Purpose

Create an open, transparent compensation system for Arrow DAO contributors that:

1. encourages consistent valuable contributions to Arrow DAO;
2. gives contributors flexibility to contribute in the way that works best for them and their circumstances;
3. increases alignment between contributors and Arrow DAO values, vision, and objectives;
4. enables contributors to earn ownership and governance power; and
5. is sustainable and flexible to meet the changing needs of Arrow DAO.

Contributor Status

For clarity, all contributors are independent contractors for and not employees of Arrow DAO.

Overview

Principles:

- Contributors should have flexibility in how they engage with the DAO
- Contributors should have flexibility in how they are compensated by the DAO
- Contributor value should be assessed in a bottoms-up fashion

Each month, Arrow DAO contributors receive three levels of compensation:

1. Base
2. Bonus
3. Ownership

All Compensation framework details below are subject to change.

1. Base

At this compensation level, contributors can select between two tracks:

- commitment compensation, or
- retroactive compensation

1A. Commitment Compensation Track

Commitment compensation is determined by an intersection of commitment and expected value delivered to Arrow DAO on two-month cycles, giving a total monthly base compensation amount (measured in USD). That USD compensation amount will be paid out in a mix of USDC and ARROW tokens at the end of each month.

For allocation purposes only, ARROW tokens will be valued at $0.30 (thirty cents) for - ARROW tokens are used for DAO governance only and do not hold actual value. Allocated ARROW token compensation amounts will include a 50% premium/bonus in USD value (e.g., selecting to receive 100 ARROW tokens will result in a bonus of 50 ARROW tokens, totaling 150 ARROW tokens). ARROW tokens will vest linearly over 3 years, with a 1 year cliff. This is to incentivize long-term thinking and participation in the DAO. After one year, the DAO may revisit making a certain percentage of the ARROW token disbursements available immediately upon grant.

Contributors may choose their desired mix of USDC and ARROW, within the following constraints:

- Must accept at least 10% ARROW
- Must accept no more than 50% ARROW

1B. Retroactive Compensation Track

Bounties.
Contributors can claim or apply to complete bounties on Dework. Bounties are Tasks put forth by the applicable oversight or subject-matter committee (each, a "Sub-Committee"), to be completed within a specific timeframe and in accordance with certain specifications, in exchange for a specified amount of compensation set in the Task. As detailed below, upon successful completion of the Task and verification by the relevant Sub-Committee, the contributor will be paid the listed compensation using the Dework process.

Funding Proposals; Payment Proposals.
Contributors may draft Funding Proposals for work they plan to accomplish over the course of one or more months. See example 1 and example 2. The applicable Sub-Committee will discuss and decide to approve, amend, or reject the Funding Proposal. If a Funding Proposal is approved, the applicable Sub-Committee will create a corresponding Task on Dework and will assign the Task to the contributor who submitted the Funding Proposal (or as may otherwise be agreed by the Sub-Committee and contributor).

Use of Funding Proposals is encouraged to help set expectations and provide clear specifications for the work that will be completed and the compensation that will be due. Funding Proposals are not required, however, a contributor may complete work on their own and still request compensation via a retroactive Funding Proposal, but payment is not guaranteed. In such cases, the relevant Sub-Committee will review the work and follow the same steps outlined herein for Funding Proposals to (i) ensure the Funding Proposal describes the work adequately and (ii) determine an appropriate payment amount (if any). If approved, the Sub-Committee will follow the same steps on Dework to create and assign a Task, taking into account that the work may already be completed in part or in full.

Review of Completed Bounties and Tasks.
Tasks should include all necessary project requirements, deadlines, expected hours, payment details, and other pertinent information. Tasks should be specific enough so as to provide clear standards for the contributor and Sub-Committee to determine if the Task has been completed successfully (after the contributor has submitted the Task for review).

Once a contributor has submitted their work for review, if the applicable Sub-Committee determines that a contributor completed their Task successfully, then the Sub-Committee will initiate payment via Dework processes. If the applicable Sub-Committee determines that a contributor has not completed their Task successfully, the Sub-Committee may (i) request that the contributor correct any outstanding issues, or (ii) assign the work to a different contributor. Contributors are entitled to payment commensurate with any partially-completed or late submission of their Task, as determined by the relevant Sub-Committee based on the circumstances.

