Sarcophagus Treasury Management Proposal

To: Sarcophagus DAO

From: supersecretevilmegallc.eth

Goals:

Currently there are over 5m USDC and 50m SARCO tokens in the Sarcophagus DAO treasury. This capital sitting in the contract is actively losing value due to inflation. The goal of this proposal is to manage the treasury of Sarcophagus DAO, with the intention of capital preservation and liquidity ownership. These goals can be split into multiple silos but since they all require large moves from the treasury they should be managed by the same group. This proposal includes the provision for that group to be led, but not controlled by supersecretevilmegallc.eth

The management goal of the Liquidity subDAO is not to grow the treasury at all costs, it is to optimize the treasury holdings to further serve the goal of Sarcophagus in general, and to further the creation and operation of a decentralized dead man's switch dApp. This is not a hedge fund, it is a treasury and needs to be managed conservatively.

Structure:

The first step in executing this proposal is to create a Liquidity subDAO. This will be structured as a 5/7 gnosis multisig with constituent members made up of elected parties from within the current Sarcophagus DAO ecosystem. These parties will be made up of known members with verified ETH addresses (verified by previous on-chain actions associated with Sarcophagus). The goal these basic elections is to allow input from the whole community, while not just relying on one token one vote economics in the main DAO.

Unlike the Payroll subDAO, there will be no ERC20 token associated with the liquidity subDAO to increase security. This method works well for the payroll subDAO but in this case we will only need to assign gnosis powers to addresses that are already known to be associated with current DAO members (builders, ambassadors, investors).

Methods:

After the initial elections and gnosis safe creation the treasury management team will work with decentralized protocols to achieve the stated goals of measured growth and preservation. To start, the team will evaluate options for stablecoin lending and liquidity provision. After months of research on this topic, the frontrunners in this operation are https://rift.finance/ for liquidity provision on Uniswap and https://notional.finance/ for stablecoin lending.

Steps:

1. Vote to approve this proposal on the payroll subDAO.
2. Start discussions of election procedures on Discord.
3. Elect 7 members to operate the Liquidity subDAO.
4. Create gnosis multisig with 5/7 threshold made up of election winners.
5. Create vote on main SarcophagusDAO Aragon to fund Liquidity subDAO with discussed amount of SARCO and USDC.
6. Use funds in Liquidity subDAO to deepen liquidity on the Uniswap V2 SARCO/ETH pair.
7. Use funds in Liquidity subDAO to generate interest income.

Qualifications:

While there will be 7 members of the Liquidity subDAO, this proposal includes compensation for supersecretevilmegallc.eth for ongoing operation, diligence and leadership. Without going overly LinkedIn on this proposal, supersecretevilmegallc.eth has been working in crypto since 2013, wrote the original Sarcophagus litepaper, and has worked full time on Sarcophagus since inception. Any further questions of qualification can be addresses in the discussion of this vote.

Compensation:

$15k/mo to supersecretevilmegallc.eth

Future Work:

As new protocols and opportunities emerge, there will be need for active management of the treasury. While it would be easy to say that the DAO should just lend to the provider of the highest APY, we all know that is short-sighted. There is a risk analysis that needs to be completed for each prospective placement, and that will be an ongoing burden of the Liquidity subDAO.

Ultimately the Liquidity subDAO will be responsible for generating the interest income that will be needed to pay voting incentives of the main DAO, but the first step has to be the operations + security behind that revenue. The structure is designed to be secure, transparent, and flexible.