

## LidoDAO Treasury Choices

We've launched three other treasury-related proposals aiming to obtain a clear signal from LDO token holders regarding basic principles for how the DAO should manage its treasury.

1. [Should LidoDAO stake treasury ETH?](#)
2. [Should LidoDAO sell treasury ETH?](#)
3. [Should LidoDAO diversify its stablecoin holdings?](#)
4. [Should LidoDAO sell protocol surplus stETH to finance operating expenses?](#)

13-Feb-2023

### [Aragon](#)

Deployed to service entities

Total USD Value at spot

ETH

20,304

-

~30.1m

DAI

17,522,386

2,621,354

~20.1m

stETH

6252

-

~9.2m

USDC

366

274

~0.0m

Total

~59.4m

## Context

- Based on the December and January [run-rates for expenses](#), we are on-track to a total run-rate of 1.3m to 1.5m USD a month

with a new budget for the period May through December due in the coming weeks.

- In the meanwhile, this proposal aims to answer the question: should LidoDAO increase its allocation of stablecoins in the Aragon treasury relative to ETH or stETH, in order to preemptively secure additional runway in current market conditions?
- We had additionally scoped out options for opening collateralized debt positions against ETH or wstETH in Treasury in order to conserve long-term upside in ETH appreciation at the expense of lower liquidity upfront
- These options are not in the proposal just due to the operational complexity of executing them through Aragon and maintaining and supervising an adequate health ratio

- Should there be enough demand for it in the comments period we could include a CDP option in the Snapshot poll
- For instance, at MakerDAO\*, Lido could obtain fixed and predictable stability fees:
- e.g. 10k ETH, ~15m DAI at 300% CR would deliver ~5m DAI in liquidity for an annualized interest expense of 0.5% in the wstETH-B vault
- Other views/vaults/protocols are also welcome
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- Proposed execution through Cowswap at stable price parameters over a week or two weeks

Look forward to hearing views, alternative options and other thoughts and comments.

Final options on Snapshot execution may vary slightly.

## Options

1. Yes, sell 10k ETH
2. Yes, sell 20k ETH
3. No, do not sell

Pros

Cons

Yes, sell 10k ETH

Set and forget about one more year of runway

Locks in an ETH price level today, which may not be the most favorable positioning wrt ETH

Yes, sell 20k ETH

Set and forget a longer time frame in stablecoins

Increased exposure to stablecoins relative to ETH, decreased exposure to potential upside on ETH

No, do not sell

Keeps basic long exposure to the price of ETH, could revisit at a better moment

Loses the optionality to lock in a USD value for runway

Collateralize 10k ETH for USD

Keeps optionality open for repaying appreciating collateral at a cheaper price

Could result in forced selling at worse prices if liquidations are hit, requires active management which is difficult on-chain. DAO can't effectively manage the position without low capital efficiency or an extra trusted third party which may be

undesirable and/or costly

\*a protocol where SteakFi members also contribute to as the Strategic Finance Core Unit