

REQUEST FOR PROPOSAL FOR INVESTMENT MANAGEMENT SERVICES

ISSUED BY THE OFFICE OF THE STATE TREASURER
CONTRACT NUMBER: TRE26102-IMS

Overview

By this request for proposal (the “RFP”), the Office of the State Treasurer (“OST”), on behalf of the Cash Management Policy Board (the “Board”), is seeking proposals from qualified firms (“Vendors”) interested in providing investment management services to the State of Delaware (“State”) as detailed in the extended Appendix B. The selected Vendors collectively will manage the State’s \$6.2 billion fixed-asset portfolio in accordance with the management structure (referred to herein as “investment architecture”) and investment objectives and guidelines approved by the Board.

This RFP is issued pursuant to 29 *Del. C.* §§ 6981, 6982(b) and 6986.

Timetable

The tentative timetable for this RFP process is as follows:

EVENT	DATE
RFP Published	May 4, 2026
Deadline for Vendor Questions	May 22, 2026
Deadline for State Responses – Q&A Closed & Published	June 5, 2026
Deadline for Vendor Proposal Submission	June 19, 2026
Finalist Presentations (Virtual)	July 20-24, 2026
Estimated Board Approval	August 26, 2026
Contract Negotiation Begin	September 7, 2026
Contract Execution	December 31, 2026
Award Notification	January 31, 2027
Implementation to Start	February 2, 2027

There will be no pre-bid meeting associated with this RFP.

This RFP is not an offer. The State reserves the right to cancel this RFP or modify the above RFP dates at any time, and for any reason.

Vendors are expected to fully inform themselves of, and by submitting a proposal shall be deemed to have read, understood and unconditionally and irrevocably accepted, all conditions, requirements, and specifications of this RFP and all attachments and exhibits, subject only to the exception process provided for herein.

Proposal to Remain Open

Vendors that submit a proposal in response to this RFP shall be deemed automatically to have consented and irrevocably agreed to keep any such proposal open for six (6) months after the deadline for Vendor proposal submissions, or for such additional period as the State and any Vendor may agree upon. Rates and fees quoted in a proposal shall remain fixed and binding on the Vendor.

Contract Term

The original term of the contract between each successful Vendor and the State shall be five years, with OST having three one-year extension options, each exercisable in OST's sole discretion, subject only to Board approval.

Vendor Eligibility: Any Vendor that does not meet the following criteria will not qualify for this RFP process:

- (1) Vendor must have continuous performance of at least 5 years; and,
- (2) A minimum of \$500 million in assets under management as of December 31, 2025.
- (3) Populating the Nasdaq eVestment database with your firm and product information is a requirement for the completion of this RFP. If the database is not fully populated, your firm's response will be considered incomplete.

Designated Contact:

This RFP process will be managed primarily by the Director of Operations and Fund Management with additional support from the Cash Manager (the "Designated Contacts"):

Name: Fiah M. Kwesseu
Title: Director of Operations and Fund Management
Address: 820 Silver Lake Boulevard, Suite 100
City / State: Dover, DE
Zip code: 19904
Email: Treasury_RFP@delaware.gov
Phone: (302) 672-6708

Name: Richard S. Zbyszynski
Title: Cash Manager
Address: 820 Silver Lake Boulevard, Suite 100
City / State: Dover, DE
Zip code: 19904
Email: Treasury_RFP@delaware.gov

Phone: (302)-672-6725

Submission of Written Questions

All questions about the RFP shall be submitted to the Designated Contacts listed above via e-mail on or before 4:00 p.m., prevailing Eastern time, on **May 22, 2026**.

Questions should be directly tied to the RFP and asked in consecutive order from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number, heading and subject number to which it relates.

The State will provide written responses to questions from prospective Vendors no later than **June 5, 2026**. Responses will be placed on <https://mmp.delaware.gov/Bids>.

Background

The Cash Management Policy Board

The Board has statutory authority over the investment and deposit of State funds, including the selection of financial institutions that provide investment and banking services to the State. The Board consists of nine (9) members, including five (5) Delaware citizens appointed by the Governor. The remaining four (4) members serve ex officio and include the State Treasurer, the Secretary of Finance, the Secretary of State, and the Controller General.

The Board maintains two standing committees: the Investment Subcommittee (ISC) and the Banking Subcommittee (BSC). The ISC is authorized to review, address, and make recommendations to the full Board regarding investment management services and the allocation of funds across investment portfolios. The Board also engages an independent investment advisor, NEPC, LLC, to provide investment-related guidance.

The Board meets at least four times annually, and each standing committee also meets at least four times per year.

Delaware's investment portfolio is governed by policies established by the Board and outlined in the Cash Management Policy Board Guidelines (the "Guidelines"), attached as Appendix C. The portfolio is constructed and managed in accordance with three primary objectives: safety (security), liquidity, and yield.

The portfolio is comprised exclusively of high-quality fixed-income assets, with allowable investments defined by the Guidelines. The Guidelines also establish concentration limits by security type, industry, issuer, and issuer domicile, reflecting the Board's risk tolerance with respect to credit and default exposure. At this time, the Board does not anticipate changes to these parameters.

The current investment structure includes six (6) investment managers: two (2) designated as liquidity managers and four (4) designated as reserve managers. The primary distinction between these roles is the permitted maturity of investments. Liquidity managers are generally restricted from holding securities with maturities exceeding two (2) years, while reserve managers may hold

securities with maturities of up to ten (10) years, provided the average portfolio duration does not exceed seven (7) years.

Over the past two and one-half years, the portfolio has averaged approximately \$5.8 billion in total assets. Pursuant to Board Resolution 2025-1 and the established Investment Architecture, OST is required to maintain a target allocation of 25% to liquidity managers and 75% to reserve managers, within a tolerance of $\pm 5\%$ (the “25/75 Mandate”). Additionally, the Guidelines require that portfolio withdrawals be executed on a pro rata basis across both liquidity and reserve managers.

Historically, the Board has approved the selection of vendors to provide investment management services.

As of 03/31/26, the State’s fixed income holdings were as follows:

<u>Reporting Account Name</u>	<u>Current (MV)</u>	<u>% of Total</u>	<u>Cumulative</u>
<u>Liquidity</u>			
PFM	827,652,188	13.69%	
WILMINGTON	795,078,773	13.15%	26.84%
<u>Reserve</u>			
BLACKROCK (Tier 2) /2	1,144,157,624	18.92%	45.76%
CHANDLER (Tier 3)	1,199,828,449	19.84%	65.60%
JPM INTERMEDIATE (Tier 1) /1	1,137,724,350	18.82%	84.42%
LAZARD (Tier 3)	942,180,136	15.58%	100.00%
TOTAL Liquidity/Reserve	<u>6,046,621,519</u>	<u>100.00%</u>	
OST - PFM ARPA /3	104,087,502		N/A
OST - WILMINGTON ARPA /3	97,393,242		N/A
Total Portfolio Fixed Income	<u>6,248,102,263</u>		
/1	The Tier 1 Reserve Account shall include the “Budget Reserve Account” - 348.7 million		
/2	The Tier 2 Reserve Account shall include the “Budget Stabilization Fund” - 469.3 million		
/3	Managed as Liquidity Accounts.		

The Office of the State Treasurer

OST serves as the administrative arm of the Board and coordinates all meetings of the Board and its committees. OST also has primary responsibility for providing investment management services that ensure sound fiscal stewardship over the State's financial assets, systems, and processes. OST is responsible for the design, implementation, management, and continuous improvement of the State's banking structure. OST manages the State's relationships with all Board-approved investment managers.

Scope of Services

On behalf of the Board, the Office of the State Treasurer (OST) seeks to enter into agreements with qualified investment management firms to provide fixed-income investment management services for the State's cash management portfolio. The overarching goal of this RFP is to engage vendors that can deliver strong performance within the State's Investment Architecture while providing ongoing strategic insight to support the Board in balancing its three core investment objectives: safety, liquidity, and yield.

In addition to providing investment management services, selected investment managers will be required to deliver comprehensive reporting, participate in periodic meetings with OST, the Board, and/or the Board's consultant, and perform other related services as reasonably requested.

As part of the evaluation process, vendor responses—along with product and performance data—will be analyzed using a third-party database utilized by the Board's consultant, NEPC, LLC. This database is provided by Nasdaq eVestment (www.nasdaq.com/solutions/evestment). Completion and full population of the Nasdaq eVestment database with the firm's and product's information is a mandatory requirement for this RFP. Submissions that do not meet this requirement will be considered incomplete.

Detailed requirements for the Scope of Services requested under this RFP are outlined in Appendix B.

Minimum Requirements to Apply

Proposals that do not meet the following minimum requirements, or that do not comply with the specifications or material terms and conditions of this RFP, may be considered non-responsive and rejected. Vendors must clearly demonstrate in their proposals how they meet the following minimum qualifications:

1. The Vendor must have at least five (5) years of continuous experience providing investment management services requested pursuant to this RFP.
2. The Vendor must have a minimum of \$500 million in assets under management as of December 31, 2025
3. The Vendor should have experience providing investment management services to government entities.
4. The Vendor must be independent and able to make recommendations to the Board and OST free from conflicts and solely in the best interest of the State.

5. The Vendor must be willing to disclose and describe, on a confidential basis, if appropriate, all direct ownership interests in, or any reseller, consulting or other business relationships with, any investment services vendor as provided herein.

OST does not wish to dissuade an otherwise qualified Vendor from submitting a proposal based on the foregoing minimum requirements if legitimate business reasons or industry practices mitigate or eliminate the need for any such requirement. **A Vendor who fails to meet a minimum requirement must explain in detail in its response the reason or reasons why OST should excuse non-compliance.** OST shall have discretion to accept or reject any such explanation and waive any minimum qualification requirement.

RFP Issuance and Submission of Proposals

A. RFP Issuance

1. Public Notice

Public notice has been provided in accordance with 29 *Del. C.* § 6981.

2. Obtaining Copies of the RFP

This RFP is available in electronic form only and as a courtesy, may be found at the following websites:

<https://treasurer-delaware.bonfirehub.com/projects>

<http://treasurer.delaware.gov/requests-proposals/>

<https://nast.org/state-careers-and-rfps/>

<https://mmp.delaware.gov/Bids>

Assistance to Vendors with a Disability

Vendors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Designated Contacts no later than ten days prior to the deadline for receipt of proposals.

3. RFP Designated Contact

All requests, questions, or other communications about this RFP shall be made in writing to the Designated Contacts. Communications must be submitted electronically to the following email address: Treasury_RFP@delaware.gov.

4. Vendors and Legal Counsel

OST may retain professional services or legal counsel to assist in the review and evaluation of this RFP and the Vendors' responses. Vendors shall not contact OST's professionals or legal counsel on any matter related to the RFP unless so instructed in

writing by the Designated Contacts. Vendors who make contact in violation of this provision may be disqualified from participation in the RFP process. Exceptions exist only for Vendors currently doing business with the State who require contact with such professionals or legal counsel in the ordinary course of business.

5. Contact with Other State Employees

Direct contact with State employees other than the Designated Contacts regarding this RFP is expressly prohibited without prior written consent from the primary Designated Contact. Vendors who directly contact a State employee in violation of this provision may be disqualified from participation in the RFP process. Exceptions exist only for Vendors currently doing business with the State who require contact with State employees in the ordinary course of business.

6. Organizations Ineligible to Bid

Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity currently debarred or suspended from conducting business in the State or any other jurisdiction for any reason may be deemed ineligible to respond to this RFP.

7. Exclusions

The State reserves the right to refuse to consider any proposal from a Vendor who itself or its officers or staff:

- a) Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
- b) Has been convicted under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of integrity or honesty;
- c) Has been convicted or has had a civil judgment entered for a violation of any state or federal antitrust statute;
- d) Has failed:
 - i. Without good cause to perform under a consulting contract; or
 - ii. To perform satisfactorily in accordance with terms of any consulting contract;
- e) Has violated ethical standards set out in law or regulation; and
- f) Any other cause determined by OST or the Board to be serious and compelling, and which undermines confidence in the Contractor's ability to perform independently under any resulting consulting contract.

8. No Press Releases or Public Disclosure

OST reserves the right to pre-approve any news or broadcast advertising releases concerning this RFP, the resulting contract, the work performed, or any reference to the State with regard to any project or contract performance. Any such news or advertising releases pertaining to this RFP or resulting contract shall require the prior express written permission of OST.

9. RFP Not an Offer

This RFP does not constitute an offer by OST, the Board or the State.

B. Submission of Proposals

1. Proposal Content

Each proposal must be submitted in writing and respond to the items outlined in this RFP. OST reserves the right to reject any non-responsive or non-conforming proposals.

The State discourages overly lengthy and costly proposals and prefers that they be prepared in a straightforward and concise manner. Unnecessarily elaborate brochures or other promotional materials beyond those sufficient to present a fully responsive proposal are not desired.

Proposals must be realistic and must represent the best estimate of time, materials and other costs, including the impact of inflation and any economic or other factors that are reasonably predictable. The State shall have no responsibility or liability for a Vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the proposal.

A Vendor should describe in detail on **Attachment 3** any areas where it will be unable to provide services as requested or required herein. In addition, if a Vendor is able to provide the services exactly as requested or required but believes that there would be benefits (such as cost savings or improved service) to making adjustments to the services outlined, the Vendor should describe the adjustments and the benefits on **Attachment 3**. Acceptance or rejection of any or all exceptions is within OST's sole discretion.

Vendor must respond to all mandatory requirements presented in this RFP. The words "shall," "will," and "must" are used herein to designate mandatory requirements. Failure to respond to a mandatory requirement may, in OST's discretion, result in the disqualification of a Vendor from the RFP process.

2. Proposal Delivery

All proposals must be **received no later than 4:00 p.m., prevailing Eastern time, on June 19, 2026** (the "Proposal Deadline"). Responses received after the Proposal Deadline will not be considered. Vendors must upload their proposals to the State's portal prior to the Proposal Deadline and submit six (6) paper copies to be received by the Proposal Deadline. All of the six hard copy proposals must be placed in a spiral-bound book or three-ring binder.

The proposal package delivery address is:

Client: State of Delaware
Name: Fiah M. Kwessey
Title: Director of Operations and Fund Management
Address: 820 Silver Lake Boulevard, Suite 100
City/State: Dover, DE
ZIP: 19904
Email: Treasury_RFP@delaware.gov

Upload your proposal at: <https://treasurer-delaware.bonfirehub.com/projects>

Important Notes:

Logging in and/or uploading the file(s) does not mean the response is submitted. Vendors must successfully upload all the file(s) and must click the submit button before the proposal due date and time.

Vendors will receive an email confirmation receipt with a unique confirmation number once the submission has been finalized. This will confirm that the proposal has been submitted successfully.

Each submitted item of requested information will only become visible to the State after the proposal due date and time.

If the file is mandatory, you will not be able to complete your submission until the requirement is met.

Uploading large documents may take significant time depending on the size of the file(s) and your internet connection speed. The maximum upload file size is 1000 MB.

Minimum system requirements: Internet Explorer 11, Microsoft Edge, Google Chrome, or Mozilla Firefox (Windows & Mac). Java Script must be enabled. Please contact Bonfire directly at Support@GoBonfire.com for technical questions or issues related to your submission.

Any proposal received after the Proposal Deadline shall not be considered.

Vendors are directed to clearly print “PROPOSAL ENCLOSED” and “CONTRACT NO. TRE26102-IMS on the outside of the bid submission package.

Any proposal received after the Proposal Deadline shall not be considered and shall be returned unopened. Vendor will bear the risk of delays in delivery.

3. Proposal Modifications

Any changes, amendments or modifications to a proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a

change, amendment or modification to a previously submitted proposal. Changes, amendments, or modifications to proposals shall not be accepted or considered after the Proposal Deadline.

4. Proposal Costs and Expenses

The State is not responsible for and will not pay any costs incurred by any Vendor in responding to this RFP, including, but not limited to, costs associated with proposal preparation, printing, and delivery, the interview/presentation process and contract negotiations.

5. Late Proposals

Proposals will be date and time stamped upon receipt. Proposals received after the Proposal Deadline will not be opened or considered.

6. Proposal Opening

Proposals will be opened only in the presence of OST personnel. Any unopened proposals will be returned to the proposing firm. OST staff will create a public log containing the names of all Vendors that submitted proposals and the dates and times of OST's receipt of each proposal. Unless required by applicable law, the contents of any proposal shall not be disclosed prior to contract award.

7. Rejection of Individual Proposals

Pursuant to 29 *Del. C.* § 6981(m), an individual proposal may be rejected if (a) the proposal is deemed non-responsive because it fails to meet the material requirements of this RFP, (b) the Vendor or the proposal is deemed not responsible under the factors listed in § 6981(n)(2), or if the proposal is deemed not advantageous to the State.

OST shall have the authority and discretion to determine whether an RFP requirement is material, or a mere formality or non-substantive requirement, whether a particular firm is responsible, and whether a proposal is advantageous to the State. If OST rejects an individual proposal, the determination shall be in writing and will set forth the basis for the determination. A copy of the determination shall be promptly sent to the proposing Vendor. The final determination shall be made part of the procurement file.

8. Confidentiality of Documents

Subject to applicable law or the order of a court of competent jurisdiction to the contrary, all documents submitted as part of a Vendor's proposal will be treated as confidential during the evaluation process and will not be available for review by anyone other than OST, the Board, the Evaluation Team and their counsel. There shall be no disclosure of any Vendor's information to a competing Vendor prior to award of the contract unless such disclosure is required by law or by order of a court of competent jurisdiction.

