

Abstract

- On June 12th 2024, the DAO held an [election](#) for the role of STEP program manager to oversee ~\$30 million diversified into liquid, stable and yield bearing RWAs .

Steakhouse Financial won the vote with 60% in favor of their selection. However, the tally vote earmarked 100k ARB as payment to program manager for one year (which converted to \$86,581) while Steakhouse quoted a fee of \$174,000 in their application. This proposal seeks input on the right way forward, with the options to

- Approve only a 6 month contract from available funds
- Earmark additional funds so they complete their one year tenure
- Not have a program manager, which will result in liquidation of the RWAs and
- Conduct a new RFP to select a program manager for one year at \$86,581
- Abstain

Motivation

- On April 10th 2024, the DAO [approved](#) 35 million ARB for diversification into RWAs. Of this, 100,000 ARB was budgeted for the role of program manager. The Arbitrum Foundation got an average price of 87 cents per ARB, resulting in \$86,581 to pay the program manager.

In their [application](#), Steakhouse quoted \$174,000 per year. Given the funds received from the 100,000 ARB sale (\$86,531) are less than the amount necessary to pay for a full year of the Program Manager's services, we need to either shorten their term to 6 months or approve an additional 6 months pay (from yield earned via the program). We can also declare the earlier election null and void while putting out a call for program managers willing to serve at \$86,581 for a year. If there is no program manager to oversee investments, assets are liquidated and returned to the DAO.

Rationale

- While writing the Tally proposal, I budgeted 100k ARB for the program manager role based on a quotation received from another provider and the prevailing ARB price at the time.

Steakhouse financial and the other applicants prepared a budget in dollar value, not ARB. As a result, i under-budgeted the program manager role in the STEP program and now need approval from the DAO on provisioning either a shortened tenure of 6 months or additional funding to complete the one year. The additional funds will be requested from the yield earned on the RWAs (estimated at between \$1-2 million per year) to prevent ARB liquidations. Alternatively, we can hold a new RFP seeking program managers at a fixed price of \$86,581 for the year and invalidate the earlier election.

Specifications

- The STEP program is one of the largest diversification initiatives at any DAO, seeking to diversify our treasury while simultaneously growing the RWA ecosystem. Given the complications that can arise in managing the large sums of money, it is imperative that the DAO have a capable program manager to recommend liquidations, conduct fire drills, monitor interest payments to the DAO treasury, and track underlying changes in service providers.

Steps to Implement

- After ratification of their role as STEP program manager and whether it is 6 months or 1 year, the Arbitrum foundation will sign an agreement with Steakhouse Financial and begin investments into selected RWA providers.

Timeline

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1. Post on forum
2. Upload on Snapshot (Thursday, 12th September)
3. Foundation negotiates agreement with Steakhouse and pays the first 6 months of their payment from the initial 100,000 ARB budgeted for in the STEP proposal
4. After RWA yield is returned to the treasury, this proposal is taken to Tally requesting balance of \$87,419 (provided one year tenure is approved in the snapshot)

Overall Cost

- If the entire one year tenure is ratified, the cost to the DAO is \$87,419. If 6 month tenure is approved, the cost is needing another election for program manager in a shortened time. If the proposal is rejected, we liquidate all \$30

million and return assets to the DAO. If a new RFP is held seeking program manager services for \$86,581 for a year, we delay the start of the STEP program and possibly get a less capable pool of applicants at the lower price point.

Work done in shepherding this proposal is paid for through a Thrivecoin firestarter grant to the Arbitrum treasury and sustainability group.