[Primary Proposal] Contributor Token Allocations

Ask
2,750,000 API3 to be distributed as token allocations across 26 current contributors.

Proposed token allocations
The proposed total amount of tokens to be allocated is 6.1M API3, consisting of the 2.75M API3 requested with this proposal, 0.6M API3 from the hot wallet, as well as another 2.75M API3 contributed by 3 core contributors (Heikki, Burak, Andre) from their own personal, already unlocked token allocations. The allocated tokens will be unlocked linearly over the next 4 years, starting from the passage date of this proposal.

All new allocations will be revocable and stakeable and will replace current revocable 3-year-unlocking allocations for the recipients. Replaced allocations will be revoked ahead of the new allocations, and the revoked tokens will be returned to the API3 hot wallet.

Description
Over the past two years, API3 has developed blockchain API connectivity solutions that we believe will play a foundational role not only in the future of DeFi, but also that of Web3 in general. Along the way, we have built an extremely talented ecosystem of teams who not only develop the technical solutions, but also help manage our growing ecosystem of partners and communities.

As with most DAOs –and very much in the ethos of being a true DAO– finding the right contributors and forming efficient teams has been an evolutionary process where we've brought on board many builders who feel strongly about our vision and want to take part in pushing our project forward. Many said contributors have come from our own community, something I personally take as a sign of us having successfully fostered a very mission-aligned builder ecosystem around API3. On one hand, the comparably low barriers to participation and the flat hierarchy of a DAO have led to an arguably higher-than-average contributor turnover — people coming to work on API3 (sometimes with significant contributions) for a time but eventually moving on. On the other hand, it has allowed us to find many extremely talented, vision-aligned team members who will be essential to achieving the level of adoption we strive for with our technologies for years to come.

The purpose of this proposal is to request an API3 token allocation to be distributed to these hard-working individuals. The tokens are planned to unlock linearly, over the next 4 years and replace the current 3-year unlocking schedules – many of which are on their final year. For some contributors who have seen their role in the organization grow significantly since they joined, the proposal, if passed, will increase their current token allocation to match their responsibilities. For others, it will extend existing allocation over the next 4 years to make sure the incentives to continue contributing at the highest possible level remain in place.

Core team's commitment
To show our commitment to sharing the value built into API3 with the teams who are helping us build it, Heikki, Burak and Andre will be contributing an additional 2.75M API3 from their own already unlocked personal token allocations towards the new allocations.

Tokenomic impact
By locking already unlocked tokens back into timelock contracts, the token allocations effectively reduce the circulating supply of API3 by 2.75M API3 on the date of distribution. The locked tokens are then reintroduced, along with the additional tokens requested in this proposal, back into the circulating supply linearly, over 4 years from said date.

Since the allocated tokens are stakeable, it can be assumed that the majority of them will be staked into the API3 staking pool to grant the recipients voting power in the API3 DAO, along with the associated staking rewards. A substantial amount of previously unstaked tokens (up to 2.75M API3) from the primary treasury entering the staking pool will most likely cause the staking target to be more consistently met or exceeded, over time leading to a lower inflation rate (currently 22.75%) for API3's token supply.

Token allocations vs USDC burn rate
As of today, there remain approx. 15.25M USDC in the DAO secondary agent. With our burn based on the current proposals at roughly 500k USDC / month and while accounting for some further growth in contributors and non-recurring costs like code audits, we can safely assume that we have runway (at current burn) for well over 2 years* after the conclusion of the current proposal cycle in February 2023. Current development roadmap and timeline estimates place the delivery and market rollout of all published API3 products and features within 2023.

Due to the above, as well as due to having had no exposure to the recent devastating events in the CeDeFi lending markets, it is safe to say that API3 is in a strong position, both financially and timing-wise, to build through the current bear market and, through innovations like OEV, emerge as a critical enabler for the next "DeFi Spring". However, keeping the USDC burn comparably low means that we need to find other ways to incentivize long-term commitment for people with highly sought-after and —as is often the case with niche technical solutions like blockchain oracles— extremely rare skill and knowledge sets. This is where token allocations come in. Distributing long-term unlocking allocations to recipients who have earned them today, in the middle of a heavy bear market, ensures that we have the talent we need to "build through the Winter", and that contributors have sufficient upside to their allocations – upside that they themselves are tasked with realizing.

*This is an extremely conservative estimate based on our next 3 months' total burn being roughly $1.5M per the currently passed proposals. It should be noted that the Core Technical Team constitutes $885k of this total, and out of that $885k, $500k is budgeted towards non-recurring audit expenses. As such, we can assume the true API3 project funding runway to be significantly longer than 2 years. However, I'm personally of the opinion that we should always err on the conservative and pessimistic side with any financial estimates.

Where
The tokens are requested from the API3 Primary Treasury into a Safe 3/5 multisig operated by five core members of the API3 project: Burak Benligiray, Andre Ogle, Heikki Vänttinen, Erich Dylus, Dave Connor. The recipient multisig is strictly for secure and convenient distribution of the tokens pursuant to this proposal, and is solely (including its contents and controlled assets) the property of the API3 Foundation.

Revocation of proposed allocations
Allocations covered in this primary proposal will be revoked by the multisig if the recipient no longer remains on an active proposal and thus has ceased their contribution to the project.

Important revocation notes
Since the following topic has already been discussed extensively on private forums, I feel a primary proposal is a sufficiently strong decision-making tool to conclude the issue of whether we should invoke a hard rule to revoke allocations from contributors who are no longer a part of any active proposal. To keep to the original purpose of giving explicitly revocable allocations to contributors (allocated tokens returned to the DAO if the contributor no longer contributes to the DAO through an active proposal), if this DAO proposal passes, the multisig signers will take the majority consensus as a signal to revoke allocations of members currently not on any proposal. Revocations only affect revocable allocations (some allocations remain irrevocable) and already unlocked tokens will remain with the recipients.

Recipients
The recipients were selected by Heikki, Burak and Andre. We will not disclose individual allocation amounts, but will publish the recipient list below to publicly affirm that the allocations are not being awarded to original "core team" contributors (with the exception of Tamara, whose role has grown significantly since the original allocations) or non-active contributors. All allocations are contingent upon the grantees accepting them.

Recipients:
Aaron
Ashar
Bedirhan
Ben
Can
Damla
Derek
Gio
Jacob
Jiri
Joshua
Kevin
Marcus
Markus
Mertcan
Pieter
Prenaam
Ryan M
Richard
Santiago
Tamara
Ugur
Vacuum Labs
Vansh
Vekil

Warren