2. Bonus

Through Coordinape, contributors give each other bonuses in USDC or ARROW. The DAO may also decide to distribute extra ARROW to outstanding contributions.
This level serves as an intersubjective measure of how engaged a contributor was and how valuable their contributions were during the month. In addition to incentivizing contributions, this measurement can be used retrospectively to help the DAO make decisions about contributors on the compensation track, although it should not be a hard requirement or indicator.

Base Commitment Compensation

Expertise Level

Expertise levels are based on expected value delivered to Arrow DAO. This is a fuzzy concept that does not and should not have a precise definition. Value can come from many different places and in many different forms. It can, however, be measured by one or more of the following depending on the context: experience, skill, ability, talent, knowledge, etc..
With this in mind, we've included some examples of the kinds of proxy measurements contributors can use to assess their and fellow contributors' value levels. These examples should not be interpreted as requirements for or definitions of the value levels.
Contributors self-assess their starting level and level up by contributing more through Arrow DAO.

Level 1: Beginning Expertise Example proxy measurements: - New to VTOLs, engineering, design, web3, and DAOs - Some experience within their area(s) of interest or subject-matter expertise - Just beginning to gain knowledge about Arrow
Level 2: Emerging Expertise Example proxy measurements: - Some experience with VTOLS, engineering, design, web3, and DAOs - Moderate experience within their area(s) of interest or subject-matter expertise - A little knowledgeable about Arrow
Level 3: Solid Expertise Example proxy measurements: - Experienced in VTOLs, engineering, design, web3, and/or DAOs - A couple years of experience in their area(s) of interest or subject-matter expertise - Pretty knowledgeable about Arrow - Shows promise, but needs practice and refinement
Level 4: High Expertise Example proxy measurements: - High quality experience in VTOLs, engineering, design, web3, and/or DAOs - Many years of experience in their area(s) of interest or subject-matter expertise - Very knowledgeable about Arrow - Very talented
Level 5: Very High Expertise Example proxy measurements: - Very high quality experience in VTOLs, web3, engineering, design, and/or DAOs - Recognized leader in their area(s) of interest or subject-matter expertise - Extremely knowledgeable about Arrow - Highly talented

Commitment Level

Levels are based on the commitment the contributor makes to Arrow DAO. Like expertise, commitment is a fuzzy concept that does not and should not have a precise definition. Commitment can come in many forms and look different for different people. It can, however, be measured by one or more of the following depending on the context: time, dedication, focus, prioritization, effort, etc.

With this in mind, we've included some examples of the kinds of proxy measurements contributors can use to assess their and fellow contributors' commitment levels. These examples should not be interpreted as requirements for or definitions of various levels. Contributors select their own commitment level, as a percentage of the highest level (Full Commitment).

100% (aka "Full Commitment") Example proxy measurements: - Full time: 35+* hrs/week (note: this is not a maximum; some may want to work much more!) - Arrow is top priority - Arrow is the main point of focus* - Willing to go above and beyond to help Arrow succeed *We encourage contributors to carve out some time for themselves to explore and collaborate around the greater ecosystem -- in some companies this is known as "10% time". If Arrow is your top priority and you have a side project or two, it's still reasonable to count yourself as 100% committed.
Example Level: 90% Example proxy measurements: - Nearly full time: ~35 hrs/week - Arrow is top priority - Arrow is the main point of focus, but you have firm-ish commitments to a couple other projects - Willing to go above and beyond to help Arrow succeed
Example Level: 75% Example proxy measurements: - Nearly full time: ~28 hrs/week - Arrow is a main priority - Arrow is one of several important commitments or other projects - Focus split across a few project
Example Level: 50% Example proxy measurements: - Half time: ~20 hrs/week - Arrow is a meaningful priority - Arrow is one of several important commitments or other projects - Focus split across a few projects
Example Level: 25% Example proxy measurements: - Half time: ~10-15 hrs/week - Arrow is a your main priority, relative to other time commitments