The State and its constituent organizations are required to comply with the State of Delaware Freedom of Information Act, 29 *Del. C.* § 10001, *et seq.* ("FOIA"). FOIA

requires that the State's records are public records (unless otherwise declared by FOIA or other law to be exempt from disclosure) and are subject to inspection and copying by any person upon written request. Once a proposal is received by the State and a decision on a contract award is made, the content of selected and non-selected Vendor proposals will likely become subject to FOIA's public disclosure obligations.

The State wishes to create a business-friendly environment and procurement process. As such, the State respects that Vendors desire to protect intellectual property, trade secrets and other confidential business information (collectively referred to herein as "confidential business information"). If a Vendor feels that it cannot submit a proposal without including confidential business information, it must adhere to the following procedure or such proposal may be deemed unresponsive, may not be recommended for selection, and any applicable protection for the Vendor's confidential business information may be lost.

In order to allow the State to assess its ability to protect confidential business information, Vendors will be permitted to designate appropriate portions of their proposal as confidential business information.

Vendors may submit portions of a proposal considered to be confidential business information in a separate, sealed envelope labeled "Confidential Business Information" and include the specific RFP number. The envelope must contain a letter from the submitting Vendor's legal counsel describing the information contained in the documents, representing in good faith that the information is protected from disclosure under FOIA, and briefly stating the reasons that such information is exempt under FOIA.

Upon receipt of a proposal accompanied by such a separate, sealed envelope, the State will open the envelope to determine whether the procedure described above has been followed. A Vendor's allegation as to its confidential business information shall not be binding on the State; rather, the State shall independently determine the validity of any Vendor designation as set forth in this section. Any Vendor submitting a proposal or using the procedures discussed herein expressly accepts the State's absolute right and duty to independently assess the legal and factual validity of any information designated as confidential business information. Accordingly, Vendors assume the risk that confidential business information included within a proposal may enter the public domain.

9. Sub-Contracting

Subcontracting is not permitted without OST's prior written consent. Any Vendor that submits a proposal contemplating the use of independent contractors or a subcontractor shall identify the purpose for such use, as well as the scope of work and other terms for any such arrangement. All independent contractors and subcontractors must agree in writing to be bound by the terms of the Professional Service Agreement (the "PSA").

10. Discrepancies and Omissions

Vendors are fully responsible for the completeness and accuracy of their proposals, and for examining this RFP and all attachments, exhibits and addenda. Failure to do so will be at the sole risk of Vendors. Should a Vendor find discrepancies, omissions, or unclear

or ambiguous language in this RFP, Vendor should seek clarification from OST pursuant to the question-and-answer process detailed below. Protests based on any discrepancies, omissions, or unclear or ambiguous language will be disallowed if the same have not been timely raised in and preserved through the question-and-answer process below.

11. RFP Question and Answer Process

OST will allow written requests for clarification of the RFP. Vendors must submit written questions in the format specified below to be received by the Designated Contacts by 4:00 p.m., prevailing Eastern time, on **May 22, 2026**. Questions must be submitted electronically to the following email address: Treasury_RFP@delaware.gov.

All questions will be consolidated and answered in a single response that will be posted on the State's websites at <https://mmp.delaware.gov/Bids> by **4:00 p.m., prevailing Eastern time, on June 5, 2026**, or such other date and time as may be prescribed by OST. Vendor names will not be attributed to questions in OST's response.

Questions should be submitted in a standalone Microsoft Word document in the following format:

Section number
Paragraph number
Page number
Text (of passage being questioned)

Questions that deviate from this format may be rejected by OST, in its discretion.

12. State's Right to Reject Proposals

OST and the Board reserve the right to accept or reject any or all proposals or any part of any proposal, to waive defects, technicalities or any specifications (whether they be RFP specifications or contained in a Vendor's response), to assess the merits and qualifications of each proposal and Vendor, to solicit new or modified proposals on the same project, as OST and the Board may deem necessary or appropriate or in the best interest of the State.

13. State's Right to Cancel Solicitation

The State reserves the right to cancel this solicitation at any time during the procurement process, for any reason, or for no reason at all. The State makes no commitments, expressed or implied, that this process will result in a contract with any Vendor.

A Vendor's participation in this RFP process may result in the State selecting the Vendor to engage in discussions and negotiations of a formal contract. The commencement of such negotiations does not signify, and may not be interpreted as, a commitment by the State to execute a contract or continue negotiations. The State may terminate negotiations at any time and for any reason, or for no reason at all.

14. State's Right to Award Multiple Source Contracting

Pursuant to 29 Del. C. § 6986, the State may award multiple contracts to two or more Vendors if the Board makes a determination that such action is necessary or appropriate or in the best interest of the State.

15. Notification of Withdrawal of Proposal

Vendor may modify or withdraw its proposal by written request, provided that both the proposal and subsequent request is received by the Designated Contacts prior to the Proposal Deadline. A withdrawn proposal may be revised and re-submitted and will be considered timely as long as the revised proposal is received by the Proposal Deadline.

All proposals received prior to, and which have not been withdrawn by, the Proposal Deadline shall become firm offers and shall not be revocable after that time.

16. Revisions to the RFP

If it becomes necessary to revise any part of the RFP, an addendum will be posted at <https://mmp.delaware.gov/Bids> .

17. Exceptions to the RFP

Any exceptions to the RFP or any attachments, exhibits or addenda, along with corresponding explanations and alternatives, must be noted and explained on **Attachment 3** and submitted with a proposal by the Proposal Deadline. Vendors that fail to timely and otherwise adequately preserve and assert exceptions shall be deemed to have waived all such exceptions and related arguments. The State has discretion with respect to the acceptance or rejection of exceptions.

18. Exceptions to the PSA

Attached hereto as **Appendix A** is OST standard form of PSA and related exhibits. The terms of the PSA will govern the contractual relationship between a Vendor and the State. Any exceptions to the PSA, along with corresponding explanations and alternatives, must be noted and explained on **Attachment 3**. Vendors shall provide a redlined version of the PSA (“Redline”) reflecting all requested changes. Vendors that fail to timely and otherwise adequately preserve and assert exceptions to the PSA shall be deemed to have waived all such exceptions and related arguments. The State has discretion with respect to the acceptance or rejection of PSA exceptions.

19. Award of Contract

The issuance of a contract award (“Award”) is subject to approval by OST and the Board. OST and the Board have the sole right to select the successful Vendor and approve the issuance of any Award and the terms of any PSA. OST and the Board may (a) approve the issuance of an Award to a Vendor other than the Vendor who submitted the lowest priced proposal, (b) issue multiple Awards, or (c) withdraw the RFP and issue no Award. No Award or contract resulting from this RFP process shall be effective unless and until authorized by OST and the Board.

An Award, if any, will be communicated to the successful Vendor and published only after (a) OST and the Board authorize the issuance of an Award, and (b) OST and each such Vendor execute a formal PSA on terms acceptable to OST and the Board. No Vendor will acquire any legal or equitable rights or privileges until the occurrence of both events.

The Award, the PSA and all attachments and exhibits, including all pricing information, and amounts and other details concerning any payments made to a successful Vendor shall be matters of public record subject to disclosure under FOIA.

Proposal Requirements and Evaluation

A. Required Information

1. Vendors shall provide the following information with their proposals in the order listed below. Failure to respond to any request for information within this RFP may result in rejection of the proposal. The proposal will be presented in a spiral-bound book or 3-ring binder, with each completed attachment identified in its own tab.

Tab A: Transmittal Letter.

Tab B: Questionnaire(s). Provide a detailed set of responses to the questions posed in **Attachment 1**. All Vendors must respond to **Attachment 1**. Responses should be both complete and concise.

Tab C: Confidential Information Form. Vendors should identify any material information that is considered confidential using the form of **Attachment 2**. Any information not within this form is automatically subject to FOIA.

Tab D: Exception Form. Provide a detailed listing of any exceptions to the RFP, including all attachments and appendices, including the PSA and its exhibits, using the form included as **Attachment 3**. Successful Vendors who do not take exceptions as required are deemed to have consented and irrevocably agreed to the terms of the RFP.

Tab E: Business References. Provide at least three business references using the form provided in **Attachment 4**.

2. Prior to Award, the successful Vendor shall furnish OST with proof of (i) all necessary business licenses, including a valid State business license, (ii) certification(s) necessary to perform services identified herein, and (iii) proof of insurance required under the PSA attached hereto as **Appendix A**.

B. Proposal Evaluation

1. Initial Screening

The Designated Contacts and/or designated OST staff shall perform an initial screening of all proposals submitted by qualified Vendors and evaluate them for timeliness and compliance with the minimum qualifications and other requirements set forth herein. The initial screening

shall include written determination of each proposal’s responsiveness under 29 Del. C. § 6981(n)(1). OST shall have discretion with respect to any such determination. Proposals that pass the initial screening shall be forwarded to the Evaluation Team (as defined below) for scoring and evaluation as provided herein.

2. The Evaluation Team

An evaluation team (“Evaluation Team”) that may be composed of representatives from OST, the Board and other State entities will evaluate qualified Vendor proposals meeting all RFP requirements based on the quantitative and qualitative criteria set forth below. Neither the lowest price nor highest scoring proposal will necessarily be selected. OST may in its discretion remove or add members of the Evaluation Team.

3. Evaluation Criteria

Vendors must review the evaluation criteria below and provide responses that address the criteria. The Evaluation Team will not be able to make assumptions about the Vendors’ capabilities; therefore, responses should be detailed and concise within the proposal.

The State has outlined the services it will require in the Scope of Services above and Appendix B. In formulating responses, Vendors are encouraged to suggest additional or modified services in their proposals if such additional or modified services will provide a benefit to the State.

Proposals that are responsive and otherwise meet submission requirements of the RFP will be evaluated and scored based on the criteria and points system set forth in the table below. The results of scoring shall be documented by each member of the Evaluation Team.

Evaluation Criteria for Proposals	Point Value
Firm Background including history, ownership, organization, client and asset base, and investment team	20
Historical Performance including a review of the returns submitted under Tab F, measured net of fees and adjusted for risk	25
Prospective Management and Strategic Insights including portfolio construction, execution, expected return and risk, benchmark evaluation, value creation, and review of investment intent, architectural structure and guidelines	25
Reporting and Compliance including reporting capabilities, electronic access, custody, internal data controls, and guideline adherence	10
Pricing as submitted under Tab B	20
TOTAL POINTS	100

4. Proposal Clarification

Prior to scoring, the Evaluation Team may communicate with a Vendor in order to clarify uncertainties or gain better understanding of a proposal. The Evaluation Team may require or

permit Vendors to modify or supplement their proposals as a result of such communication. Vendors must provide all requested information in a timely manner, which shall mean on or before any deadline established by the Evaluation Team.

5. Communication with References and Past or Present Clients

The Evaluation Team may communicate with all references provided by a Vendor on **Attachment 4** and may use information gained thereby in the evaluation process. In addition, the Evaluation Team may communicate with any known past or present client of a Vendor outside of the reference list, and any information gained may be used in the evaluation process. Vendors that submit a proposal in response to this RFP shall be deemed to have (a) waived any confidentiality or other restrictions that may limit in any way a reference or client's ability to convey information relevant to the evaluation process and (b) to all such communications with references or clients.

6. Oral Presentations

The Evaluation Team, after initial scoring and consultation with OST and/or the Board, may invite selected Vendors to make virtual or in-person oral presentations to the Evaluation Team. Presentations are tentatively scheduled for the week of **July 20, 2026**. *Any costs associated with oral presentations will be borne by the Vendor.* The State requests that all individuals who are expected to be assigned to this engagement be in attendance.

The Evaluation Team may revise scoring based on information received during oral presentations. The reasons for and results of any such re-scoring shall be documented in writing and made part of the procurement file.

7. Formal Contract

The Vendor that is selected as the finalist and invited via written notification from OST (the "Invitations") to enter into negotiations concerning Investment Services will be expected to enter into a formal contract with OST in the form of the PSA attached here to as **Appendix A** (the "Contract"). Vendor's attempt to negotiate pricing or other material Contract terms that were not disclosed and detailed in the Vendor's response may result in the termination of negotiations with, and/or the disqualification of, such Vendor.

OST may require the Vendor with whom the agency is negotiating to execute a truth-in-negotiation certificate stating that the rates and other costs supporting the compensation are accurate, complete and current at the time of contracting. Pursuant to *29 Del. C. § 6982(b)(3)*, the Contract must provide that the original Contract price and any additions thereto shall be adjusted to exclude significant sums where OST determines that the contract price was increased due to inaccurate, incomplete or noncurrent rates or costs. All such Contract adjustments shall be made within 1 year following the end of the Contract.

A. Modification of PSA

OST, in its discretion, may consider and accept proposed modifications or additions to the PSA, whether or not raised in an exception, subject to necessary Board approval.

B. Time Frame

A Vendor who receives an Invitation must execute a Contract within twenty (20) business days from the date of the Invitation, unless such period is extended by OST, in its discretion. If no Contract has been executed by the applicable deadline, OST may in its discretion cancel the Invitation and enter negotiations with another Vendor.

C. Inception of Services

Absent OST's prior written request or approval, no Vendor is to begin providing services prior to the issuance of an Award.

D. Cancellation of Award

If a Vendor that receives an Award fails to commence providing consulting services when due under the Contract, OST, without liability, may cancel and annul the Award and terminate any Contract. In such event, an Award under this RFP may be made to another Vendor.

E. Collusion or Fraud

Vendors may not restrain competition by agreement to offer a fixed price, or otherwise. By responding to this RFP, each Vendor shall be deemed to have represented and warranted that: (i) its proposal is not made in connection with any competing Vendor submitting a separate response to this RFP; (ii) its approval is in all respects fair and without collusion or fraud; (iii) the Vendor did not participate in the RFP development process and had no knowledge of the specific contents of the RFP prior to its issuance; and (iv) no employee or official of the State, the Board or OST participated directly or indirectly in the Vendor's proposal preparation.

If at any time, whether prior to or after the issuance of an Award, OST determines that any of the foregoing representations was untrue when made or subsequently became untrue, OST may, without liability, cancel and annul the Award and terminate any Contract. In such event, an Award under this RFP may be made to another Vendor.

F. Lobbying and Gratuities and Contingency Fees

As required by 29 *Del. C.* § 6903(b), the successful Vendor is deemed to have sworn under oath that the Vendor has not employed or retained any company or person to solicit or secure a Contract by improperly influencing OST or the Board in this procurement process. In addition, the Vendor represents and warrants that it has not directly or indirectly paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working primarily for Vendor, any fee, commission, percentage, gift or any other consideration contingent upon or resulting from an Award or Contract.

For breach or violation of the foregoing oath, representation or warranty, OST, in its discretion and without liability, shall have the right to cancel and annul any Award and

terminate any Contract, or deduct from the Contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

G. Solicitation of State Employees

During the RFP process and for the term of the Contract, Vendor shall not, directly or indirectly, solicit any employee of OST to leave OST's employ in order to accept employment with the Vendor, its affiliates, or any person acting in concert with Vendor, without prior written approval of OST. VIII. Attachments and Appendices

The following items are provided for use in your response. Attachments are required forms to be submitted with your proposal as described in this RFP. Appendices are provided as additional detail or information to assist in your proposal response.

Attachments

<u>Attachment 1</u>	Vendor Questionnaire
<u>Attachment 2</u>	Confidential Information Form
<u>Attachment 3</u>	Exception Form
<u>Attachment 4</u>	Business References

Appendices

<u>Appendix A</u>	Form of Professional Services Agreement
<u>Appendix B</u>	Scope of Services
<u>Appendix C</u>	Cash Management Policy Board Guidelines
<u>Appendix D</u>	Cash Management Policy Board Resolution No. 2025-1

Attachment 1: Vendor Questionnaire

CONTRACT NUMBER: TRE26102-IMS

Firm Background

1. History/Values. Describe in detail the history of your firm, including your founding values and core principles.
2. Ownership. Describe your firm's current ownership structure. Include any pending agreements or announced plans to merge, sell or significantly change the ownership structure of the firm or any material portion thereof. Describe any material changes in ownership during the past five years.
3. Organization. Provide an organizational chart for your firm. Clearly identify the total number of employees in each of the major categories, such as portfolio management, research, portfolio administration, marketing/client service, etc.
4. Growth Plan. Describe your firm's growth plans over the next 3-5 years, including proposed:
 - a. AUM growth
 - b. Earnings growth
 - c. New product introductions
 - d. Expansion of investment team
5. Investment Team. Describe in detail the composition and investment experience of those individuals who would be assigned to the management of the proposed strategy(ies). For each individual, include a complete resume with both work and academic experience. Highlight an individual's experience with accounts managed on behalf of public sector clients as well as the total accounts and nature of same historically and currently managed by such individual. What level of access will OST have with respect to each of the persons identified?
6. Litigation. Describe any regulatory review of the firm or other material litigation, action or sanctions against your firm, its subsidiaries, or contracted third party processors that are presently pending or that was resolved (favorably or unfavorably) in the prior five years.
7. Assets and Accounts. Provide the following information as it relates to your firm's total investment management business. Comment on any large losses or gains.

Year	Assets Gained	Assets Lost	Assets at End of Period	Accounts Gained	Accounts Lost	Accounts End of Period
2026 YTD						
2025						
2024						
2023						
2022						
2021						

8. Client Base. Provide the following information as it relates to your firm’s total investment management business as of December 31, 2025:

Client Type	Number of Accounts	AUM (\$MM)
Corporate		
Public		
Taft-Hartley		
Endowment/Foundation		
Individuals		
Family Offices		
Mutual Funds		
Other		
Total Firm		

9. Strategies. List the official name of all of your firm’s strategies, and its GIPS compliant composite, and identify those applicable to the services being procured in response to this RFP. Identify and explain the closure or termination of any strategies in the past 10 years.

