

## Introduction

Rug Radio Governance Framework requires the formation of a **DAO Operational Council** to advance the mission of Rug Radio and RugDAO and further the decentralization and democratization of media. With this proposal, we are dissolving the inaugural DAO Council that was composed of 33 members to aid in the creation of the Rug DAO Governance Framework. It is important to note that this proposal is a revision of a proposal that was put before the DAO and failed to meet quorum.

**The Operational Council is made up of 7 members of RugDAO** who possess the focus, skill and qualifications to work alongside the Core Team on DAO operational matters. The Operational Council oversees administration of the DAO. This requires balancing the desire to enable ideas from the community with providing oversight to set ourselves up for success.

Council members ensure the processes and rules put into place by the DAO's initial framework are followed. This involves:

- Ensuring DAO Proposals follow community guidelines and are open/closed at the right time.
- Reviewing Proposal drafts to make sure they are sufficiently detailed and compliant.
- Reviewing DAO Expenditures that do not require community votes (such as Tax Liability, Legal, etc.. as established by framework)
- Preparing Proposal & Partnership analysis reports for the Core Team & Strategic Advisors to help them review and assess drafts.
- Supporting the drafting and amplification of community ideas and ensuring the success of the community and general health of the DAO.

***Per the framework, the core team has selected a DAO Operational Council with 7 members to ensure the welfare and smooth function of the DAO. The 7 members who we have selected and will put forward to the community for their approval are:***

- ***Vick Wowo @vickwowo***
- ***Kimberley Dillon @kimberlydillon***
- ***Daito @daitoyoshi***
- ***Tanja Nicole Gee @tanjanicolegee***
- ***Kristina Flynn @flynnkristina***
- ***Kenobi @kenobidesigns***
- ***NiftyApe @niftyapeeth***

Adopting Official By-Laws for the DAO Council serves to provide clarity to the community as to the level of the authority, privilege, and responsibilities that accompany Council membership. While the DAO may experiment with other Council models in the future, By-Laws should be put in place to afford the community clarity on the powers of the Council, the specific governance procedures and responsibilities the Council must adhere to, in furthering a community-controlled and fully operationalized DAO.

## Summary

- 7 Person DAO Operational Council is established
- This council is a trial council for a term of 3 months
- Council is established to shepherd the DAO and to ensure smooth operation, NOT to exert force or executive control/power.
- Council members should act in the best interest of the DAO with integrity and lawful obedience. No council member represents Rug Radio or the DAO, but should be mindful of their actions as ambassadors of our community.
- Council is to meet bi-weekly to address outstanding items and ensure the health of the DAO and success of the community.
- A council member who violates their responsibility or whose actions are in violation of established by-laws can be removed by the council or by community.

## Official By-Law Specifications

This proposal sets forth a working draft of Council By-Laws that the DAO may choose to adopt. The text below is intended to be modified and improved after robust community discussion. Within this document the DAO Operation Council will be referred to as “The Council” and the Core Team and Strategic Advisors “The Directors”.

### The Council

The Council is the governing body of the DAO. **The Council’s primary purpose is to safeguard the DAO Treasury and to effectuate the intent of the Community.** The Council plays an oversight and coordination role for the DAO. The Council, acting with the Core Team and Strategic Advisors, must ensure that it and the DAO has sufficient authority, resources, operational capacity and funding to effectively grow the DAO, meet the DAO’s obligations under Applicable Law, fulfill the intent of the Community as approved in accordance with the RDP procedures, and to otherwise help fulfill the DAO’s mission of improving and decentralizing the DAO. Although Council members must act in the best interest of the DAO and the Community, Council members are not corporate fiduciaries of the DAO or Community.

“Council” means those persons nominated by the Directors and ratified by community vote per the RugDAO Governance Framework, with the initial Council being those individuals described in Article A of this proposal, and, in the first instance, appointed by the Directors and serving for an initial term of 12 months or such longer term until the successor Council is appointed. Council members shall be compensated only to the extent of the community approved Operational Budget.

**\*\*While we aim to establish a long term consensus on term, this specific proposal will establish the previously named 7 person DAO Operational Council for a trial period of 3 months. The 3 month term will commence on the completion date of this vote. Upon termination of the trial period, another community vote will be requested to adjust for the items that we will learn during this period, including but not limited to: time requirements and contribution of the members, compensation, term and any other open items.**

### **The Council’s Authority**

The Council has the authority to adopt by-laws and policies, appoint or remove Council Members, review/direct RDPs and community submissions to the DAO and to otherwise authorize the Directors to take actions for the benefit of the DAO. Council members may engage in any activity or action necessary to influence the DAO through participation in the RDP process or any other activity explicitly or implicitly approved by the Community, including authority expressly granted in these By-Laws. **Three members of the Council will be added as signers to the list of 9 active Multi-Sig Signers per the RugDAO Governance Framework.**

*An individual Council member’s decision to approve or abstain from approving a DAO Multi-Sig transaction in relation to a Community-approved action does not necessarily signify the respective Council member’s opinion towards the Community-approved action.*

**Each Council member carries equal authority.** No individual Council member has the authority to execute transactions or contracts on behalf of the DAO without the required approval from the other Council members, Community, or Directors as provided herein or by the DAO’s Governance Framework. The Council may establish, delegate authorities and responsibilities to, govern, and appoint Community members into positions on committees, working groups, sub-DAOs (subject to RDP approval processes), sub-Councils, or other roles or bodies as approved by a supermajority of the Council. Council members may delegate their individual or collective authority to other Community members, upon a majority decision approval by other Council members. By majority decision, the Council may propose an expansion of the number of Council seats to the greater DAO community through the RDP process.