- Arrow is one of many important commitments or other projects - Focus split across several projects
<u>Example Level: 15%</u> Example proxy measurements: - Fractional time: ~5-10 hrs/week - Arrow is 3rd, 4th, or even 5th priority - Focus split across many projects

Base Compensation Amounts

Monthly Base Compensation Max (Expertise Level 5; 100% Commitment): ==$12,000==

- Lower Expertise levels drop off from there
- Lower Commitment levels (eg 50%) are simple percentages of the max

Rough Example Matrix of Base Compensation

Value	Casual (25%)	Standard (50%)	Standard (75%)	Hardcore (100%)
LVL 5	3,000	6,000	9,000	12,000
LVL 4	2,500	5,000	7,500	10,000
LVL 3	1,750	3,500	5,250	7,000
LVL 2	1,250	2,500	3,750	5,000
LVL 1	1,000	2,000	3,000	4,000

Commitment →

[More details on how Arrow DAO manages compensation specifics here.]

Bonuses

Coordinape

Each month a pool of ARROW is funded. Using Coordinape, everyone gets 1000 ARROW tokens to distribute around to all other contributors they have directly seen value creation. The pool of ARROW is distributed based on the intersubjective results of the Coordinape Epoch.

This is also a lever we can pull as we learn more about what works well. By increasing (or decreasing) the amount of ARROW distributed via Coordinape relative to the amount of ARROW distributed as part of Base compensation, we can acknowledge more (or less) need for intersubjective valuation of contributions.

Other

If a contributor is deemed undervalued by the community, the DAO can opt to drop extra rewards to them through a proposal to ensure that all value creation is rewarded appropriately.

Payment Mechanics

Commitment Compensation

Self-Assessment Form

Each commitment track contributor fills out a form to set the following for the next two months:

1. self-assess their Expertise Level
2. set a Commitment Level %
3. select a ARROW payment %
4. identify the circles they (wish to) contribute to
5. Sign off on Arrow DAO mission and values

This process is repeated again by each contributor every 2 months to reassess.

Payouts

- Commitment track USDC payouts will be made at the beginning of the 2-month payment period and “streamed” to contributors via LlamaPay (https://llamapay.io/).* This will allow contributors to access their USDC payments in real-time as needed, with the payment

accruing to a contributor evenly throughout the 2-month period on a per-minute/day basis. ARROW token grants will proceed at the beginning of each 2-month period.
- Retroactive compensation payouts for Bounties and Funding Proposals are managed via Dework according to the process outlined above.
    - The relevant Sub-Committee will review Tasks at least on a monthly basis to initiate payment for completed Tasks.
- Coordinape payments proceed each epoch, as determined by the applicable Coordinape Circle in which a contributor is a member.

  *For the first two-month payment cycle, contributors can access their USDC from Sablier (app.sablier.finance).

Flow / Order of Operations

Commitment Track
For each compensation cycle (2 month period), here's an illustrative example how things could proceed:

- Day -7: Deadline for contributors seeking to join Commitment Track to submit intake form.
- Before Day 0: relevant Sub-Committee(s) to assess submissions, balance against budget for the cycle, provide determinations
- Before Day 0: reach agreement with prospective Commitment Track contributors on Value and Commitment levels + payment amount.
- Day 0: Previous cycle ends; Contributor work for new cycle begins; payments begin for Commitment track contributors for new cycle.
- Days 1-4: Review Coordinape epoch covering the previous month
- Day 4: Bonuses are paid out & contributors see Coordinape results
- Day 20: progress check on work levels and contributions by Commitment track contributors
- Day 40: progress check on work levels and contributions by Commitment track contributors

Retroactive Track
For each month, here's an illustrative example how things could proceed:

- Day -7: Sub-Committee(s) request budget allocations for upcoming month for planned Bounties and possible Funding Proposals
- Before Day 0: relevant Sub-Committee(s) to assess and balance against budget for the cycle, provide determinations
- Day 0: new calendar month begins; new Tasks open for creation for current month

- Day 1: Sub-Committee(s) review Tasks completed during the prior month, if completed satisfactorily, then initiate payment on the Tasks
- Days 1-4: Review Coordinape epoch covering the previous month
- Day 4: Bonuses are paid out & contributors see Coordinape results