10. Physical Office. Provide the address of the physical location from which the strategy(ies) will be managed.

- Does your firm utilize the Nasdaq EInvestment database providing the state and its vendors to perform portfolio analysis?

Prospective Management and Strategic Insights

In this section, you should provide responses to the questions based on section(s) of the portfolio that you are seeking to manage as described in the table below. In some instances, questions may be directed at your assessment of the portfolio architecture as a whole. Again, refer to the table below in connection with such responses.

Portfolio Type	Duration	Estimated Average Value
Liquidity Managers (2)	0-3 years (1 st Tier)	\$700M
	0-3 years (2 nd Tier)	\$700M
Reserve Managers (4)	1-3 years (1st Tier)	\$1,000M
	3-5 years (2nd Tier)	\$1,000M
	5-10 years (3rd Tier)	\$1,000M
	5-10 years (4th Tier)	\$1,000M

- Construction.** Describe your investment philosophy, process and procedures for portfolio construction, methodology for reinvestment and use of the duration targets. Specify any circumstances under which your firm would deviate from such approach.
- Challenges and Concerns.** Given the current market environment and your outlook for the future, what do you perceive to be the greatest challenges to meeting or exceeding benchmark index returns for your strategy(ies)? What concerns do you have, if any, with the Board's Guidelines and/or Resolution as it relates to your strategy(ies)?
- Execution.** Who on your investment team is responsible for yield curve positioning, duration, sector allocation, and security selection? Describe how those decisions are made?
- Return/Risk.** What is the targeted risk / return profile of the proposed strategy(ies)? How is portfolio risk measured, monitored and controlled?
- Benchmark(s).** Provide the benchmark(s) typically used to measure relative performance of the proposed strategy(ies).
- Excess Returns.** What unique attributes or competitive advantage does your firm or your proposed strategy(ies) have that distinguishes it from its competitors in the fulfillment of this RFP?

7. Value Creation. Within your investment process, roughly what portion of the "value added" comes from each of the following decisions?
- a. _____% Yield Curve Positioning
 - b. _____% Duration
 - c. _____% Sector Allocation
 - d. _____% Security Selection
 - e. _____% Other: _____(Describe)
8. Performance Parameters. Describe the investment environments in which your firm's strategy(ies) can be expected to outperform and underperform. Specifically, discuss how you manage downside risk in situations including a widening of credit spreads and/or an increase in yields.
9. Capacity. Describe any capacity constraints that may limit your firm's ability to successfully manage the proposed strategy(ies). Have you identified an asset level at which you will cap investment?
10. Overall Management. Describe any other qualifications that make your institution the best candidate to manage the proposed strategy(ies).

For the next three questions, refer to the Background (page 3 of the RFP), Appendix B, and Appendix D, respectively.

11. Rationale for New Investment Architecture. Overall, do you agree or disagree with the Board's balancing of its three-part mandate for security, liquidity and yield? Is the Board's rationale for adopting the New Investment Architecture sound? Why/why not?
12. Modifications to Proposed Investment Architecture. Understanding the Board's objectives for the State of Delaware's funds, what aspects of the New Investment Architecture do you consider most problematic, if any? What changes to the architecture would you recommend to better meet the mandate of the Board? Specifically, address what you consider to be the pros and cons of (i) the 25%/75% allocation of funds between the liquidity and reserve managers, (ii) the unique mandates for each of the liquidity managers, (iii) the number of liquidity and reserve managers, and (iv) the targeted duration of the reserve fund tiers. Please detail instances of other clients who have considered comparable cash management structuring issues and the investment architecture that they adopted.
13. Guidelines. In general, are the Guidelines too prescriptive (i.e., are managers allowed sufficient flexibility to generate excess returns)? As compared to your other public sector cash management clients, what aspects of the Guidelines, appear "off market", if any? What asset categories would you allow that are not currently permitted under the Guidelines? Would you alter the concentration limits in any material manner? Are there any conditions you could relax that would not lower the security profile of the portfolio but would be expected to generate additional yield?

Reporting and Compliance

1. **Reporting.** What steps are taken to ensure the accuracy of your portfolio reports? Are reports audited before they are made available to clients? If so, by whom? How soon can such information be made available at month, quarter and year end? Provide a sample of your standard monthly and quarterly reports for the strategy(ies) being proposed.
2. **Pricing.** With regard to your firm's pricing procedures, what is the pricing frequency and level of pricing independence? How does your firm price potentially illiquid securities that pose pricing difficulties?
3. **Electronic Access.** Do you provide online access for retrieving daily, month-end, and quarterly reports as well as daily portfolio holdings?
4. **Client Correspondence.** Do you communicate with clients through general newsletters, monthly performance letters or other generic media? If yes, please provide examples of such correspondence for the past 12 months.
5. **Custody.** Currently, OST uses Northern Trust as custodian for all investment accounts. Does your firm have experience working with Northern Trust as custodian? Do you foresee any issues regarding this relationship or the reporting requirements that may be imposed by the custodian?
6. **Guideline Compliance.** How does your firm ensure compliance with its clients' investment guidelines?
7. **Internal Data Controls.** Discuss the internal controls employed by the firm to verify receipt of data and transmission of data for reporting and evaluation by clients. Provide any disaster recovery measures taken by the firm to ensure timely access and avoidance of interruption of services for clients to receive data related to the firm's investments and/or performance.

Attachment 4: Business References

CONTRACT NUMBER: TRE26102-IMS

List a minimum of four business references. At least two (2) of the references should be from government entities. Business references should include the following information:

- Business name and mailing address
- Contact name, phone number and email address
- Number of years doing business with
- Type of work performed

Please do not list any State entity, officer or employee as a business reference.

If you have held a State contract within the last 5 years, provide a separate list of the contract(s), describe the scope of work performed, and include the name, title, phone number and email address for your primary contact for each engagement.

**APPENDIX A: PROFESSIONAL SERVICES AGREEMENT FOR
INVESTMENT MANAGEMENT SERVICES
CONTRACT NO. TRE26102-IMS**

This Professional Services Agreement (the “Agreement”) is entered into by and between the Office of State Treasurer (“OST”) for the State of Delaware (the “State”), on behalf of the Cash Management Policy Board (the “Board”), and [_____] (“Vendor”).

WHEREAS, in _____, OST, on behalf of the Board, issued a formal Request for Proposals (the “RFP”) pursuant to the State Procurement Code seeking proposals from qualified firms to provide investment management services to OST and the Board;

WHEREAS the Board desires to obtain from Vendor investment management services on the terms set forth in this Agreement;

WHEREAS Vendor desires to provide such services to the Board on the terms set forth in the Agreement;

WHEREAS, OST, on behalf of the Board, and Vendor represent and warrant that each party has full right, power and authority to enter into and perform under this Agreement;

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, OST and Vendor agree as follows:

1. Services and Term.

- 1.1. Vendor shall provide to OST, the Board and its committees those services as set forth herein and as specified on the Statement of Work attached hereto as **Exhibit 1** (collectively, the “Services”). Vendor shall provide all Services in accordance with the Project Schedule attached hereto as **Exhibit 3**, if applicable.
- 1.2. The initial term of this Agreement shall begin on the date this Agreement is fully executed, or as may be otherwise agreed upon by the parties, and shall extend for five (5) years from that date. OST has three one-year extension options. OST, in its discretion, may exercise each option at any time prior to the expiration of the initial or extended term, as the case may be, subject only to Board approval of any such optional term.
- 1.3. Vendor shall meet and confer with OST, the Board and/or any committee of the Board at such times and places as OST, the Board or a committee may reasonably request. Vendor, if requested by OST, shall participate in meetings with other State agencies concerning Investment Services-related issues. Vendor shall keep OST staff informed as to portfolio investment ideas, strategy and execution, as well as ongoing evaluation of strategy and performance. This interface shall include regular telephone communication, exchange of written data and analysis and other interaction as requested by OST. Upon request, Vendor shall furnish to OST and/or the Board or a committee thereof information regarding assets or asset classes and an overview of specific market conditions.

- 1.4. Vendor is hereby appointed as a fiduciary of OST, the Board and the State. Vendor is authorized to invest and manage that certain portfolio of assets identified on **Exhibit 1** hereto, together with all interest, earnings, accruals and capital growth thereon. Vendor hereby accepts such appointment, assumes full responsibility for the investment and management of such assets, and agrees to execute its duties according to the terms, condition and standards set forth in this Agreement and all attachments hereto and in accordance with all applicable laws and regulations. Vendor shall have the discretion and authority to invest and reinvest the assets in accordance with its fiduciary duties, the investment objectives and guidelines and performance standards established by the Board, as the same may be amended from time to time. Vendor shall have a commercially reasonable amount of time to comply after any such amendment or change in law or regulation. Vendor acknowledges that it is a fiduciary with respect to the investment and management of the assets and covenants, warrants and promises to discharge all of its duties and exercise all of its powers hereunder (a) solely in the interest of OST, the Board and the State and (b) with the care, skill, prudence and diligence under the circumstances prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims in conformance with the standard set forth under the laws of the State of Delaware.
- 1.5. Ownership of the assets shall remain with the State. Vendor shall not, under any circumstances, take possession, custody, title or ownership of any assets. Vendor shall not have the right to have securities registered in its own name, or in the name of its nominee, nor shall Vendor in any manner acquire or become possessed of any income or proceeds distributable by reason of selling, holding or controlling any assets under this Agreement. Vendor shall have no responsibility with respect to the collection of income, physical acquisition or the safekeeping of the assets. All such duties of collection, physical acquisition or safekeeping shall be the sole obligation of the designated custodian. All transactions authorized by this Agreement shall be settled through the custodian at the best price possible under the circumstances. OST and the Board shall have responsibility for the establishment and maintenance of proper arrangements regarding the custody of the securities or other assets managed by Vendor. Vendor shall review all performance and other reports provided by the custodian and shall promptly notify OST in writing of any material errors or discrepancies. Vendor shall cooperate with the custodian to reconcile the account(s) each month.
- 1.6. Upon execution of this Agreement, OST shall provide Vendor with a list of authorized OST personnel (“Authorized Persons”) who will be permitted to advise, inform and direct Vendor on OST’s behalf, together with signature specimens of certain Authorized Persons who are authorized to execute specific tasks. OST shall notify Vendor of any changes to such list in writing. Until notified of a change, Vendor may rely and act upon instructions and notices received from an Authorized Person identified on the then-current list furnished by OST. Vendor may request a current list at any time. All instructions or notices to Vendor from any Authorized Person shall be in writing and transmitted as provided in Section 19 (Notices) or via electronic mail containing a PDF or other electronic copy of an instruction form or notice signed by an Authorized Person. All such authorized instructions or notices shall bind Vendor upon receipt. If Vendor receives instructions or notices from a source other than an Authorized Person, Vendor shall not comply with them and shall immediately notify OST of such unauthorized instructions or notices.
- 1.7. OST agrees that following its initial funding: (i) Vendor, upon receipt of any notice or instruction regarding a contribution or withdrawal of assets OST intends to make, may place

trade orders in reliance on such notice or instruction and, in the case of a contribution of assets (“Contribution Notice”), before confirming with the custodian that the custodian has received such assets; and (ii) OST shall be responsible for contributing the amount of assets specified in the Contribution Notice by the date specified in such Contribution Notice. OST may decrease or increase the assets managed by Vendor hereunder immediately upon transmission of instructions to Vendor. Any such instructions shall set forth the amount, effective date and other details of any such increase or decrease.

- 1.8. Vendor is authorized to vote or refrain from voting any proxy, voluntary tender offer or similar corporate action notice received by Vendor in a timely manner from the custodian which relates to any security held in the account, and shall vote proxies in accordance with Vendor’s proxy voting policy in the State’s best interest.

2. Payment for Services and Expenses.

- 2.1 OST will pay Vendor for the performance of Services in accordance with **Exhibit 2**. All payments to Vendor shall be made by Automated Clearing House transactions.
- 2.2 OST’s obligation to pay Vendor for the performance of Services will not exceed the annual fixed price and/or rates and limits set forth on **Exhibit 2**. Vendor is solely responsible for ensuring that all Services are completed for the agreed upon price and/or rates and within any applicable cap. Annual fees and/or rates shall be fixed for the initial term of the Agreement and, at OST’s option, shall remain fixed for any extension period.
- 2.3 Unless otherwise agreed, all payments will be sent to Vendor’s identified address on record with the custodian as identified in the required onboarding package.
- 2.4 Vendor shall submit invoices to OST in arrears on a quarterly basis. Services provided for a fixed annual price shall be prorated. OST agrees to pay undisputed amounts within 30 days of receipt. In the event that OST disputes all or any portion of an invoice, OST agrees to provide Vendor with a detailed statement of OST’s position on the invoice, or disputed portion of the invoice, within 30 days of receipt.
- 2.5 All expenses incurred in the performance of the Services are Vendor’s responsibility. Vendor shall not be reimbursed for any expenses incurred by Vendor in the performance of the Services, including, but not limited to, travel and lodging expenses, communications charges, and computer time and supplies.
- 2.6 OST shall not be liable for the payment of federal, state and local sales, use and excise taxes, including any interest and penalties from any related deficiency, which may become due and payable by Vendor as a consequence of this Agreement.
- 2.7 OST shall have the right to setoff or subtract from any payment to be made to Vendor all damages, costs and expenses caused by Vendor’s breach of the Agreement, or Vendor’s negligence, gross negligence or other tortious or illegal conduct in connection with the provision of Services hereunder, to the extent such damages, costs and expenses have not otherwise been reimbursed by Vendor.

- 2.8 Invoices shall be submitted electronically to OST's Director of Operations and Fund Management, Fiah M. Kwesseu at fiah.kwesseu@delaware.gov with a copy to [Treasury Investment Services@delaware.gov](mailto:Treasury_Investment_Services@delaware.gov).

3. **Project Schedule**

- 3.1 If applicable, a preliminary project schedule is set out on **Exhibit 3 (if applicable)**. The parties shall work together to craft a final project schedule. The final project schedule shall be agreed upon and substituted as a replacement **Exhibit 3 (if applicable)** within 30 days from the date the Agreement is fully executed by the parties.
- 3.2 Any delay of Services or change in the sequence of Services, whether on the preliminary or final project schedule, must be approved in writing by OST.
- 3.3 In the event that Vendor fails to complete the Services or any portion thereof within the time specified in **Exhibit 3 (if applicable)**, or with such additional time as may be granted in writing by OST, or fails to perform any Service with such diligence as will insure its completion within the time specified in **Exhibit 3 (if applicable)**, or any extensions thereof, OST may suspend its obligation to make payment otherwise due under the Agreement until such time as the breach is cured or otherwise remedied to the reasonable satisfaction of OST.

4. **Responsibilities of Vendor.**

- 4.1 Vendor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all Services furnished by Vendor and its principals, officers, employees, and approved delegates/agents under this Agreement. The term "agent" utilized herein shall not include unaffiliated brokers, dealers or counterparties. In performing the Services, Vendor shall follow practices consistent with generally accepted professional and technical standards and comply with all applicable federal, state and local laws, ordinances, codes and regulations. Restrictions in the investment guidelines will apply at the time of purchase of assets. No credit rating downgrade or change to the market value of an asset in an account shall, by itself, be deemed to violate any restriction specified in the investment guidelines, as long as the purchase of the asset did not violate any such restriction at the time of purchase. Vendor shall comply with the investment guidelines for purchases in violation of the guidelines, or when Vendor holds impermissible securities as a result of a downgrade or drawdown.
- 4.2 Vendor shall be responsible for ensuring that all Services and deliverables furnished pursuant to this Agreement comply with the standards promulgated by the State's Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/technology-services/standards-and-policies/> and as modified from time to time by DTI during the term of this Agreement. If any Service or deliverable furnished pursuant to this Agreement does not conform to DTI standards, Vendor shall, at its expense and option either (a) replace it with a conforming equivalent or (b) modify it to conform to DTI standards. Vendor shall be liable and indemnify the State and its officers, employees and attorneys for all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees), incurred by the State or its agents or employees resulting from or attributable to Vendor's failure to comply with DTI standards and requirements.

- 4.3 Vendor shall execute and comply with DTI's Terms and Conditions Governing Cloud Services and Data Usage Agreement attached hereto as **Exhibit 4**.
- 4.4 Vendor shall be responsible for all security breaches caused by its employees and contract employees, its subcontractors, and the employees and contract employees of its subcontractors. Vendor shall indemnify and hold harmless the State and its officers, employees and attorneys from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees) arising out of such breaches. In addition to all rights and remedies available to it in law or in equity, the State may offset against and subtract from any payment to be made to Vendor any damages, costs and expenses caused by any such breach.
- 4.5 Multifunction peripherals must be hardened when used or connected to the State's network.
- 4.6 Electronic information storage devices (hard drives, tapes, diskettes, compact disks, USB, multifunction peripherals, *etc.*) shall be disposed of in a manner corresponding to the classification of the stored information, up to and including physical destruction.
- 4.7 It shall be the duty of Vendor to assure that all Services and deliverables are technically sound and in conformance with all applicable federal, state and local statutes, codes, ordinances, resolutions and other regulations applicable to the Services. Vendor will not provide access to software, or produce work product, that violates or infringes on any copyright, trademark, patent or other intellectual property rights. Vendor shall, without additional compensation, correct or revise any errors or omissions in the software or work product and shall indemnify the State and its officers, employees and attorneys for all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees), incurred by the State or its officers, employees or attorneys resulting from or attributable to Vendor's failure to comply with this Section.
- 4.8 OST's review, approval, acceptance, or payment for any Services shall not be construed to operate as an admission or acknowledgement of any fact or circumstance, or a waiver of any rights under this Agreement or otherwise, and Vendor shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages caused by Vendor's breach or negligent performance or failure to perform under this Agreement.
- 4.9 Vendor shall appoint a senior employee who will manage the performance of Services and act as the single point of contact to OST.
- 4.10 Designation of persons for each position is subject to review and approval by OST. Should the staff need to be diverted off the project for what are now unforeseeable circumstances, Vendor will notify OST immediately and work out a transition plan that is acceptable to both parties, as well as agree to an acceptable replacement plan to fill or complete the work originally assigned to the diverted project staff at no cost to the State. Selected replacement staff are subject to review and approval by OST. If Vendor fails to make a required replacement within 30 days, OST may terminate this Agreement for default. Upon receipt of written notice from OST that an employee of Vendor is unsuitable for good cause, Vendor shall remove such employee from the performance of Services and substitute in his/her place an employee suitable to OST.