**Indemnification.** To the fullest extent permitted by applicable laws, the DAO shall indemnify and hold harmless any Council member while acting in good faith, in accordance with establish by-laws, for any demand, claim, liability, obligation, penalty, assessments or fines resulting from the Council Member's service on the Council or any committee thereof.

**Any requisition of capital or assets from the Treasury by the Council will require adherence to RDP Processes per Governance Framework.**

### **Responsibility of Individual Council Members**

Council members are expected to actively pursue any measure within their authority to further decentralize and improve the DAO. Nominated for their unique abilities and perspectives, Council members are expected to advocate for the interests of Community members. As part of their services to the DAO, each Council member agrees to at least:

- Adhere to these By-Laws and the governing documents of the DAO;
- Monitor, consider, or otherwise stay apprised of Community discussions and Proposals (as defined below) within the official DAO governance forums;
- Develop, publish, monitor, incentivize, and consider for sponsorship RDPs (Rug DAO Proposals), Requests for Comments ("RFCs"), or Requests for Proposals ("RFPs") published by Community members in accordance with the RDP process;
- Attend and participate in monthly Council meetings
- Attend Emergency Meetings and coordinate Emergency Protocol operations (as defined below);
- Appoint individuals or organizations into key DAO roles and into important administrative, Council, governance, engineering, legal, or other roles established by the Council to serve the DAO;
- Remain an active and involved Council member responsive to needs, demands, and ideas of the Community within Discord and Discourse; and
- Exercise no less than reasonable security measures in accordance with industry security standards.
- As a community service role, acknowledging that each council member has personal and professional obligations, no council member will be required to contribute more than 10 hours of their time monthly to this role, unless the choose to of their own accord.

### **Council's Participation in the RDP Process**

The Council, as extensions of the Community, may participate in the RDP process just like any other Community member, but also have certain additional responsibilities and privileges to ensure effective governance and the Community's trust:

- A. The Council must deliberate on and consider for sponsorship all formally compliant RDPs within the time frames established by the governance framework;
- B. All Council members' may formally sponsor and promote any Proposal, upon written notice to the Council and public, that has undergone a Community "temperature check" and that has otherwise appears to satisfy all conditions required for a final Community consensus vote.
- C. At least one Council member should attend Community town hall meetings to discuss DAO operations and active proposals; and
- D. The Council shall not exercise undue delay in advancing Proposals along the Proposal life cycle.

## **Member Code of Conduct**

### **A. Compliance with the Law.**

- a. Acting ethically and obeying the law, both in letter and spirit, are among the DAO's and the Council's core values. Council members should understand the legal and regulatory requirements applicable to their area of responsibility, including federal, state, and foreign laws, as well as the relevant regulatory schemes (collectively, "Applicable Law").
- b. Council members should ask the Directors and/or their own legal counsel for advice when they are uncertain about Applicable Law or their duties or obligation as a Council member.

### **B. Diversity, Inclusion and Equity.**

- a. The Council strives to create a safe and welcoming environment for all would-be Community members, regardless of age, gender, ethnicity, religion, disability, sexual orientation, education, national origin, or any other differentiating factors. The Council is committed to maintaining an environment in which all individuals are treated with respect and dignity. The Council expects that all relationships among Council members will be free of unlawful bias, prejudice and harassment.
  - b. Council members are strictly forbidden from engaging in any type of discrimination, social harassment, demonstrations of hateful or offensive ideologies, or sexual harassment during Council business or in any Community-related setting outside of the Council.
- C. In evaluating Proposals and other issues affecting RugDAO or Rug Radio and the Community, Council members should focus on the substance of such discussions without criticizing individual members or engaging in personal attacks.

- D. Council members should not use their role in a way that conflicts with the Council governing principles and the Foundation's mission.
- E. No Council member should speak on behalf of the whole Council or carry themselves as a representative of the Council, RugDAO or Rug Radio, unless explicitly authorized by all other Council members and Directors to do so. This provision does not in any way restrict a Council member from publicly discussing their personal opinion about a proposal or RugDAO or Rug Radio.

