of the Towns Lodge set up much of the existing infrastructure for the membership. In essence, it set the table and turned the lights on while waiting for the community to arrive.

That day is today, August 5th 2026, as the UNA transitions to a Decentralized Unincorporated Nonprofit Association. Towns Lodge will be entering into a period of phasing in its membership – culminating in token governance going live on January 1st, 2026. The purpose of this phasing is to let the members familiarize themselves with the infrastructure that exists already and to make all of this very easy.

Interaction Between River Eridanus Association and Towns Lodge

Rather than expecting a community to immediately form and handle the responsibilities of existence – Towns Lodge was designed to make membership focused on funding decisions and development of systems that support the Towns Protocol. At present, there are two entities that support the Towns Protocol: 1) the Towns Lodge and 2) the River Eridanus Association.

The River Eridanus Association functions akin to a typical foreign foundation model familiar to those who follow the interworking of DAOs and web3 systems. However, unlike the typical application – the Treasury is not controlled by the Association. It is controlled by the \$TOWNS tokenholders comprising the membership of Towns Lodge. At present, the River Eridanus Association is funded to be able to perform grant programs and further the growth and development of the Towns Protocol, the surrounding community and its ecosystem.

However, it's not funded in perpetuity. Upon governance going live – the members of the Towns Lodge will be responsible for voting the River Eridanus Association's continued funding and accordingly, have a tremendous say in its focus and direction in its current responsibility.

Real-World Impact Means Real-World Responsibilities

In order to meet its compliance obligations, Towns Lodge must be able to pay its taxes, sign contracts, open bank accounts, and provide tax-reporting on outbound dispositions of value. This requires a functional administrative layer where financial statements are prepared, appropriate disclosures are made, and tax returns are filed.

To accomplish this objective, Towns Lodge is comprised of a Rules Committee whose membership will ultimately be decided through token governance and Cowrie – Administrator Services whose services must be voted on to be retained beyond the initial contractual period (running through 2027).

These functions are not equivalent to management – the existing authorizations are limited to managing existing relationships with its bank, digital asset custody, and dashboard interface and obligations related to taxation and municipal payments. As governance expands, this existing infrastructure will provide the ability to maintain compliance without putting that obligation on the membership.

Towns Lodge is constructed through an Association Agreement contained on towns lodge.com. The relationship with the River Eridanus Association dictates that some aspects of the agreement need to be maintained for designations attained around the \$TOWNS token and the structure of the River Eridanus Association to maintain compliance.

Rules Committee

Accordingly, a Rules Committee exists with the limited authority to seek legal opinion and revert proposals for further consideration if they were to change the governing principles of the Towns Lodge in a way that would violate the law or violate those requirements.

The Rules Committee has been authorized to make changes to contract addresses to respond to security concerns or technological implementation in a limited capacity, with that authorization ultimately being renewed through governance and the membership construction of the Rules Committee ultimately being decided through governance.

Additionally, the Rules Committee Commissioners have half the signing authority (David Kerr and Justin Childres of Cowrie – Administrator Services has the other half) over the Treasury held by Anchorage (limited to enacting existing obligations and proposals executed through enacted governance proposal). These roles and responsibilities are bound by fiduciary duties, and verification schedules of the activities is part of Cowrie – Administrator Services' quarterly financial statements.

The Rules Committee Commissioners are comprised of:

- Ben Rubin
- Fei Xiao
- Giuseppe Rodriquez

and have staggered terms with the members ultimately deciding on these roles and responsibilities as Towns Lodge evolves.

Cowrie – Administrator Services

A foundational instrument in the actual execution of the day-to-day obligations: Cowrie – Administrator Services actually joins the DUNA as a member and is responsible for the execution of a number of tasks related to the filing of forms, preparation of financial statements, tax returns, payment of taxes and municipal fees, administration of the bank account, and informational reporting.

Rather than putting this responsibility on individual members with the hope of the process forming in real time, Cowrie – Administrator Services takes on the obligation of these tasks. However, it is important to note that their authorization is limited. In the event their authorization is insufficient to perform a task, it is not their judgment that resolves the issue, but governance proposal to the members.

Tax Returns

The returns are reviewed and signed by David Kerr as a member of the Towns Lodge after presentation of the financial statements and tax returns to the community.

Third-Party Service Providers

To meet its obligations, Towns Lodge has engaged with Anchorage Digital Bank, Meow and Agora, and comes into existence as a DUNA with these services in place.

- Anchorage Digital Bank provides digital asset custody of the Towns Lodge Treasury and beyond meeting the requirements for keeping the bank account sufficiently funded to pay taxes, existing service obligations, and municipal payments – it can only be accessed through enacted governance proposals.
- Meow Technologies (through a partnership with Grasshopper Bank) provides the bank account for Towns Lodge. Cowrie – Administrator Services has the signing authority for transactions. These roles and responsibilities are bound by fiduciary duties, and verification schedules of the activities is part of Cowrie – Administrator Services' quarterly financial statements.
- Agora provides the implementation and functionality of the townslodge.com webpage and supports the DUNA through a number of tools and service arrangements.

The Sum of its Parts

As a result of all of this infrastructure and complexity, the membership of the Towns Lodge can focus on its purpose. As the interaction between the River Eridanus Association and Towns Lodge become clear and the functional infrastructure continues to meet obligations,

the members can focus on what comes next. If they are content with the operations, the funding decisions from the Towns Lodge is simply a matter of communication between the River Eridanus Association to continue the status quo and approval of another annual budget.

However, if the members were instead interested in taking a more direct role or developing – that can be accomplished through governance proposal. For example, at present the grant program is operated through the River Eridanus Association but it could easily be brought into the purview of the Towns Lodge membership. The infrastructure for tax reporting is already built and the proposal would simply need to establish what process it intended to utilize for the grant of awards.

A Look Into the Future

The members of the Towns Lodge control the Treasury and as such, a tremendous amount of opportunities to develop ideas and applications furthering the growth of the Towns Protocol. The current implementation is designed to make the administration a background function with clear benchmarks of compliance obligations being met, and a baseline operational function keeping the trains running on time. As the process evolves that may maintain, expand or change, and that decision comes from what members ultimately decide.