- 4.11 Unless legally prohibited, Vendor shall promptly notify OST in writing of any investigation, examination or other proceeding involving Vendor, or any key personnel or designated staff of Vendor, including a contract employee or a subcontractor, or any key personnel or designated staff of a subcontractor, commenced by any regulatory or law enforcement agency and involving allegations of fraud or illegal conduct, or a data breach.
 - 4.12 Vendor agrees that its senior employee and other key personnel or designated staff will cooperate with OST in the performance of Services and will be available for consultation with OST upon reasonable request.
 - 4.13 Vendor has or will retain such employees as it may need to perform the Services.
 - 4.14 Vendor will not use OST's, the Board's or the State's name, either express or implied, in any of its advertising or sales materials without OST's prior written consent.
 - 4.15 Vendor represents that it is properly licensed, registered and authorized to transact business and perform Services in the State.
 - 4.16 Vendor will provide to OST audited financial statements pertaining to the ultimate parent company of Vendor and its affiliates, as requested by OST.
 - 4.17 Vendor shall be independent and shall provide advice and recommendations to OST and the Board free of any conflicts of interest and solely in the best interest of the State. OST understands that the Vendor and its affiliates will continue to furnish investment management and advisory services to others, and that the Vendor and such affiliates shall be at all times free to make recommendations to others which may be the same as, or may be different from, those made with respect to the Services.
 - 4.18 OST authorizes Vendor, in its discretion, to aggregate purchases and sales of securities for the account with purchases and sales of securities of the same issuer for other clients of the Vendor. When transactions are so aggregated, each client account participating in an aggregated order execution will generally participate at the average execution price, and appropriate transaction costs will be shared pro rata based on each client's participation in the transaction.
5. **OST Responsibilities/Representations.**
- 5.1 OST agrees that its officers and employees will cooperate with Vendor in the performance of Services and will be available for consultation with Vendor upon reasonable request.
 - 5.2 OST shall pay for the Services as provided on **Exhibit 2**, subject to review for compliance with and the terms of this Agreement.
 - 5.3 The Services performed by Vendor shall be subject to review for compliance with the terms of this Agreement by OST's Designated Contact. OST's Designated Contact may delegate any or all responsibilities under the Agreement to appropriate staff members, and shall so inform Vendor by written notice before the effective date of each such delegation. The review by OST's Designated Contact may be reported in writing to Vendor but shall not relieve Vendor

from the responsibility for the professional and technical accuracy of all Services delivered under this Agreement.

- 5.4 OST acknowledges (a) that it has received Vendor's Form ADV Part 2 prior to entering into this agreement and (b) that under the Investment Advisers Act of 1940, as amended, the Securities and Exchange Commission ("SEC") has access to all books and records maintained by Vendor, including any records relating to OST, and that any such disclosure to the SEC by Vendor shall be permitted.
- 5.5 OST represents that:
 - a. To the best of OST's knowledge, neither this Agreement nor the investment guidelines violates any laws or regulations or any policy, guideline, contract or other document applicable to OST.
 - b. OST shall not knowingly transfer funds into the account(s) which have been derived from or invested for the benefit of activities, parties or jurisdictions subject to or in violation of United States, United Nations, European Union or other applicable international sanctions.

6. **Ownership of Work Product and Data and Documents.**

- 6.1 All materials, information, documents, reports and other work product, whether finished, unfinished, or draft, developed, prepared or completed by Vendor relating to the Agreement shall become the property of the State and shall be delivered upon request by OST. The State shall have the right to reproduce and disclose all work product related to this Agreement. The State's rights under this Section shall survive termination of the Agreement.
- 6.2 The State shall have and retain title and interest to all data and documents related to this Agreement, including Vendor work product and data and documents electronically stored by Vendor. Upon termination of the Agreement, and for a period of six (6) months thereafter, OST shall have the right to request and shall, at OST's option and at Vendor's expense, be provided with copies of all data and documents electronically stored by Vendor related to the Agreement. Promptly after such six (6) month period, all State data and documents shall be destroyed or retained in accordance with Section 7.8.

7. **Confidential Information of the State.**

- 7.1 "Confidential Material," as used herein, means all documents and data that contain confidential commercial, financial, consumer, or other confidential information of the State, whether or not such agreements or other documents are marked "confidential" or otherwise designated as confidential by OST.
- 7.2 Confidential Material shall be used by Vendor solely for purposes of executing its duties and obligations under the Agreement. Vendor may disclose Confidential Material only to those Vendor employees who have a need to access Confidential Material in the scope of their employment for Vendor, and who have been informed, understand and acknowledge in writing that Confidential Material is highly sensitive and confidential and must be held in strictest confidence.

- 7.3 Confidential Material shall not be copied or reproduced without the express written permission of OST, except for such copies as may reasonably be required for Vendor to execute its duties and obligations under the Agreement. Except as contemplated by the Agreement, Vendor shall not store or aggregate in a data base or other electronic storage means any Confidential Material; provided, however, that Vendor is permitted to store Confidential Material in physical or electronic files in accordance with this Section 7 while executing its duties under the Agreement and for a reasonable period of time thereafter, after which the Confidential Materials, including all physical and electronic copies, shall be destroyed or retained in accordance with Section 7.8.
- 7.4 Except as expressly permitted in this Section 7, Confidential Material shall not be disclosed to any individuals or third parties without the prior written consent of OST, unless such disclosure is required by law. Vendor shall immediately notify OST in writing of Vendor's receipt of a court order, subpoena or discovery requests seeking or ordering the production, disclosure or inspection of any Confidential Material. Vendor shall, at the request of OST, object to any such order, subpoena or discovery and shall take all other measures that may reasonably be necessary to protect against the unwarranted production, disclosure or inspection of Confidential Material. In the event disclosure of Confidential Material is compelled or otherwise required by law, Vendor shall mark all documents submitted in connection with any such disclosure so as to indicate the confidential nature of the material and OST's interest therein.
- 7.5 This Section 7 shall not restrict the disclosure or use of Confidential Material that:
1. is in the public domain at the time of disclosure or thereafter enters the public domain through no breach of the Agreement;
 2. is in the possession of Vendor without restrictions when received;
 3. has been lawfully obtained or is lawfully obtainable without restrictions from a source other than OST, the Board or the State through no breach of the Agreement;
 4. has been developed independently by Vendor and without reliance upon Confidential Material.
- 7.6 Vendor shall take reasonable steps to restrict access to and otherwise safeguard the confidentiality and integrity of Confidential Material at all times, including, without limitation, the implementation of electronic security procedures and other measures designed to ensure that all Confidential Material is properly stored, and password protected at all times.
- 7.7 Vendor shall immediately disclose to OST the discovery of any security breach or suspicious intrusion involving Confidential Material and shall identify the type and amount of Confidential Material that was compromised or disclosed.
- 7.8 Within six (6) months from the termination of the Agreement, all Confidential Material, regardless of form, shall be permanently deleted or destroyed in accordance with all applicable law, orders, rules and regulations and industry best practices. Any electronic data or documents deleted under this Section 7.8 shall be permanently deleted and shall not be recoverable, according to the National Institute of Standards and Technology's approved methods. If requested, Vendor shall provide a destruction certificate to OST listing the type and

contents of electronic records or physical documents destroyed or permanently deleted under this Section 7.8. Notwithstanding the foregoing, Vendor may, subject to Vendor's confidentiality obligations under this Agreement, retain copies of State data and documents to the extent required by applicable state or federal law, regulations, rules, or orders or Vendor's document retention policy.

- 7.9 The State shall have no obligation to disclose Confidential Material. OST may, in its discretion, provide or refuse to provide Confidential Material requested by Vendor.
- 7.10 Vendor understands and agrees that the State may suffer irreparable harm in the event that Vendor fails to comply with its obligations hereunder and that monetary damages may not be adequate to compensate the State for such breach. Vendor agrees that the State, in addition to other remedies available to it at law or in equity for actual damages, shall be entitled to seek injunctive relief to enforce the terms of this Section 7.
- 7.11 Vendor's confidentiality obligations shall survive termination of the Agreement.

8. **Warranty.**

- 8.1 Vendor agrees to correct or re-perform any Services not in compliance with this Agreement in a timely manner.
- 8.2 Third-party products within the scope of this Agreement, if any, are warranted solely under the terms and conditions of the licenses or other agreements by which such products are governed. With respect to all third-party products and services purchased by Vendor in connection with the provision of the Services, if any, Vendor shall pass through or assign to the State all rights Vendor obtains from the manufacturers and/or vendors of such products and services (including warranty and indemnification rights), to the extent that such rights are assignable.

9. **Indemnification; Limitation of Liability.**

- 9.1 Vendor shall indemnify and hold harmless OST, the Board, the State and their respective officers, members, employees and attorneys ("Indemnified Parties") from any and all liability, suits, actions, claims or damages, together with all reasonable costs and expenses (including attorneys' fees), arising out of Vendor's breach of the Agreement, or the negligent, reckless, intentional or other tortious, fraudulent, illegal, or unlawful conduct of Vendor or any affiliate or subcontractor, or their respective officers, employees, contract employees or agents, arising out of or related to this Agreement ("Claims").
- 9.2 If OST notifies Vendor in writing of a Claim against an Indemnified Party, including, without limitation, any Claim based on Vendor's disclosure of or failure to safeguard any personal financial or other Confidential Material, Vendor will defend such Claim at Vendor's expense if so requested by OST, in OST's sole discretion. Vendor will pay any costs or damages that may be finally awarded against an Indemnified Party.
- 9.3 Except for fees that may be due and owing as set forth in Section 2 above and **Exhibit 2** hereto, and notwithstanding anything to the contrary in this Agreement, neither OST, the Board or the State, nor any officers, members, employees or attorneys of the foregoing, shall

have any liability to Vendor or any other party for fees (including attorneys' fees), expenses, suits, actions, claims or damages, whether direct or indirect, compensatory or punitive, actual or consequential, in or for actions, claims, causes of action or rights, including alleged indemnification rights, arising out of or related in any way to this Agreement.

- 9.4 Notwithstanding anything to the contrary herein, no provision of this Agreement shall constitute or be construed as an indemnification obligation in favor of Vendor, or a waiver or limitation of any right of OST, the Board or the State that may exist under applicable law.
- 9.5 Notwithstanding anything to the contrary herein, to the extent available under applicable law, OST, the Board and the State, and their respective officers, members, employees and attorneys, expressly reserve all rights, claims, arguments, defenses and immunities, including, without limitation, claims or defenses based on sovereign immunity, qualified immunity and other statutory or common law rights, claims, defenses or immunities; provided, however, that Vendor shall have the right to seek to enforce this Agreement in the courts of this State.

10. **Insurance.**

- 10.1 Vendor shall maintain the following insurance during the term of this Agreement:
- a. Worker's compensation and employer's liability insurance in accordance with applicable law;
 - b. Comprehensive general liability - \$1,000,000 per occurrence/\$3,000,000 per aggregate;
 - c. Professional liability - \$5,000,000 per occurrence/\$5,000,000 per aggregate;
 - d. Automotive liability insurance covering all automotive units used in the work with limits of not less than \$100,000 for each person and \$300,000 for each accident as to bodily injury and \$25,000 as to property damage to others; and
 - e. Cyber Liability – Vendor must maintain cyber security liability insurance coverage with limits of \$[in an amount TBD] aggregate for loss resulting from a data breach. The policy shall be issued by an insurance company with an A.M. Best Rating of A-VII and shall remain in place for the term of the Agreement. At a minimum, the policy must include third-party coverage for credit monitoring, notification costs to data breach victims, and regulatory penalties and fines (to the extent insurable). Vendor shall be responsible for any deductible or self-insured retention contained in the insurance policy.
 - f. Excess/Umbrella policy - Excess/Umbrella \$[in an amount TBD] total (sits above underlying worker's compensation and employer's liability, general liability, and automotive liability).
- 10.2 Should any of the above-described policies be cancelled before the expiration date thereof, notice will be delivered to OST.
- 10.3 Before any work is performed pursuant to this Agreement, certificate of insurance and/or copies of the insurance policies specified in Section 10.1 shall be provided to OST. The certificate holder is as follows:

**Office of the State Treasurer
820 Silver Lake Blvd., Suite 100
Dover, DE 19904**

10.4 In no event shall OST, the Board or the State, or their respective officers, members, employees or attorneys, be named as an additional insured on any policy required under this Agreement.

11. Independent Contractor.

11.1 It is understood that in the performance of the Services, Vendor is an independent contractor, not an agent or employee of OST, the Board or the State, and shall furnish such Services in its own manner and method, except as required by this Agreement.

11.2 Vendor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons employed by Vendor in the performance of the Services; provided, however, that Vendor will, subject to scheduling and staffing considerations, attempt to honor OST's request for specific individuals.

11.3 Vendor shall be solely responsible for, and shall indemnify, defend and hold OST, the Board and the State, and their respective officers, members, employees and attorneys, harmless from all matters relating to the payment of Vendor's employees, contract employees, subcontractor or subcontractor's employees, including compliance with Social Security withholding and all other wages, salaries, benefits and taxes of any nature whatsoever.

11.4 Vendor acknowledges that Vendor and any agents or employees employed or contracted by Vendor shall not, under any circumstances, be considered employees of OST, the Board or the State, and that they shall not be entitled to any of the compensation, benefits or rights afforded employees of the State, including, but not limited to, sick leave, vacation leave, holiday pay, pension benefits, and health, life, dental, long-term disability and workers' compensation insurance benefits.

11.5 Vendor shall be responsible for providing liability insurance for its personnel and agents.

11.6 As an independent contractor, Vendor has no authority to bind or commit OST, the Board or the State. Nothing herein shall be deemed or construed to create a joint venture, partnership, or agency relationship between the parties for any purpose.

12. Suspension.

12.1 OST may for any reason suspend performance by Vendor under this Agreement for such period of time as OST, in its discretion, may prescribe by providing written notice to Vendor. Upon receipt of such notice, Vendor shall not perform further work under this Agreement until Vendor's receipt of written notice from OST to resume performance.

12.2 OST shall pay Vendor compensation earned through the effective date of suspension, less all previous payments and subject to any rights of offset or recoupment that OST or the State may have against Vendor.

13. **Termination.**

- 13.1 This Agreement may be terminated by either party for default, which shall mean the failure of the other party to fulfill a material obligation under this Agreement, through no fault of the terminating party, but only after the other party is given:
- a. Not less than 14 calendar days' written notice of intent to terminate; and
 - b. An opportunity for consultation with the terminating party prior to termination.
- 13.2 This Agreement may be terminated in whole or in part by OST for its convenience, but only after Vendor is given 30 calendar days' written notice of intent to terminate.
- 13.3 If termination is effected, OST will pay Vendor that portion of compensation earned for Services provided as of the effective date of termination, but:
- a. No amount shall be allowed for anticipated profit on unperformed Services or other work;
 - b. Any payment due to Vendor at the time of termination may be adjusted or reduced to the extent of the State's offset or recoupment rights; and
 - c. In the event Vendor ceases conducting business, OST shall have the right to make an unsolicited offer of employment to any officers or employees of Vendor.
- 13.4 In connection with any notice issued under this Section 13, OST may immediately retain another vendor to perform the Services. Vendor shall at all times cooperate in the transition and shall perform such Services and additional services as OST shall determine are necessary or appropriate to enable the transition of work to a successor vendor or vendors. Vendor's obligation to provide transition services shall survive termination and shall continue until such date as is communicated in writing to Vendor that such Services or additional services are no longer needed.
- 13.5 If after termination for breach it is determined that Vendor has not so failed, the termination shall be deemed to have been effected for convenience.
- 13.6 The termination of this Agreement shall not terminate indemnification or confidentiality rights or obligations, or any other rights or obligations that are intended to or customarily extend beyond termination.
- 13.7 The rights and remedies of OST provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.
- 13.8 Gratuities.
- a. OST may, by written notice to Vendor, terminate this Agreement without liability if it is found that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by Vendor or any agent or representative of Vendor to any officer or employee of OST, the Board or the State with a view toward securing a contract or securing favorable

treatment with respect to the awarding or amending or making of any determinations with respect to the performance of this Agreement.

- b. In the event this Agreement is terminated as provided in Section 13.8.a, the State shall be entitled to pursue the same remedies against Vendor it could pursue in the event of a breach of this Agreement by Vendor.
- c. The rights and remedies of OST, the Board and the State provided in Section 13.8 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

13.9 Validity and enforcement of this Agreement is subject to appropriations by the General Assembly of the specific funds necessary for contract performance. If such funds are not so appropriated, (a) OST may immediately terminate this Agreement without liability, and (b) the Agreement shall be terminated without liability as to any obligation of OST requiring the expenditure of money for which no specific appropriation is available.