### **Council Member Term**

**\*\*The 7 members proposed above will serve for a 3 month trial period. Upon completion of that term, a more permanent solution based on the following terms can/will be established unless amended.**

**Each individual Council member's term shall last no more than 12 months ("Term").** The Council must schedule and effectuate a public Community election for replacement Council members to be completed before the expiration of any given Council members' 12 month Term. 3 of the 7 initial DAO Operation Council members will be dismissed at a 6 month interval (April 1st) and replaced with newly elected DAO council members to ensure continuity on the council. There is no limit on the number of Terms an individual Council member may serve and any incumbent Council member whose term has expired may be nominated or self-nominate and participate in the subsequent election. The procedure and method for the public Council election or appointment of additional Council members to newly created Council seats shall be decided by majority Council decision for each election, unless otherwise provided for by a Community-approved RDP. By unanimous decision, the remaining Council may appoint a new Council member to a vacant Council seat by reason of the former Council member resigning or being removed from the Council.

Both the Annual and Mid-Term Election process should commence 2 weeks prior to end of term (April 1st / October 1st) and include at minimum a 5 day window for nomination, a 3 day window for community discussion and a 2 day period for snapshot voting.

### **Accountability and Removal**

- A. **Any Council member that does not fulfill their duties or otherwise violates these By-Laws may be removed by any community member in accordance with the RDP procedures, a unanimous Council decision, or any other subsequently adopted removal procedure;** In order to ensure accountability, failure of a council member to attend council meetings or participate in the duties established herein will result in motion for removal.

- B. Council members may initiate a removal of other Council members.
  - a. An action to remove a Council member (such member, a “Breaching Member”) for violation of these By-Laws or for any other reason, as determined by all of the other Council members, must be presented as a Proposal by a non-Breaching Member (a “Removal Proposal”) at a Council meeting.
  - b. A Removal Proposal will pass if it receives a unanimous vote of the non-Breaching Members.
  - c. If the Removal Proposal passes, the Council may nominate or request the Community to nominate a replacement for the Breaching Member. An action to add a new Council member must be presented as a Proposal at a Regular Meeting (as defined below) (a “Replacement Proposal”).
  - d. A Replacement Proposal will pass if it receives at least a majority of votes of active Council members.
  - e. Given that participation in the Council is public, a Breaching Member should also expect potential reputational damage. Rug Radio, Rug DAO does not condone public conversation or participation in disparagement of the breaching member and as such are not to be held liable for any perceived defamation resulting from removal.
  - f. Given that council participation is a compensated role, a Breaching Member will receive their stipend at month-end for the month in which they are removed, however, no other consideration is due.
- C. The interim absence of a Council member shall not preclude the satisfaction of any Quorum or voting procedures. Vacant Council seats shall be treated as a vote consistent with the present majority of voting Council members until the vacancy is relieved.

## Meetings

- A. Regular meetings of Council members to be convened on a bi-weekly basis (“Regular Meeting”) enable the Council to discuss Proposals and key actions within the Council’s authority as described herein.**
  - a. Scheduling. The Council may convene Regular Meetings at its discretion, subject to a reasonable amount of notice to members. A Regular Meeting may take place via phone, videoconference, or through a group chat application.
  - b. Attendees. Only Council members, their representatives, and the Directors of Rug Radio (Core Team and Strategic Advisors) will be permitted to attend Regular Meetings.
    - i. A quorum of a Regular Meeting consists of more than half of the Council members (“Quorum”). A Regular Meeting may not proceed without a Meeting Quorum.

- ii. A Council member may invite a third party to observe or participate in Council discussion or to take notes of the meeting, absent an objecting majority of the other Council members approving the third party's attendance of such meeting (an "Authorized Third Party"). The Authorized Third Party must be bound by a non-disclosure agreement with Rug Radio. The Authorized Third Party will not be counted towards the satisfaction of the Meeting Quorum.

#### **B. Meeting Notes**

- a. The Council will appoint a Council member or an Authorized Third Party to take notes of the Meeting ("Meeting Notes").
- b. Meeting Notes will conform to Chatham House rules.
- c. Meeting Notes will exclude the following topics (each, a "Non-Public Item"), which may be discussed at Meetings from time to time:
  - i. Individual financial or investment positions of Council members.
  - ii. Unremedied security vulnerabilities affecting the DAO.
  - iii. DAO activities that are subject to non-disclosure agreements with third parties.
  - iv. Compensation information of DAO, Directors, Core Team or any employed or contracted representative of Rug Radio or RugDAO.
  - v. Subject to a reasonable Council review and comment period chosen by the Council, Meeting Notes will be shared publicly with the Community.

#### **C. Emergency Meetings.**

- a. Emergency meetings enable the Council to rapidly respond to an Emergency.
- b. The same rules that apply to Regular Meetings will apply to Emergency Meetings, except that:
- c. An Emergency Meeting does not need to be convened with reasonable notice to Council members.
- d. There is no Meeting Quorum or other quorum requirement for an Emergency Meeting.
- e. The Council will not publish Meeting Notes from Emergency Meetings until the underlying emergency has been remedied or judged to no longer be a threat, in the Council's sole discretion.

#### **Controlling Authority**

These By-laws are subject to the provisions set forth in other sources of authority binding on RugDAO, namely the Governance Framework. In the event of any conflict between these By-laws and the RugDAO Governance Framework, the previously established framework shall supersede these By-laws.