

title: [ARC] Purchase veBAL from Tribe DAO

status: Discussion

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Simple Summary

Tribe DAO is currently seeking to liquidate several holdings and the Aave community has the opportunity to submit a bid for the veBAL holding. This forum post is to discuss if the community shall submit a bid.

Abstract

Tribe DAO is dissolving the DAO's assets and is asking for public bids on the governance forum. Depending on the response in the comments here, Aave can submit a bid via a forum post on the Tribe DAO Governance forum to purchase the veBAL holding. Tribe DAO has requested bids be published on the forum, with the best bid to be presented on Snapshot for voting on Tuesday, 30th August.

Aave DAO has an opportunity to purchase 112,041 units of B-80BAL-20WETH that has been locked as veBAL with an expiry date 25 May 2023.

Motivation

There is an opportunity to purchase 112,041 of the 7,386,601 B-80BAL-20WETH units locked in the veBAL contract, 1.52% of veBAL supply, from Tribe DAO. This position is likely to be sold at a discount to book value due to how the non transferable holding is to be managed.

A successful purchase enables the recipient to take control of the wallet containing the veBAL holding. The veBAL is non-transferable and therefore can not be transferred to the Ethereum Reserve Factor where the current BAL holding is held. It is likely this veBAL holding will need to be managed separately which could lead to under utilisation of the boost. The boost can be sold on secondary markets when they emerge which is expected to be soon or additional funds can be deployed from the wallet holding the veBAL to attain the boost.

The opportunity is for Aave DAO to acquire a large veBAL holding at a discount to book value will strengthen an already strong position within the Balancer ecosystem. Acquiring veBAL ahead of the GHO launch and the deployment of many bb-a- linear pools, will enable Aave to direct more BAL incentives towards pools that drive TVL. This acquisition of veBAL along with the existing BAL tokenswap deposited into veBAL will cement Aave within the top holders of veBAL and provide the community with more flexibility for how to deploy the 100k BAL stil to be purchased on market.

Specification

A forum post will be shared on the Tribe DAO governance forum presenting a price, that if successful, will be presented for vote on both DAOs Snapshots starting 30th August 2022.

Pending two successful DAO Snapshot votes, each community will proceed with an on-chain vote enabling the funds/controls to be exchanged.

A high level overview for how control of the veBAL holding will be passed from Tribe DAO to Aave DAO is presented below:

- Fei Lab / Tribe DAO devs will deploy a new contract
- OTC buyer will be the pending owner of the contract
- The contract will allow to vote for gauge weights, delegate the voting power on Snapshot and extend the lock period to offset the voting power decay
- BAL and bb-a-USD protocol fees can also be claimed through this contract
- OTC buyer can accept ownership of the contract by approving the OTC tokens on the contract and calling `claimOwnership()`, which will send the tokens to the Tribe DAO

Upon acquiring the veBAL holding, the Aave DAO has the ability to extend the lock position or await the expiry to redeem the B-80BAL-20WETH on the 25 May 2023. How the DAO utilises the veBAL holding can be discussed in a separate proposal with consideration to the broader Balancer strategy to DAO is to adopt.

The veBAL position currently earns BAL and bb-a-USD protocol fees which can be claimed over time.

Next Steps

Discuss in the comments if Aave should pursue submitting a bid for the veBAL assets and if there is support, a bid will be submitted.

If the Aave DAO is successful, the Aave community will hold a Snapshot vote to determine if the DAO should purchase the veBAL holding from Tribe DAO.

If both Aave DAOs and Tribe DAOs Snapshots yield favourable outcomes, a payload will be delivered to [@bgdlabs](#) for peer review and then an AIP will be submitted enabling the transfer for funds in exchange for control of the veBAL holding.

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