14. Assignment; Subcontracts.

14.1 Any attempt by Vendor to assign or otherwise transfer any interest in this Agreement without the prior written consent of OST shall be void.

14.2 Vendor's employees shall perform all Services, unless OST consents in writing to Vendor's request to use temporary staff, independent contractors or a subcontractor. Neither approval by OST of any such request, nor OST's acceptance of any software, deliverable or payment of any invoice, shall relieve Vendor of responsibility for the professional and technical accuracy and adequacy of the Services. All temporary staff, independent contractors and subcontractors shall adhere to and be bound by the terms of this Agreement, including all exhibits.

14.3 Vendor shall be and remain liable for all damages to OST, the Board and the State caused by the negligent performance or non-performance of work under this Agreement by any use temporary staff, independent contractors or a subcontractor.

14.4 The compensation otherwise due to Vendor pursuant to **Exhibit 2** shall not be affected by OST's approval of Vendor's request to use temporary staff, independent contractors or a subcontractor.

15. Complete Agreement.

15.1 This Agreement and its exhibits, which are incorporated herein by reference, shall constitute the entire Agreement between OST and Vendor with respect to the subject matter of this Agreement and shall not be modified or changed without the express written consent of the parties. The provisions of this Agreement supersede all prior oral and written quotations, communications, agreements and understandings of the parties with respect to the subject matter of this Agreement. Notwithstanding the foregoing, or any other provision of this Agreement, all oaths, representations and warranties made by Vendor through participation in the RFP process, including, without limitation, all written representations made by Vendor in

Vendor's proposal concerning Vendor's experience and capabilities, shall survive execution and become part of the Agreement.

- 15.2 If the scope of any provision of this Agreement is too broad in any respect to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provision shall be curtailed only to the extent necessary to conform to the law.
- 15.3 If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.
- 15.4 Each exhibit to this Agreement, except as its terms otherwise expressly provide, shall be a complete statement of its subject matter and shall supplement, modify and supersede the terms and conditions of this Agreement. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the parties hereto with respect to the subject matter of this Agreement.

16. **Miscellaneous Provisions.**

- 16.1 Except for fees that may be due and owing as set forth in Section 2 above and **Exhibit 2** hereto, Vendor shall solely bear the costs incurred in the performance of this Agreement.
- 16.2 Neither this Agreement nor any exhibit may be modified or amended except by the mutual written agreement of the parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom enforcement is sought.
- 16.3 The delay or failure by either party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.
- 16.4 Except as disclosed in the Vendor's Form ADV, Vendor covenants that it presently has no interest, and that it will not acquire any interest, direct or indirect, that conflicts or would conflict in any manner or degree with the performance of Services required under this Agreement. Vendor further covenants that Vendor has disclosed and adequately described all direct ownership interests in, or any reseller, consulting or other business relationships with, an Investment Services vendor as of the date of this Agreement. Vendor will immediately notify OST of any material changes to such disclosures and descriptions and any other ownership interests in or relationships with an Investment Services vendor that arise during the term of the Agreement, including any extension period.

- 16.5 Vendor acknowledges that OST, the Board and the State have obligations to ensure that public funds and resources are not used to subsidize private discrimination. Vendor recognizes that its refusal to hire or do business with an individual or company due to reasons of race, color, gender, ethnicity, disability, national origin, age, or any other protected status, may result in OST declaring Vendor in breach of the Agreement, terminating the Agreement without liability and/or taking such additional action as may be warranted under the circumstances.
- 16.6 Vendor warrants that no person or entity has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, OST shall have the right to terminate this Agreement without liability.
- 16.7 This Agreement was drafted with the joint participation of both parties and shall be construed neither against nor in favor of either party.
- 16.8 Notwithstanding anything to the contrary herein, for each account, Vendor is required to maintain only the books and records required by, and in accordance with laws and regulations applicable to Vendor's management of the account, including 17 CFR § 275.204-2. Vendor may destroy such books and records without OST's prior written authorization provided that Vendor does so in accordance with Vendor's internal record retention policies and procedures necessary to achieve compliance with laws and regulations pertaining to the general operation and governance of Vendor's business.
- 16.9 At the option of OST, the parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between officials or executives who have authority to settle the controversy. All offers, promises, conduct and statements, in each case relating to dispute resolution, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible in any proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable may not be rendered inadmissible merely because it was the subject of discussion in the course of negotiation.
- 16.10 Any disputes, claims or controversies arising out of or relating to this Agreement that are not resolved through resolution pursuant to Section 16.9, may be submitted to mediation if OST so elects. Any such proceedings held pursuant to this provision shall be governed by the State's laws, and venue shall be in this State. The parties shall maintain the confidential nature of the proceedings and shall keep the terms of any resulting settlement or award confidential to the extent permissible under applicable law. Each party shall bear its own costs of mediation, including attorneys' fees and half of the mediator's fees and expenses.
- 16.11 The rights and remedies of OST and the State provided for in this Agreement are in addition to any other rights and remedies provided by law or at equity.
- 16.12 Neither party to this Agreement shall be liable for damages resulting from delayed or defective performance of its obligations under this Agreement when such delays or defective performance arise out of causes beyond the reasonable control and without the negligence or willful misconduct of the party.

- 16.13 This Agreement, including all exhibits, and its contents, including pricing information, is a public document subject to mandatory disclosure under the State's Freedom of Information Act, 29 Del. C. § 10001-10007. In the event that OST is required by law (any statute, governmental rule or regulation, or judicial or governmental order, judgment or decree) to disclose to the public any information or document reasonably designated as "confidential" by Vendor, OST will, to the extent reasonably practicable, give Vendor prior written notice of such disclosure or potential disclosure.
- 16.14 The provisions of this Agreement are for the sole benefit of the parties hereto. This Agreement confers no rights, benefits or claims upon any person or entity not a party hereto, including any permitted independent contractor or subcontractor approved by OST.
- 16.15 The terms of the RFP and any addenda or answers to RFP questions (the "RFP Documents") are incorporated herein by reference and govern the Services and Vendor except to the extent the terms of the RFP Documents conflict with the terms of this Agreement. When construing or interpreting the Agreement (a) the terms of the exhibits shall control and take precedence over the main text of the Agreement; and (b) the terms of the Agreement, including all exhibits, shall control and take precedence over the RFP Documents.
- 16.16 Pursuant to Regulation S-P adopted by the SEC, all non-public consumer financial information provided by OST to Vendor under this Agreement, if any, shall be kept confidential by Vendor and not disclosed to others, except to the extent disclosure is (i) permitted by Regulation S-P or authorized by Delaware; (ii) required by applicable law or judicial or regulatory process; or (iii) necessary to carry out the purposes of this Agreement.
- 16.17 To the extent that any market counterparty with whom Vendor deals requires information relating to the account (including, but not limited to, the identity of OST and the market value of the account), Vendor shall be permitted to disclose such information to the extent necessary to effect transactions on behalf of the account.

17. Assignment of Antitrust Claims.

As consideration for the award and execution of this Agreement by OST, Vendor hereby grants, conveys, sells, assigns and transfers to the State all of Vendor's right, title and interest in and to all known or unknown causes of action it presently has or may now or hereafter acquire under the antitrust laws of the United States or this State relating to the Services and other work product purchased or acquired by OST, the Board or the State pursuant to this Agreement.

18. Governing Law.

This Agreement shall be governed by and construed in accordance with Delaware law, without regard to conflict of laws rules or principles. Vendor consents to jurisdiction and venue in this State.

19. Notices.

Any and all notices required by the provisions of this Agreement shall be in writing and shall be mailed, certified or registered mail, return receipt requested. All notices shall be sent electronically to the following addresses:

If to OST:
Attn: (the “Designated Contact”)

If to Vendor:
Attn:

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be duly executed as of the date indicated below.

**STATE OF DELAWARE, by and through
the OFFICE OF THE STATE
TREASURER, on behalf of the CASH
MANAGEMENT POLICY BOARD**

Signature

Name

Title

Date

[VENDOR]

Signature

Name

Title

Date

The following two exhibits are attached and shall be considered part of this Agreement:

- **Exhibit 1 – Statement of Work**
- **Exhibit 2 – Fee Schedule**
- **Exhibit 3 – Project Schedule**
- **Exhibit 4 – DTI Terms and Conditions Governing Cloud Services and Data Usage Agreement**

Exhibit 1: Statement of Work¹
[To be negotiated.]

¹ Terms used but not defined in the exhibits to this Agreement shall have the meanings ascribed to such terms in the Agreement.

Exhibit 2: Fee Schedule
[To be negotiated.]

Exhibit 3: Project Schedule

[To be negotiated.]

Exhibit 4: DTI Terms and Conditions Governing Cloud Services and Data Usage Agreement



STATE OF DELAWARE
DEPARTMENT OF TECHNOLOGY AND INFORMATION
801 Silver Lake Blvd., Dover, Delaware 19904

PUBLIC AND NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Terms and Conditions Governing Cloud Services and Data Usage Agreement

Contract/Agreement # _____, Appendix _____
between State of Delaware and _____ dated _____

This document shall become part of the final contract.

	Public Data	Non Public Data	
1	✓	✓	<p>Data Ownership: The State of Delaware shall own all right, title and interest in its data that is related to the services provided by this contract. The PROVIDER shall not access State of Delaware user accounts, or State of Delaware data, except (i) in the course of data center operations, (ii) in response to service or technical issues, (iii) as required by the express terms of this contract, or (iv) at State of Delaware’s written request. All information obtained or generated by the PROVIDER under this contract shall become and remain property of the State of Delaware.</p>
2	✓	✓	<p>Data Usage: The PROVIDER shall comply with the following conditions. At no time will any information, belonging to or intended for the State of Delaware, be copied, disclosed, or retained by PROVIDER or any party related to PROVIDER for subsequent use in any transaction. The PROVIDER will take reasonable steps to limit the use of, or disclosure of, and requests for, confidential State data to the minimum necessary to accomplish the intended purpose under this agreement. PROVIDER may not use any information collected in connection with the service issued from this proposal for any purpose other than fulfilling the service. Protection of Personally Identifiable Information (PII, as defined in the State’s Terms and Conditions Governing Cloud Services and Data Usage Policy), privacy, and sensitive data shall be an integral part of the business activities of the PROVIDER to ensure that there is no inappropriate or unauthorized use of State of Delaware information at any time. The PROVIDER shall safeguard the confidentiality, integrity, and availability of State information. No party related to the PROVIDER or contracted by the PROVIDER may retain any data for subsequent use in any transaction that has not been expressly authorized by the State of Delaware.</p>
3	✓	✓	<p>Termination and Suspension of Service: In the event of termination of the contract, PROVIDER shall implement an orderly return of State of Delaware data in CSV, XML, or another mutually agreeable format. The PROVIDER shall guarantee the subsequent secure disposal of State of Delaware data.</p> <p>a) Suspension of services: During any period of suspension, contract negotiation, or disputes, the PROVIDER shall not take any action to intentionally erase any State of Delaware data.</p> <p>b) Termination of any services or agreement in entirety: In the event of termination of any services or agreement in entirety, the PROVIDER shall not take any action to intentionally erase any State of Delaware data for a period of ninety (90) days after the effective date of the termination. All obligations for protection of State data remain in place and enforceable during this 90-day period. After such 90-day period has expired, the PROVIDER shall have no obligation to maintain or provide any State of Delaware data and shall thereafter, unless legally or contractually prohibited, dispose of all State of Delaware data in its systems or otherwise in its possession. Within this 90-day timeframe, the PROVIDER will continue to secure and back up State of Delaware data covered under the contract.</p> <p>c) Post-Termination Assistance: The State of Delaware shall be entitled to any post-termination assistance generally made available with respect to the Services unless a unique data retrieval arrangement has been established as part of the Service Level Agreement.</p> <p>d) Secure Data Disposal: When non-public data is provided by the State of Delaware, the PROVIDER shall destroy all requested data in all of its forms (e.g., disk, CD/DVD, backup tape, paper). Data shall be permanently deleted, and shall not be recoverable, in accordance with National Institute of Standards and Technology (NIST) approved methods after ninety (90) days of the contract termination. The PROVIDER shall provide written certificates of destruction to the State of Delaware.</p>

PUBLIC AND NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Terms and Conditions Governing Cloud Services and Data Usage Agreement

Contract/Agreement # _____, Appendix _____
 between State of Delaware and _____ dated _____

This document shall become part of the final contract.

	Public Data	Non Public Data	
4		✓	Data Location: The PROVIDER shall not store, process, or transfer any non-public State of Delaware data outside of the United States, including for back-up and disaster recovery purposes. The PROVIDER will permit its personnel and subcontractors to access State of Delaware data remotely only as required to provide technical or call center support.
5		✓	Encryption: The PROVIDER shall encrypt all non-public data in transit regardless of the transit mechanism. For engagements where the PROVIDER stores sensitive personally identifiable or otherwise confidential information, this data shall be encrypted at rest. The PROVIDER's encryption shall be consistent with validated cryptography standards as specified in National Institute of Standards and Technology FIPS140-2 , Security Requirements. The key location and other key management details will be discussed and negotiated by both parties. When the PROVIDER cannot offer encryption at rest, they must maintain, for the duration of the contract, cyber security liability insurance coverage for any loss resulting from a data breach in accordance with the Terms and Conditions Governing Cloud Services and Data Usage Policy .
6		✓	Breach Notification and Recovery: The PROVIDER must notify the State of Delaware at eSecurity@delaware.gov immediately or within 24 hours of any determination of the breach of security as defined in 6 Del. C. §12B-101(2) resulting in the destruction, loss, unauthorized disclosure, or alteration of State of Delaware data. The PROVIDER shall send a preliminary written report detailing the nature, extent, and root cause of any such data breach no later than two (2) business days following notice of such a breach. The PROVIDER will continue to send any and all reports subsequent to the preliminary written report. The PROVIDER shall meet and confer with representatives of DTI regarding required remedial action in relation to any such data breach without unreasonable delay. If data is not encrypted (see CS3, below), Delaware Code (6 Del. C. §12B-100 et seq.) requires public breach notification of any incident resulting in the loss or unauthorized disclosure of Delawareans' Personally Identifiable Information (PII, as defined in Delaware's Terms and Conditions Governing Cloud Services and Data Usage Policy) by PROVIDER or its subcontractors. The PROVIDER will assist and be responsible for all costs to provide notification to persons whose information was breached without unreasonable delay but not later than sixty (60) days after determination of the breach, except 1) when a shorter time is required under federal law; 2) when law enforcement requests a delay; or 3) reasonable diligence did not identify certain residents, in which case notice will be delivered as soon as practicable. All such communication shall be coordinated with the State of Delaware. Should the PROVIDER or its contractors be liable for the breach, the PROVIDER shall bear all costs associated with investigation, response, and recovery from the breach. This includes, but is not limited to, credit monitoring services with a term of at least three (3) years, mailing costs, website, and toll-free telephone call center services. The State will retain all determining authority for breach accountability and responsibility. The State of Delaware shall not agree to any limitation on liability that relieves the PROVIDER or its subcontractors from its own negligence, or to the extent that it creates an obligation on the part of the State to hold a PROVIDER harmless. The PROVIDER shall not issue a media notice without the approval of the State.

PUBLIC AND NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE

State of Delaware Terms and Conditions Governing Cloud Services and Data Usage Agreement

Contract/Agreement # _____, Appendix _____ between
 State of Delaware and _____ dated _____

This document shall become part of the final contract.

	Public Data	Non Public Data																						
7		✓	<p>Background Checks: The PROVIDER must warrant that they will only assign employees and subcontractors who have passed a federally compliant (IRS Pub 1075 2.C.3) criminal background check. The background checks must demonstrate that staff, including subcontractors, utilized to fulfill the obligations of the contract, have no convictions, pending criminal charges, or civil suits related to any crimes of dishonesty. This includes but is not limited to criminal fraud, or any conviction for any felony or misdemeanor offense for which incarceration for a minimum of one (1) year is an authorized penalty. The PROVIDER shall promote and maintain an awareness of the importance of securing the State's information among the PROVIDER's employees and agents. Failure to obtain and maintain all required criminal history may be deemed a material breach of the contract and grounds for immediate termination and denial of further work with the State of Delaware.</p>																					
8		✓	<p>Security Logs and Reports: The PROVIDER shall allow the State of Delaware access to system security logs that affect this engagement, its data, and or processes. This includes the ability for the State of Delaware to request a report of the records that a specific user accessed over a specified period of time.</p>																					
9		✓	<p>Sub-contractor Flow down: The PROVIDER shall be responsible for ensuring its subcontractors' compliance with the security requirements stated herein.</p>																					
10		✓	<p>Contract Audit: The PROVIDER shall allow the State of Delaware to audit conformance including contract terms, system security, and data centers, as appropriate. The State of Delaware may perform this audit or contract with a third party at its discretion at the State's expense. Such reviews shall be conducted with at least thirty (30) days advance written notice and shall not unreasonably interfere with the PROVIDER's business. In lieu of performing its own audit, the State may request the results of a third party audit from the PROVIDER or an attestation of compliance.</p>																					
11		✓	<p>Cyber Liability Insurance: An awarded vendor unable to meet the Terms and Conditions Governing Cloud Services and Data Usage Policy requirement of encrypting PII at rest shall, prior to execution of a contract, present a valid certificate of cyber liability insurance at the levels indicated below. Further, the awarded vendor shall ensure the insurance remains valid for the entire term of the contract, inclusive of any term extension(s). Levels of cyber liability insurance required are based on the number of PII records anticipated to be housed within the solution at any given point in the term of the contract. Should the actual number of PII records exceed the anticipated number, it is the vendor's responsibility to ensure that sufficient coverage is obtained (see table below). In the event that vendor fails to obtain sufficient coverage, vendor shall be liable to cover damages up to the required coverage amount.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Level</th> <th>Number of PII records</th> <th>Level of cyber liability insurance required (occurrence = data breach)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1-10,000</td> <td>\$2,000,000 per occurrence</td> </tr> <tr> <td>2</td> <td>10,001 - 50,000</td> <td>\$3,000,000 per occurrence</td> </tr> <tr> <td>3</td> <td>50,001 - 100,000</td> <td>\$4,000,000 per occurrence</td> </tr> <tr> <td>4</td> <td>100,001 - 500,000</td> <td>\$15,000,000 per occurrence</td> </tr> <tr> <td>5</td> <td>500,001 - 1,000,000</td> <td>\$30,000,000 per occurrence</td> </tr> <tr> <td>6</td> <td>1,000,001 - 10,000,000</td> <td>\$100,000,000 per occurrence</td> </tr> </tbody> </table>	Level	Number of PII records	Level of cyber liability insurance required (occurrence = data breach)	1	1-10,000	\$2,000,000 per occurrence	2	10,001 - 50,000	\$3,000,000 per occurrence	3	50,001 - 100,000	\$4,000,000 per occurrence	4	100,001 - 500,000	\$15,000,000 per occurrence	5	500,001 - 1,000,000	\$30,000,000 per occurrence	6	1,000,001 - 10,000,000	\$100,000,000 per occurrence
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6	1,000,001 - 10,000,000	\$100,000,000 per occurrence																						

PUBLIC AND NON-PUBLIC DATA OWNED BY THE STATE OF DELAWARE
State of Delaware Terms and Conditions Governing Cloud Services and Data Usage Agreement

Contract/Agreement # _____, Appendix _____ between
State of Delaware and _____ dated _____

This document shall become part of the final contract.

