# Operational Guide of the Council, V1.1

## Preamble

**The Optim DAO (ODAO) exists to serve the Optim token holders, protocols and products built upon them. The Council exists to steward assets of the ODAO.**

# Overview

## Section 1.1

The Council manages the treasury, custodial assets, and flow of assets in a responsible and ethical manner, while supporting the maintenance and growth of Optim protocol and the ecosystem bound to develop around it. The Council serves the token-holders who benefit from the continued growth of the decentralized Optim network.

## Section 1.2

The Council in version 1.1 is meant to follow the broad decisions of ODAO. The Council will be the operational arm of the ODAO responsible for implementing decisions agreed upon by ODAO. The Council will use a multi-sig to implement these decisions.

## Section 1.3

The Council will become independent once the tricameral organization of ODAO is established. There will be a broader constitution to govern the independent Council then. All Council members will agree upon that constitution beforehand.

# Process and Procedures

## Section 2.1

The Council follows a board of directors structure, where DAOs (whether it be a citizen or incorporated DAO under ODAO) serve as members, with a 1 vote per member structure.

## Section 2.2

Initial V1.1 members will be made up of early ODAO members who have shown time spent contributing to Optim, nominated initially by Optim Labs.

Changes to the Council can be proposed by: members of the Council, members of Optim Labs, or an ODAO member.
Once a change is proposed (an addition or removal) then the Council will vote on that change using a dynamic quorum. If the vote passes then the change is implemented. If the change does not pass the Council vote then the ODAO can vote on the change, passing only through a ⅔ majority of OPTIM tokens voted. If the vote does not pass Council or ODAO voting then this change can not be proposed again for another month.

# Section 2.3

Voting is performed through an adaptive quorum with a minimum number of members = 3. The ODAO must have >50%participation to realize a quorum; for example, if there are 9 Council members, at least 5 must vote for the vote to count.

As the quorum grows, the percentage voting 'yes' decreases. For example, if there are 9 Council members, if only 5 vote, all 5 must vote yes (100%). If 6 vote, 5 must vote yes (83.3%).... if 9 vote, 5 must vote yes (55.5%).

If technology available makes a dynamic quorum unfeasible,  a simple majority quorum through a multi-sig wallet will suffice..

# Section 2.4

The Council shall hold meetings no less than once a calendar month in order to review current assets and liabilities and associated risk, make sure that outstanding operational flows are reviewed and processed. The Council shall also discuss changes to either assets and/or liabilities, and their risk profile, as well as examine changes in the risk associated with the existing assets or liabilities and their balance as a whole.

The Council shall hold an emergency meeting in case of a sudden worsening of the risk profile of any of the treasury allocations in order to best safeguard any assets that may be under threat or may have a modified risk profile.

The Council will provide Meeting Minutes, which include the latest risk analysis, to the ODAO within one week of the meetings being held.

# Section 2.5

All proposed assets beyond ADA and OPTIM should have a Council 'sponsor' who is also required to provide a detailed risk breakdown that is provided as an integral part of the initial proposal. The sponsor is an entity that initially proposes a change to the balance sheet, and provides the associated risk analysis, and is also responsible for

monitoring the asset and the associated risks, setting up the appropriate contacts, and risk monitoring systems.

It is unlikely there will be Council directed assets  in V1.1 unless ODAO grants permission to Council to invest at their discretion.

# Section 2.6

Compensation will be flat fee based, paid monthly, agreed by the ODAO, paid in OPTIM in V1.1. Eventually it should move to a flat compensation plus contribution based compensation.

During this initial bootstrapping phase of Council, where the scope is limited, the compensation should be comparable to the limited scope, thus limited in nature.

# Section 2.7

Performance reporting is required.  Performance should be maintained and reported to the ODAO at least monthly.

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# Conclusion

Progressive decentralization is the key to longevity of a DAO. A protocol is initiated by a core team. They know the protocol best and should remain in control of the majority of technology and assets up front. But as the protocol ages, it makes sense to progressively decentralize control of key features to a DAO. This Council V1.1 is Optim beginning down that progressive decentralization path. The initial step should be Council control of OPTIM tokens of the DAO. Eventually POL and other assets and liabilities of the DAO will fall to the Council to manage. Further discretion of the Council can be granted by ODAO. However, full independence should only occur once the

tricameral system is live and checks and balances exist. Once this occurs, there should be a full constitution and updated Process and Procedures documents in place.

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