The terms of this Agreement shall be incorporated into the aforementioned contract. Any conflict between this Agreement and the aforementioned contract shall be resolved by giving priority to this Agreement. By signing this Agreement, the PROVIDER agrees to abide by the following applicable Terms and Conditions [check one]:

FOR OFFICIAL USE:

- 1-3 (Public Data)
- 1-11 (Non-Public Data)

Provider Name/Address (print): _____

Provider Authorizing Official Name (print): _____

Provider Authorizing Official Signature: _____

Date: _____

APPENDIX B: Scope of Services

Contract Number: TRE26102-IMS

SCOPE OF SERVICES

- I. Investment Management Services: Provide investment management services for the State’s public funds investment portfolio as a fiduciary for the Board and OST in accordance with the established Guidelines found in Appendix D. Further explanation regarding the existing and proposed investment architecture for Cash Accounts is provided in the Background section of the RFP and the Board’s Resolution No. 2025-1 Approving and Memorializing Investment Architecture for the State’s Cash Accounts attached to the RFP as Appendix E (“Resolution”).

Vendors may be requested to provide assistance with/or undertake such other matters as requested by the Board, OST, and/or Consultant as are consistent with and/or ancillary to the foregoing services. Matters may include the review of proposed changes to the Guidelines and/or the Resolution, identification of revisions to the Guidelines and/or the Resolution that would improve the Vendor’s execution of its strategy, and analysis of and quantification of the impact on the portfolio of any modifications to the Guidelines and/or the Resolution.

- II. Reporting: As a strategic partner in managing Delaware’s investments, Vendors are expected to provide the Board, OST, and/or Consultant with proactive reporting on economic and market conditions affecting the portfolio. Vendors will be required to prepare and deliver to the Consultant and OST monthly, quarterly, annual and event-driven reports as described in the table below. Reports are to be made available in electronic form.

REPORTS AND REQUIREMENTS FOR INVESTMENT MANAGER

Report Type	Minimum Requirements
Monthly	Asset listing that contains descriptions and values of all securities held in the portfolio. The asset listing should include (a) original purchase cost, (b) amortized cost, (c) market value, (d) accrued interest receivable, and (e) unrealized gains and losses.
Monthly	A complete listing of all transactions, including the monthly custodial market value, amortized cost, and accrued interest receivable reconciliation.
Monthly	Time-weighted rates of return for the month, quarter-to-date, year-to-date, and since inception based upon audited and reconciled market values, and provided on both a market and amortized cost basis.
Monthly	A listing of securities held by investment type and analysis of compliance with Investment Guidelines (Appendix C).
Quarterly	Economic and market commentary on events that impacted the strategy, values and performance of the portfolio.
Quarterly	Detail changes in the strategy and/or key decisions regarding the management of the portfolio during the quarter.
Quarterly	Time weighted rates of return for the quarter, year-to-date, and since inception based upon audited market values.
Quarterly	Provide detailed performance attribution reports that identify the sources of investment return during the quarter.
Event-Driven	Any and all organizational developments that result in any changes to the Vendor's organization, investment philosophy, decision-making process, financial condition, ownership, and/or professional staff.

- III. Meetings & Presentations: From time to time, Vendors may be required to attend meetings or make presentations to the Board, OST, and/or the Consultant, as requested. The agenda for such meetings will generally consist of:
- a. *Strategy Review*: Discussion of the Vendor's strategies and objectives, investment style, and compliance with guidelines that apply to the management of that portfolio.
 - b. *Performance Review*: Discussion of the Vendor's investment performance and risk for the quarter, year-to-date, and since inception periods, including discussion of investment strategies and positioning that impacted the portfolio's results.

- c. *Organizational Review*: Discussion of recent and material developments at the Vendor's organization including ownership, organizational structure, financial condition, significant litigation, investment philosophy, investment decision-making process, professional staff, and client-servicing responsibilities.

APPENDIX C: Cash Management Policy Board Guidelines

Contract Number: TRE26102-IMS

OFFICE OF THE STATE TREASURER CASH MANAGEMENT POLICY BOARD

1200 Cash Management Policy Board

1202 Statement of Objectives and Guidelines for the Investment of State of Delaware Funds

1.0 Statutory Authorization

- 1.1. **Role of the Cash Management Policy Board.** The Cash Management Policy Board ("Board") was created by 63 Del. Laws, ch. 142, to establish policies (a) for the investment of all money belonging to the State or on deposit from its political subdivisions, other than money deposited in any State Pension Fund or the State Deferred Compensation Program, ("State Funds") and (b) to determine the terms, conditions, and other matters relating to those investments including the designation of permissible investments.
- 1.2. **Role of the Office of the State Treasurer.** The investment of State Funds is to be made by the Office of the State Treasurer ("OST") in accordance with the objectives and guidelines outlined herein ("Guidelines"); provided, however, that the Board, by majority vote, may authorize OST to depart from the Guidelines.

- 1.1. **DE Reg. 968 (06/01/18)**
21 DE Reg. 584 (01/01/20)

2.0 Accounts

- 2.1. **Designation of Accounts.** For purposes of these Guidelines, State Funds are to be allocated and held in a variety of accounts as outlined below ("Accounts"):
 - 2.1.1. **Collection and Disbursement Accounts.** Cash required to meet the State's anticipated near-term operating requirements is to be held in "Collection and Disbursement Accounts." These accounts will be managed and invested in accordance with the general provisions of these Guidelines and the specific provisions of Section 5.0 below by qualified financial institutions ("Cash Management Banks") selected by the Board through a competitive bid process.
 - 2.1.2. **Liquidity Accounts.** Cash not required for the State's near-term operating requirements but readily available for anticipated funding needs of the State will be held in "Liquidity Accounts." State Funds in these accounts will be managed and invested in accordance with the general provisions of these Guidelines and the specific provisions of Section 6.0 below by qualified investment managers ("Liquidity Managers") selected by the Board through a competitive bid process.
 - 2.1.3. **Reserve Accounts.** Cash that is not anticipated to be needed for the State's near-term operating requirements or funding needs, but can be made available for unanticipated needs is to be held in "Reserve Accounts". State Funds in these accounts will be managed and invested in accordance with the general provisions of these Guidelines and the specific provisions of Section 7.0 below by qualified investment managers ("Reserve Managers") selected by the Board through a competitive bid process.
 - 2.1.4. **Endowment Accounts.** "Endowment Accounts" consist of State Funds set-aside for specified legislative purposes with the intent of growing the corpus of such funds over time. State Funds in these accounts will be managed and invested in accordance with the general provisions of these Guidelines and the specific provisions of Section 8.0 below by qualified investment managers selected by the Board through a competitive bid process ("Endowment Managers").

- 2.1.5. **Operating Accounts.** “Operating Accounts” consist of State Funds set aside for specified purposes to be made available as and when required to meet such purposes. State Funds in these accounts will be managed and invested in accordance with the general provisions of these Guidelines and the specific provisions of Section 9.0 below by Liquidity Managers or such other financial institutions as determined by the Board.
- 2.1.6. **Settlement Accounts.** “Settlement Accounts” consist of State Funds that have been deposited into a demand deposit account at a Merchant Bank following the processing of a debit or credit card transaction. Cleared amounts deposited to the Settlement Accounts, net of merchant processor and related fees, shall be transmitted via ACH to a Collection and Disbursement Account within 2 business days after deposit. Settlement Accounts shall be managed and invested in accordance with the general provisions of these Guidelines and the specific provisions of Section 10.0 below. The term “**Merchant Bank**” means a qualified financial institution approved by the Board to maintain a Settlement Account.
- 2.2. **List of Accounts.** OST shall maintain on its website a current listing of all Accounts and the Cash Management Banks, Merchant Banks, Liquidity Managers, Reserve Managers, and Endowment Managers approved by the Board to manage State Funds in such Accounts.

23 DE Reg. 584 (01/01/20)

24 DE Reg. 716 (01/01/21)

3.0 Allocation of State Funds

- 3.1. **General Allocation.** The Board is responsible for setting the policy as to the allocation of State Funds among the Accounts (29 Del.C. §2716(a)(2)).
- 3.2. Allocation among Accounts
 - 3.2.1. **Cash Accounts.** Unless otherwise determined by the Board, OST shall use its discretion to allocate State Funds among the Collection and Disbursement Accounts, Liquidity Accounts, and Reserve Accounts (collectively, “Cash Accounts”) in accordance with the general purposes of such Accounts as described in Section 2.0 of these Guidelines and the investment objectives more particularly described in Sections 5.0 – 7.0 below. In general, OST attempts to minimize the number of transfers of State Funds in and out of both Liquidity Accounts and Reserve Accounts. In the former case, OST maintains balances of funds with the Cash Management Banks sufficient to meet the State’s daily requirements over the near-term, allowing Liquidity Account balances to fluctuate based on the reasonably predictable cyclical pattern of the State’s annual collections and disbursements. In the latter instance, OST allocates State Funds to and from Reserve Accounts only as unforeseen need for, or receipt of, funds occur that deviates meaningfully from the State’s historical pattern of collections and disbursements. Notwithstanding the foregoing, the Board may express a fixed allocation of State Funds to be held in each of the Cash Accounts to reflect then-prevailing market conditions or other considerations related to the probable income from and/or level of risk related to the investment of State Funds. (29 Del.C. §2716(a)). In such cases, OST may be required to make more frequent allocations among the Cash Accounts.
 - 3.2.2. **Endowment Accounts and Operating Accounts.** Unless otherwise determined by the Board, OST shall allocate State Funds to the Endowment Accounts and Operating Accounts in accordance with the general purposes of such Accounts described in Section 2.0 of these Guidelines and the investment objectives more particularly described in Sections 8.0 and 9.0 below.
- 3.3. Allocation among Banks and Managers
 - 3.3.1. **Cash Management Banks.** Unless otherwise determined by the Board, OST shall further allocate State Funds in the Collection and Disbursement Accounts among the Cash Management Banks in such proportions as OST determines in its discretion are necessary or desirable to meet the State’s anticipated near-term anticipated operating liquidity requirements.
 - 3.3.2. **Liquidity Managers.** Unless otherwise determined by the Board and subject to the provisions of subsection 3.3.5 below, OST shall further allocate State Funds in the Liquidity Accounts pro rata among the Liquidity Managers based on the aggregate amount of State Funds in such Accounts.

- 3.3.3. **Reserve Managers.** Unless otherwise determined by the Board, OST shall further allocate State Funds in the Reserve Accounts pro rata among the Reserve Managers based on the aggregate amount of State Funds in such Accounts.
- 3.3.4. **Endowment Managers.** Unless otherwise determined by the Board, OST shall further allocate State Funds in the Endowment Accounts pro rata among the Endowment Managers based on the aggregate amount of State Funds in such Accounts.
- 3.3.5. **Special Allocation of State Funds in Operating Accounts.** Unless otherwise determined by the Board, OST shall further allocate State Funds in Operating Accounts pro rata among the Liquidity Managers or such other financial institutions as directed by the Board pursuant to subsection 2.1.5.

4.0 General Investment Standards and Objectives

- 4.1 **Standard of Care.** In general, the banks and managers engaged as fiduciaries to manage State Funds shall exercise the judgment and care over the investment of such funds with the care, skill, prudence, and diligence under the circumstances then prevailing that prudent professional investment managers, acting in like capacity and familiar with such matters, would use in the investment of State Funds.
- 4.2 **General Objectives.** Subject to the more specific policies set out in Sections 5.0, 6.0, 7.0, 8.0, and 9.0 of these Guidelines, State Funds shall be invested in a manner that ensures the safety of, provides liquidity for, and maximizes return on such funds. For purposes of these Guidelines, the foregoing priorities have the following meanings:
 - 4.2.1 **Safety.** Safety is defined as the ability, under ordinary market conditions, to ensure against the loss of the original investment amount of State Funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio.
 - 4.2.2 **Liquidity.** Liquidity is defined as the capacity to realize, convert to cash, an asset in a timely fashion, at or near its value. An asset is said to be liquid when the act of selling has little impact on the asset's price. State Funds shall remain sufficiently liquid to meet all anticipated operating requirements and funding needs, and should be managed and invested for availability to meet unanticipated needs with minimal losses associated with illiquidity.
 - 4.2.3 **Return.** Return is defined as the gain or loss on an investment over a specified period. Gains on investments are considered to be any income received from the security plus the earnings an asset generates in excess of its initial cost. The State Funds portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity set out herein.

5.0 Collection and Disbursement Accounts

- 5.1 **Investment Objectives.** The funds in the Collection and Disbursement Accounts must be immediately available to support the State's daily governmental programs and activities. The primary investment objectives are therefore safety and liquidity of such funds; return is a secondary priority. OST may, consistent with these investment objectives, minimize credit risk associated with demand deposit account balances at Cash Management Banks through same-day money market mutual fund sweep products in accordance with subsection 5.2.2 and/or banking services arrangements offering "daylight overdraft" or similar privileges. End-of-day ledger balances shall be secured as provided in subsection 5.2.
- 5.2 **Permissible Investments.** Cash Management Banks shall maintain State Funds in either collateralized demand deposit accounts or open-end money market mutual funds, in each case, subject to the provisions of subsections 5.2.1 and 5.2.2, respectively, in order to mitigate the risk of State Funds being exposed to the credit risk of such financial institution.
 - 5.2.1 **Demand Deposit Accounts.** State Funds held by Cash Management Banks in demand deposit accounts shall be collateralized with 1 or more of following approved methods: (a) pledges of government securities that meet the definitions set out in subsections 6.3.1.1 and 6.3.2.1 to a custody account held for the benefit of the State at a Federal Reserve Bank, or held by an independent trust company, bank or similar financial institution rated in the highest rating category by at least 1 Nationally Recognized Statistical Rating Organizations approved by OST ("NRSRO"); (b) irrevocable standby letters of credit ("LOCs") issued by a Federal Home Loan

Bank or financial institution rated in the highest rating category by at least 1 NRSRO; and (c) surety bonds issued by insurance companies rated in the highest rating category by at least 1 NRSRO (collectively, “Eligible Collateral”). The terms of any pledge or custody agreement, LOC, or surety bond shall be reviewed and approved by OST. The aggregate value of Eligible Collateral shall equal or exceed the total average monthly closing ledger balances of State Funds held or expected to be held by Cash Management Banks during the prior month, plus such additional amount of Eligible Collateral as OST may require Cash Management Banks to provide to protect against volatility and ensure that all uninsured ledger balances are fully secured at the close of each business day. Eligible Collateral in the form of government securities shall be marked to market at the close of each business day using an independent pricing service. A Cash Management Bank may substitute or reduce Eligible Collateral provided that Eligible Collateral levels meet or exceed the foregoing requirements. OST shall be provided with same-day notice of any such substitutions or reductions of Eligible Collateral. In addition, a Cash Management Bank shall provide OST with a detailed report of Eligible Collateral held in a custody account as requested by OST.

5.2.2 **Money Market Mutual Funds.** State Funds held by Cash Management Banks in money market mutual funds shall be invested solely in government securities that meet the definitions set out in subsections 6.3.1 and 6.3.2 and which are rated in the highest rating category by at least 1 NRSRO.

5.3 **Call Reports.** Each Cash Management Bank shall provide OST with a consolidated report of condition and income, generally referred to as a “call report,” with respect to such financial institution on a quarterly basis unless such report is available publicly from the Federal Financial Institutions Examination Council’s web site or a successor agency’s website.

21 DE Reg. 968 (06/01/18)

23 DE Reg. 584 (01/01/20)

6.0 Liquidity Accounts

6.1 **Investment Objectives.** The primary investment objectives of the Liquidity Accounts are to maintain the safety of State Funds while ensuring the liquidity of such funds to be drawn down to the Cash Management Banks for the support of the anticipated funding needs of the State. As variations in the State’s otherwise predictable pattern of annual collections and disbursements do occur and can be material, Liquidity Managers must be prepared to meet unanticipated liquidity demands of the State in addition to those anticipated by OST. After the achievement of those goals, the State seeks to maximize the return on such investments.

6.2 **Maturity Restrictions.** The maximum maturity for any investment of State Funds in the Liquidity Accounts shall be 2 years from the date of settlement. Notwithstanding the foregoing, securities identified in subsections 6.3.4, 6.3.9, 6.3.10, and 6.3.11 that are subject to periodic reset of coupon or interest rate may have an average life not to exceed 3 years as measured from the date of settlement.

6.3 **Permissible Investments and Percentage of Account Limitations.** State Funds held in Liquidity Accounts can be invested solely in the types of securities set out in this subsection 6.3. Each Liquidity Manager is further subject to limit the aggregate value of State Funds invested in each type of security held in the account under such manager’s discretion to the “Percentage Limit” of such security type identified in this subsection 6.3, measured as a percentage of the total Liquidity Account value of State Funds under such manager’s discretion.

6.3.1 United States Treasury Obligations

6.3.1.1 Definition: Bills, bonds, and notes issued by the U.S. Treasury.

6.3.1.2 Percentage Limit: No limit.

6.3.2 United States Government Agency Obligations

6.3.2.1 Definition: Any obligation of, or obligation that is insured as to principal and interest by, the U.S. or any agency or corporation thereof (excluding bills, bonds and notes issued by the U.S. Treasury), and any obligation and security of U.S.-sponsored enterprises, limited to the Export-Import Bank of the United States, Farmers Home Administration, Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage

Corporation, Federal Land Banks, Government National Mortgage Association, and the Federal National Mortgage Association.

6.3.2.2 Percentage Limit: 50% in total; 20% in any 1 issuer.

6.3.3 Certificates of Deposit and Time Deposits

6.3.3.1 Definition: Certificates of deposit and time deposits denominated in U.S. dollars and issued or endorsed by either (i) a bank or a savings and loan association organized and supervised under federal or any state laws and regulated by the Federal Reserve or a trust company which is a member of the Federal Reserve system or (ii) a bank organized and supervised under the laws of Japan, Canada, United Kingdom, the Netherlands, Germany, France, Switzerland, Australia, New Zealand, Sweden, or Norway. Any such banking institution must have assets of not less than \$100 billion and be rated not lower than A1/P-1/F1 Short Term by at least 2 NRSROs.

6.3.3.2 Percentage Limit: 50% in total (domestic & non-domestic combined); 25% in all non-domestic banking institutions; 5.0% in any 1 issuer.

6.3.4 Corporate Debt Instruments

6.3.4.1 Definition: Commercial paper, variable rate notes, and non-convertible bonds and debentures denominated in U.S. dollars and issued by a U.S. corporation or a non-domestic corporation subject to the laws of Japan, Canada, United Kingdom, the Netherlands, Germany, France, Switzerland, Australia, New Zealand, Sweden, or Norway. Such securities must be rated by at least 2 NRSROs and (i) in the case of commercial paper, must be rated not lower than "A-2" by S&P, "P-2" by Moody's and "F2" by Fitch and the senior long-term debt of the issuer must be rated not lower than "A-" by S&P, "A3" by Moody's and "A-" by Fitch (excluding asset-backed commercial paper that is rated A-1 or better) and (ii) in the case of notes, bonds and debentures, must be rated not lower than "A-" by S&P, "A3" by Moody's and "A-" by Fitch; provided that, any security that meets the foregoing rating standards and is backed fully by an irrevocable, unconditional letter of credit issued by a banking institution shall not be permissible hereunder unless such banking institution meets the definition of subsection 6.3.3.1 (in which case, any such securities will be deemed to be securities of both the corporate issuer and the banking institution for purposes of calculating the Percentage Limits set forth in subsections 6.3.4.2 and 6.3.3.2, respectively).

6.3.4.2 Percentage Limit: 50% in total; 25% in all non-domestic corporations; 25% in any 1 industry; 5.0% in any 1 issuer. Notwithstanding the foregoing, absent written permission from OST and prior Board approval, 144A private placement securities otherwise authorized under subsections 6.3.4.1 and 11.1.7 may not exceed 30% of any Liquidity Account.

6.3.5 Repurchase Agreements

6.3.5.1 Definition: Securities permissible pursuant to subsections 6.3.1 and 6.3.2 acquired from a primary dealer designated by the NY Federal Reserve Bank, or a domestic bank which meets the definition set out in subsection 6.3.3.1, subject to a written repurchase agreement from such dealer or bank; provided that, (i) in the case of securities held in book-entry form in the Federal Reserve System, all deliveries of such securities must be made through the Federal Reserve book-entry system to an account designated by the State's custodian for such purpose and (ii) in the case of securities held in certificated form, all deliveries of such securities must be made to such address as designated by the State's custodian.

6.3.5.2 Percentage Limit: 50% in total; provided that any securities purchased subject to repurchase agreements shall be subject to the respective Percentage Limit for such security type as set forth in this subsection 6.3 and valued for such purposes at the lesser of fair market value and 102% of the maturity value of the securities pursuant to the repurchase agreement and marked-to-the-market daily as requested by the investment manager.

6.3.6 Money Market Funds

- 6.3.6.1 Definition: Open-end money market mutual funds that are invested solely in government securities (as defined in subsections 6.3.1 and 6.3.2) and which are rated in the highest rating category by at least 1 NRSRO.
- 6.3.6.2 Percentage Limit: No limit.
- 6.3.7 **Canadian Treasury Bills**
 - 6.3.7.1 Definition: Marketable securities issued by the government of Canada; provided that such securities are U.S. dollar denominated.
 - 6.3.7.2 Percentage Limit: 25% in total.
- 6.3.8 **Canadian Agency Securities**
 - 6.3.8.1 Definition: Any obligation of any Canadian government-sponsored agency that is insured as to principal and interest by the Canadian Government; provided that the obligation is U.S. dollar denominated commercial paper having a maximum maturity of 270 days from the date of settlement.
 - 6.3.8.2 Percentage Limit: 25% in total; 10% in any 1 agency.
- 6.3.9 **Mortgage-Backed Securities**
 - 6.3.9.1 Definition: Government National Mortgage Association, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation mortgage-backed securities issued in the form of pass-throughs; provided that, such securities have (i) been issued and guaranteed by the US Government or Government Agency and (ii) an average life not to exceed 2 years from the date of settlement (unless such securities are subject to periodic reset of coupon or interest rate, in which case the average life may not exceed 3 years from the date of settlement).
 - 6.3.9.2 Percentage Limit: 10% in total, including securities defined in subsection 6.3.10.1.
- 6.3.10 **Asset-Backed Securities**
 - 6.3.10.1 Definition: Securities collateralized by pools of auto loan receivables, credit card receivables, and equipment loans; provided that such securities have (i) the highest credit rating from at least 2 NRSROs and (ii) an average life not to exceed 2 years from the date of settlement (unless such securities are subject to periodic reset of coupon or interest rate, in which case the average life may not exceed 3 years from the date of settlement).
 - 6.3.10.2 Percentage Limit: 10% in total, including securities defined in subsection 6.3.9.1.
- 6.3.11 **Supranational Organizations or International Agencies**
 - 6.3.11.1 Definition: Any obligation issued by a supranational organization or international agency denominated in U.S. dollars under U.S. securities law for sale in the United States as well as globally; provided that such obligation is rated by at least 2 NRSROs and must not be rated lower than “A-” by S&P, “A3” by Moody’s and “A-” by Fitch. Supranational organizations include, but are not limited to, the World Bank, Asian Development Bank, Inter-American Development Bank, International Bank for Reconstruction and Development, International Finance Corporation, and the Agency for International Development.
 - 6.3.11.2 Percentage Limit: 25% in total, 10% in any 1 agency.

23 DE Reg. 584 (01/01/20)

25 DE Reg. 728 (01/01/22)

28 DE Reg. 549 (01/01/25)

7.0 Reserve Accounts

- 7.1 **Investment Objectives.** The Reserve Accounts have been established to provide funding over an intermediate horizon but must be available to meet unanticipated operating requirements of the State as they arise. The primary investment objectives are to maintain the safety of and maximize the return on such funds. Liquidity of such funds is a secondary consideration, but Reserve Managers are expected to invest State Funds in a manner to mitigate losses in connection with the need to liquidate investments for unforeseen operating requirements.
- 7.2 **Maturity Restrictions.** The maximum maturity for any investment of State Funds in the Reserve Accounts shall be 11 years from the date of settlement.

7.3 Permissible Investments and Percentage of Account Limitations. State Funds held in Reserve Accounts can be invested solely in the types of securities set out in this subsection 7.3. Each Reserve Manager is further subject to limit the aggregate value of State Funds invested in each type of security held in the account under such manager's discretion to the "Percentage Limit" of such security type identified in this subsection 7.3, measured as a percentage of the total Reserve Account value of State Funds under such manager's discretion.

7.3.1 United States Treasury Obligations

7.3.1.1 Definition: Bills, bonds, and notes issued by the U.S. Treasury.

7.3.1.2 Percentage Limit: No Limit.

7.3.2 United States Government Agency Obligations

7.3.2.1 Definition: Any obligation of, or obligation that is insured as to principal and interest by, the U.S. or any agency or corporation thereof (excluding bills, bonds and notes issued by the U.S. Treasury), and any obligation and security of U.S.-sponsored enterprises, limited to the Export-Import Bank of the United States, Farmers Home Administration, Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal Land Banks, Government National Mortgage Association, and the Federal National Mortgage Association.

7.3.2.2 Percentage Limit: 50% total; 20% in any 1 issuer.

7.3.3 Certificates of Deposit and Time Deposits

7.3.3.1 Definition: Certificates of deposit and time deposits denominated in U.S. dollars and issued or endorsed by either (i) a bank or a savings and loan association organized and supervised under federal or any state laws and regulated by the Federal Reserve or a trust company which is a member of the Federal Reserve system or (ii) a bank organized and supervised under the laws of Japan, Canada, United Kingdom, the Netherlands, Germany, France, Switzerland, Australia, New Zealand, Sweden, or Norway. Any such banking institution must have assets of not less than \$100 billion and be rated not lower than A1/P-1/F1 Short Term by at least 2 NRSROs.

7.3.3.2 Percentage Limit: 50% in total (domestic & non-domestic combined); 25% in all non-domestic banking institutions; 5.0% in any 1 issuer.

7.3.4 Corporate Debt Instruments

7.3.4.1 Definition: Commercial paper, variable rate notes, and non-convertible bonds and debentures denominated in U.S. dollars and issued by a U.S. corporation or a non-domestic corporation subject to the laws of Japan, Canada, United Kingdom, the Netherlands, Germany, France, Switzerland, Australia, New Zealand, Sweden, or Norway; provided that such securities must be rated by at least 2 NRSROs and (i) in the case of commercial paper, must be rated not lower than "A-2" by S&P, "P-2" by Moody's and "F2" by Fitch and the senior long-term debt of the issuer must be rated not lower than "A-" by S&P, "A3" by Moody's and "A-" by Fitch (excluding asset-backed commercial paper that is rated A1 or better) and (ii) in the case of notes, bonds and debentures, must be rated not lower than "A-" by S&P, "A3" by Moody's and "A-" by Fitch; provided that, any security that meets the foregoing rating standards and is backed fully by an irrevocable, unconditional letter of credit issued by a banking institution shall not be permissible hereunder unless such banking institution meets the definition of subsection 7.3.3.1 (in which case, any such securities will be deemed to be securities of both the corporate issuer and the banking institution for purposes of calculating the Percentage Limits set forth in subsections 7.3.4.2 and 7.3.3.2, respectively).

7.3.4.2 Percentage Limit: 50% in total; 25% in all non-domestic corporations; 25% in any 1 industry; 5.0% in any 1 issuer. Notwithstanding the foregoing, absent written permission from OST and prior Board approval, private placement securities otherwise authorized under subsections 7.3.4.1 and 11.1.7 may not exceed 15% of any Reserve Account.

7.3.5 Repurchase Agreements

7.3.5.1 Definition: Securities permissible pursuant to subsections 7.3.1 and 7.3.2 acquired from a primary dealer designated by the NY Federal Reserve Bank, or a domestic

bank which meets the definition set out in subsection 7.3.3.1, subject to a written repurchase agreement from such dealer or bank; provided that, (i) in the case of securities held in book-entry form in the Federal Reserve System, all deliveries of such securities must be made through the Federal Reserve book-entry system to an account designated by the State's custodian or such purpose and (ii) in the case of securities held in certificated form, all deliveries of such securities must be made must be made to such address as designated by the State's custodian.

7.3.5.2 Percentage Limit: 50% in total; provided that any securities purchased subject to repurchase agreements shall be subject to the respective Percentage Limit for such security type as set forth in this subsection 7.3 and valued for such purposes at the lesser of fair market value and 102% of the maturity value of the securities pursuant to the repurchase agreement and marked-to-the-market daily as requested by the investment manager.

7.3.6 Money Market Funds

7.3.6.1 Definition: Open-end money market mutual funds that are invested solely in government securities (as defined in subsections 7.3.1 and 7.3.2) and which are rated in the highest rating category by at least 1 NRSRO.

7.3.6.2 Percentage Limit: 100% in total.

7.3.7 Canadian Treasury Bills

7.3.7.1 Definition: Marketable securities issued by the government of Canada, provided that such securities are U.S. dollar denominated.

7.3.7.2 Percentage Limit: 25% in total.

7.3.8 Canadian Agency Securities

7.3.8.1 Definition: Any obligation of any Canadian government-sponsored agency that is insured as to principal and interest by the Canadian Government; provided that the obligation is U.S. dollar denominated commercial paper having a maximum maturity of 270 days from the date of settlement.

7.3.8.2 Percentage Limit: 25% in total; 10% in any 1 agency.

7.3.9 Mortgage-Backed Securities

7.3.9.1 Definition: Government National Mortgage Association, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation mortgage-backed securities issued in the form of pass-throughs; provided that they have (i) been issued and guaranteed by the US Government or Government Agency and (ii) an average life not to exceed 10 years (from the date of settlement of purchase).

7.3.9.2 Percentage Limit: 10% in total, including securities defined in subsection 7.3.10.1.

7.3.10 Asset Backed Securities

7.3.10.1 Definition: Securities collateralized by pools of auto loan receivables, credit card receivables, and equipment loans; provided that (i) such securities have the highest credit rating from at least 2 NRSROs and (ii) an average life not to exceed 2 years and 6 months from the date of settlement (unless such securities are subject to periodic reset of coupon or interest rate, in which case the average life may not exceed 3 years from the date of settlement).

7.3.10.2 Percentage Limit: 10% in total, including securities defined in subsection 7.3.9.1.

7.3.11 Municipal Obligations

7.3.11.1 Definition: Taxable and tax-exempt securities issued by state and local governments and public authorities in the U.S., excluding securities issued by the State of Delaware, its local governments and public authorities; provided that such securities must be rated by at least 2 NRSROs and must be rated not lower than "A-" by S&P, "A3" by Moody's and "A-" by Fitch.

7.3.11.2 Percentage Limit: 20% in total; 5.0% in any 1 issuer.

7.3.12 Supranational Organizations or International Agencies

7.3.12.1 Definition: Any obligation issued by a supranational organization or international agency denominated in U.S. dollars under U.S. securities law for sale in the United States as well as globally; provided that such obligation is rated by at least 2 NRSROs and must not be rated lower than "A-" by S&P, "A3" by Moody's and "A-" by Fitch.

Supranational organizations include, but are not limited to, the World Bank, Asian Development Bank, Inter-American Development Bank, International Bank for Reconstruction and Development, International Finance Corporation, and the Agency for International Development.

7.3.12.2 Percentage Limit: 25% in total, 10% in any 1 agency.

21 DE Reg. 968 (06/01/18)

23 DE Reg. 584 (01/01/20)

24 DE Reg. 716 (01/01/21)

25 DE Reg. 728 (01/01/22)

28 DE Reg. 549 (01/01/25)

8.0 Endowment Accounts

8.1 Investment Objectives. Endowment Accounts are funded with State Funds to be preserved and grown over time with a portion of the investment income and/or appreciation thereon withdrawn periodically to provide for specified legislative purposes. The primary objective of such Accounts is to create a perpetual fund whereby returns are maximized over the long term while ensuring safety of the corpus and the availability of amounts prescribed to meet the periodic liquidity requirements of the permitted withdrawals.

8.2 Permissible Investments and Percentage of Account Limitations. State Funds held in Endowment Accounts can be invested solely in the types of securities set out in this subsection 8.2. Each Endowment Manager is further subject to (i) limit the aggregate value of State Funds invested in each type of security held in the account under such manager's discretion to the "Percentage Maximum" of such security type identified in this subsection 8.2, measured as a percentage of the total account value of State Funds under such manager's discretion, and (ii) maintain a minimum of the aggregate value of State Funds invested in each type of security held in the account under such manager's discretion to the "Percentage Minimum" of such security type identified in this subsection 8.2, measured in each case as a percentage of the total account value of State Funds under such manager's discretion.

8.2.1 Money Market Funds

8.2.1.1 Definition: Open-end money market mutual funds that are invested solely in government securities (as defined in subsections 6.3.1 and 6.3.2) and which are rated in the highest rating category by at least 1 NRSRO.

8.2.1.2 Percentage Maximum: 30% in total.

8.2.1.3 Percentage Minimum Limit: none.

8.2.2 Domestic and International Equities

8.2.2.1 Definition: Common and preferred stocks of companies domiciled both within the U.S. and outside the U.S. that trade on U.S. or foreign exchanges and over the counter. Ownership in a publicly traded company, whether common or preferred, that trades on globally recognized exchanges, and issued by corporations, both foreign and domestic.

8.2.2.2 Percentage Maximum: 75% in total; no more than 35% of which are in international equities.

8.2.2.3 Percentage Minimum: 45% in total; no more than 35% of which are in international equities.

8.2.3 Domestic and International Fixed Income

8.2.3.1 Definition: Debt securities of U.S. and non-U.S. governments, public agencies, corporations and other non-government entities.

8.2.3.2 Percentage Maximum: 55% in total, including securities permitted under subsection 8.2.4.

8.2.3.3 Percentage Minimum: 25% in total, including securities permitted under subsection 8.2.4.

8.2.4 Alternative Investments

8.2.4.1 Definition: Securities not otherwise permissible pursuant to subsections 8.2.1 – 8.2.3 that a prudent manager would deem appropriate for portfolios of like character with comparable investment objectives, excluding hedge funds or other blind pool funds that incorporate leverage as part of their investment strategies.

8.2.4.2 Percentage Maximum: 25% in total.

8.2.4.3 Percentage Minimum: none.

23 E Reg. 584 (01/01/20)

9.0 Operating Accounts

- 9.1 **Investment Objectives.** State agencies and other public authorities maintain various operating accounts with the intent of segregating such funds for accounting and reporting purposes. In addition, operating accounts may be created by the State to meet particular purposes and/or to comply with state statutes, bond trust agreements and/or Federal guidelines. The investment objectives with respect to such funds are to ensure safety and maximize return while providing for the liquidity requirements specifically identifiable to the use of such funds.
- 9.2 **Maturity Restrictions.** Unless otherwise determined by the Board, the maximum maturity for any investment of State Funds in the Operating Accounts shall be 2 years from the date of settlement. In some circumstances, State Funds in an Operating Account may be set aside to fund a known, specific future liability; in such cases, the Board grants OST the discretion to set the maturity restrictions with respect to securities purchased with such funds to correspond to the due date of the corresponding liability.
- 9.3 **Permissible Investments and Percentage of Account Limitations.** Unless otherwise determined by the Board, Operating Accounts shall be governed by the Permissible Investment and Percentage of Account Limitations for the Liquidity Accounts set out in subsections 6.2 and 6.3.

10.0 Settlement Accounts

- 10.1. **Investment Objectives.** State Funds in the Settlement Accounts remain for only a short period of time before transfer to a Collection and Disbursement Account. The primary investment objectives are therefore safety and liquidity of such funds; return is a secondary priority. OST may, consistent with these investment objectives, minimize credit risk associated with demand deposit account balances at Merchant Banks through same-day money market mutual fund sweep products in accordance with subsection 5.2.2. End-of-day ledger balances shall be secured as provided in subsection 5.2.1.
- 10.2. **Permissible Investments.** Merchant Banks shall maintain State Funds in either collateralized demand deposit accounts or open-end money market mutual funds, in each case, subject to the provisions of subsections 5.2.1 and 5.2.2, respectively, in order to mitigate the risk of State Funds being exposed to the credit risk of such financial institutions.

23 E Reg. 584 (01/01/20)

11.0 Restrictions & Violations

- 11.1 **Investment Restrictions.** Notwithstanding any other provision, none of the banks or managers engaged to manage or invest State Funds may:
 - 11.1.1 Purchase any securities other than those expressly permitted under Sections 5.0 – 9.0 of these Guidelines;
 - 11.1.2 Make investments for the purpose of exercising control or management of an issuer;
 - 11.1.3 Purchase any securities on margin, except for use of short-term credit necessary for clearance of purchases and sales of portfolio securities;
 - 11.1.4 Make short sales of securities or maintain a short position or write, purchase or sell puts, calls, straddles, spreads or combinations thereof;
 - 11.1.5 Make loans to other persons, other than in connection with repurchase agreements as provided herein;
 - 11.1.6 Mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness any securities owned or held;
 - 11.1.7 Invest in securities with legal or contractual restrictions on resale or for which no readily available market exists (except for repurchase agreements or variable rate master demand notes as provided herein and, if authorized under applicable U.S. Securities and Exchange Commission rules and regulations, 144A private placements considered not to be illiquid, but, instead, readily marketable by issuing dealers);
 - 11.1.8 Act as an underwriter of securities on behalf of the State of Delaware; or
 - 11.1.9 Buy or sell any authorized investment when it is a party or any related or affiliated party in the transaction on both sides.
 - 11.1.10 Where these Guidelines require at least 2 NRSRO ratings for a security, the lowest such rating shall control.
- 11.2 **Purchases in Violation of Guidelines.** In the event that a bank or manager purchases any security that at the time of purchase violates Sections 5.0 – 10.0, the bank or manager shall remove the security from the State's portfolio by the close of the business day following the date on which the bank or manager learns of the violation and will bear all costs associated with the purchase and sale of such security. The bank or manager shall further ensure that the State recognizes no investment gain or loss on the purchase and sale of such security and/or shall

effect such transactions as shall be necessary to eliminate any such gain or loss on the books and records of the State's Account with such bank or manager. A bank or manager shall report to OST any such violation and the remedial action(s) taken or proposed by the close of the business day following the date on which the bank or manager learns of the violation.

- 11.3 **Holding Impermissible Securities Following a Downgrade.** In the event that a bank or manager holds any security that complied with Sections 5.0 – 10.0 at the time of purchase, but which ceases to qualify as a permissible investment as the result of a downgrade, the bank or investment manager shall remove the security from the State's portfolio by the close of the business day following the date on which the bank or manager learns of the downgrade without any consideration as to the investment gains or losses occasioned thereby. In such case, the State shall bear all costs associated with the purchase and sale of such security and shall recognize any investment gain or loss on such transactions on the books and records of the State's Account with such bank or manager. A bank or manager shall report to OST any such downgrade and the remedial action(s) taken or proposed by the close of the business day following the date on which the bank or manager learns of the downgrade.
- 11.4 **Holding Impermissible Securities Following a Drawdown.** In the event that a manager's account exceeds the percentage of account limitations set forth in Sections 5.0 - 10.0 hereof as the result of a portfolio withdrawal, the manager shall provide to OST within 2 business days, a detailed plan for remediation of the allocation to within the permissible percentage of account limitation. Such plan shall include: any expected pay-downs on structured securities, expected maturities and expected cash flow items. The manager and OST shall work together to determine a prudent path for remediation, with care taken to manage the overall portfolio risk and implications of any book gains or losses within the portfolio.
- 11.5 **Mutual or Commingled Fund Exceptions to Guidelines.** The Board recognizes that (i) mutual funds and other types of commingled investment vehicles can provide, under some circumstances, lower costs and better diversification than can be obtained with a separately managed fund pursuing the same investment objectives and (ii) such funds cannot customize their investment policies to conform to the guidelines set out herein. In such cases, unless OST, after consultation with the Board or the Board's consultant determines otherwise, the policies of such funds shall supersede these guidelines and are exempt from the policies and restrictions specified herein.

Originally adopted January 18, 1982

18 DE Reg. 462 (12/01/14)

20 DE Reg. 491 (12/01/16)

21 DE Reg. 968 (06/01/18)

23 DE Reg. 584 (01/01/20)

24 DE Reg. 716 (01/01/21)

25 DE Reg. 728 (01/01/22)

28 DE Reg. 549 (01/01/25)

APPENDIX D: Cash Management Policy Board Resolution #2025-1

Contract Number: TRE26102-IMS

DELAWARE CASH MANAGEMENT POLICY BOARD RESOLUTION NO. 2025-1 FURTHER AMENDING INVESTMENT ARCHITECTURE FOR THE STATE'S CASH ACCOUNTS'

WHEREAS, the Delaware Cash Management Policy Board (the "**Board**") is authorized and empowered by 29 *Del. C. § 27 I6(a)* to establish policies (a) for the investment of all money belonging to the State of Delaware (the "**State**") or on deposit from its political subdivisions, except money deposited in any State pension fund or deferred compensation program and (b) to determine the terms, conditions and other matters relating to the investment of State Funds, including the designation of permissible investments, the allocation between short- and long-term investments, the selection of investment managers ("**Managers** ") and the allocation of funds among the Managers;

WHEREAS, the Board has promulgated investment objectives and guidelines for the investment of State Funds, as memorialized in I *Del. Admin. C. § 1 20 I* (the "**Guidelines**");

WHEREAS, under the Guidelines, unless otherwise determined by the Board, the Office of the State Treasurer ("**OST**") has discretionary authority to allocate State Funds among the Cash Accounts in accordance with the general purposes of the Accounts and the investments objectives for those Accounts set forth in the Guidelines;

WHEREAS, the Guidelines do not expressly prescribe (a) the specific amounts or percentages of State funds that must remain in the Cash Accounts, (b) the number of Liquidity or Reserve Accounts that will be maintained to manage State funds, (c) the number of Managers that are required or authorized to provide investment services for the Liquidity and Reserve Accounts, (d) the benchmarks or benchmark proxies that will be used by OST and the Board to assess the performance of State funds and the Managers, or (e) the treatment of restricted State funds ("**Open Investment Issues**");

WHEREAS, pursuant to Resolution No. 2017-1, the Board preliminarily approved an Investment Architecture addressing certain of the! Open Investment Issues to provide a more detailed framework for the investment of State funds;

WHEREAS, pursuant to Resolution No. 2018-1, the Board approved an Amended Investment Architecture that refined the benchmark guidance and Reserve Account structure;

WHEREAS, pursuant to Resolution No. 2020-1, the Board, in light of pandemic-related liquidity concerns approved a Second Amended Investment Architecture that adjusted the allocation of excess cash as between Liquidity and Reserve Accounts, added a discretionary five-percent buffer to the target balance percentages, and added provisions *to* deal with restricted accounts;

WHEREAS, on August 25, 2021, the Board by unanimous vote, in light of ongoing liquidity and interest rate concerns, set the allocation as between Liquidity and Reserve Accounts at forty percent (40%) and sixty percent (60%), respectively;

WHEREAS, on December 1, 2021, the Board by unanimous vote, in light of ongoing liquidity and interest rate concerns, set the allocation as between Liquidity and Reserve Accounts at fifty percent (50%) and fifty percent (50%), respectively;

WHEREAS, on March 9, 2022, the Board by unanimous vote, as memorialized in Resolution No. 2022-1 and the Third Amended Investment Architecture attached thereto, in light of ongoing liquidity and interest rate concerns, set the allocation as between Liquidity and Reserve Accounts at sixty-five percent (65%) and thirty-five percent (35%), respectively;

WHEREAS, on November 2, 2022, the Board convened a special meeting and by unanimous vote, in light of ongoing uncertainty and interest rate concerns, set the allocation as between Liquidity and Reserve Accounts at sixty percent (60%) and forty percent (40%), respectively;

WHEREAS, on February 8, 2023, the Board by unanimous vote, as memorialized in Resolution 2023-1 and the Fourth Amended Investment Architecture attached thereto, in light of ongoing uncertainty and interest rate concerns, set the allocation as between Liquidity and Reserve Accounts at fifty percent (50%) and fifty percent (50%), respectively;

WHEREAS, on June 7, 2023, the Board by unanimous vote, as memorialized in Resolution 2023-2 and the Fifth Amended Investment Architecture, in light of market expectations relating to interest rates and higher yield environment set the target allocation as between Liquidity and Reserve Accounts at twenty-five percent (25%) and seventy-five percent (75%), respectively, and authorized OST to utilize cash inflows to rebalance the portfolios organically over time;

WHEREAS, on February 26, 2025, the Board by unanimous vote, established a benchmark proxy for Liquidity Managers; and

WHEREAS, on June 4, 2025, the Board by unanimous vote, adjusted the placement of the Budget Stabilization Fund within the Investment Architecture.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD:

1. The Sixth Amended Investment Architecture is approved and adopted by the Board, effective as of June 4, 2025.
2. OST and its officers and employees are authorized and directed to take such action as may be necessary or appropriate to effectuate or carry out the purpose and intent of this Resolution, including, without limitation, the execution and delivery of any documents, instruments agreements or amendments as may be necessary, advisable or appropriate to implement the Sixth Amended Investment Architecture, and the taking of any such action shall conclusively evidence the appropriateness or necessity of any such documents, instruments or agreements.

3. The Board reserves the right to make any changes to the Sixth Amended Investment Architecture that it believes are in the best interest of the State.
4. All acts, transactions or agreements undertaken prior to the adoption of this Resolution by any member of the Board or any officers or employees of OST in connection with the matters authorized by this Resolution and all actions incidental thereto are hereby ratified, confirmed and adopted by Board.

Adopted by the Cash Management Policy Board on June 4, 2025


Warren Engle, Chairperson

ATTEST:



Colleen C. Davis, State Treasurer

EXHIBIT A: FIFTH AMENDED INVESTMENT ARCHITECTURE FOR CASH ACCOUNTS

The following Fifth Amended Investment Architecture (the “Investment Architecture”) shall govern the management of the State’s Cash Accounts. The Investment Architecture is intended to provide the Office of State Treasurer (“OST”) and the Managers of such Accounts with a flexible framework to maintain the safety and availability of State Funds to meet the State’s immediate and intermediate funding needs and maximize the return on State Funds. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Guidelines or Board Resolution No. 2023-2, as appropriate.

I. Allocation Among Cash Accounts

Under the Investment Architecture, a certain portion of State Funds, as determined by OST, in its discretion, will be held in Collection and Disbursement Accounts and used to cover anticipated near-term transactions. Amounts exceeding the State’s projected near-term cash needs (“**Excess Cash**”) shall be invested and held in Liquidity or Reserve Accounts in accordance with the Guidelines and this Investment Architecture. Excess Cash, as used herein, does not include amounts received from the federal government under the Coronavirus Aid, Relief, and Economic Security Act and American Recovery Plan Act.

Unless the Board by majority vote determines otherwise, (a) the Liquidity Accounts should have a target balance of approximately twenty-five percent (25%) of Excess Cash, as determined by investment account balances reported at month end, and (b) Reserve Accounts shall hold all other Excess Cash. A discretionary buffer of five percent (5%) shall per permitted. If the aggregate balance of the Liquidity Accounts exceeds twenty-five percent (25%) of Excess Cash at the end of any month and is projected to continue to exceed such percentage for all or a significant portion of the following month, OST shall consult with the Chair of the Board, who shall have authority to direct OST to rebalance, or not.

II. Management of Liquidity Accounts and Managers

There shall be two (2) Liquidity Accounts, each with its own Liquidity Manager. The Liquidity Accounts will be managed in accordance with relevant sections of the Guidelines.

OST may in its discretion draw on Excess Cash in one Liquidity Account or both Liquidity Accounts to meet anticipated funding needs within a given fiscal year. Discretionary draws normally will be made on a pro rata basis. One or both of the Liquidity Accounts may be completely liquidated during certain periods of the fiscal year.

OST shall have discretion to replenish the Liquidity Accounts as revenues are received throughout the fiscal year. Refunding of the Liquidity Accounts normally will be made on a pro rata basis.

III. Management of Reserve Accounts and Managers

There shall be three (3) “Tiers” of Reserve Accounts, with each Tier having a unique investment maturity target. The Tier 1 Reserve Account has a maturity target of one (1) to three (3) years. The

Tier 2 Reserve Account has a maturity target of one (1) to five (5) years. The Tier 3 Reserve Accounts have a maturity target of five (5) to ten (10) years. There shall be two (2) Tier 3 Reserve Accounts, each with its own Reserve Manager.

Excess Cash in the Reserve Accounts will be distributed among four (4) Reserve Managers. The Reserve Accounts will be managed in accordance with relevant sections of the Guidelines.

In the event the State has unanticipated funding needs, draws from the Reserve Accounts should be made on a pro rata basis. Refunding of the Reserve Accounts should likewise be made on a pro rata basis. OST may, with the consent of the Chair of the Subcommittee, deviate from the pro rata draw and refunding requirements.

IV. **Restricted Amounts**

The Tier 1 Reserve Account shall include the “Budget Reserve Account” provided for in art. VIII, § 6 of the Delaware Constitution of 1897. Excess Cash in the Budget Reserve Account may not be accessed absent a 3/5 vote of the members of each house of the General Assembly.

The Tier 2 Reserve Account shall include the “Budget Stabilization Fund” if and as provided for in the annual Budget Bill. Draws from the Budget Stabilization Fund must be authorized by an act of the General Assembly.²

Amounts received directly by the State from the federal government in response the Covid-19 emergency (“**Emergency Funds**”) shall be allocated pro rata to the Liquidity Managers and managed in separate special liquidity accounts in accordance with the Board’s directives. Emergency Funds shall not be deemed Excess Cash for allocation purposes under Section I above.

V. **Benchmark Proxies**

Liquidity Managers. None.

Tier 1 Reserve Manager. The Benchmark Proxy for the Tier 1 Reserve Manager shall be: 100% invested in Intercontinental Exchange Bank of America Merrill Lynch (“**ICE BofAML**”) 1- to 3-year government/corporate bonds rated “A” or better.

Tier 2 Reserve Manager. The Benchmark Proxy for the Tier 2 Reserve Manager shall be: 100% invested in ICE BofAML 1- to 5-year government/corporate bonds rated “A” or better.

Tier 3 Reserve Managers. The Benchmark Proxy for the Tier 3 Reserve Managers shall be: 100% invested in ICE BofAML 5- to 10-year government/corporate bonds rated “A” or better.