Colleen C. Davis
State Treasurer

Tel: 302.672.6700
Fax: 302.739.2274

MINUTES FROM THE INVESTMENT SUBCOMMITTEE OF THE CASH MANAGEMENT POLICY BOARD

August 5, 2026

A meeting of the Investment Subcommittee (the "Subcommittee") of the Cash Management Policy Board (the "Board") was held on August 5, 2026, at 10:00 a.m. The meeting was conducted virtually, with public accommodations provided in the Large Conference Room of the Office of the State Treasurer ("OST"), 820 Silver Lake Blvd., Suite 100, Dover, DE 19904.

Subcommittee Members Represented or in Attendance:

Mr. Mike Karia, Subcommittee Chair
Mr. Stephen Marvin, Vice Chair
Ms. Colleen Davis, State Treasurer
Mr. Warren Engle, Board Chair
Mr. Charles Clark, Deputy Principal Assistant, Secretary of Finance Designee

Others in Attendance:

Mr. Brennon Fountain, Deputy Treasurer, OST
Mr. William Tate, Deputy Attorney General, Delaware Department of Justice
Mr. Richard Zbyszynski, Cash and Debt Manager, OST
Ms. Ninna Vaughn, Executive Administrator, OST
Ms. Shanese Ridgeway, Director, Reconciliation & Transaction Management, OST
Ms. Daly Pineyro, Special Payments Manager
Mr. Jonovan Sackey, NEPC
Mr. Kevin Leonard, NEPC
Ms. Mary Brennan, Criminal Justice Council
Mr. Dave Tancredi, Public

CALL TO ORDER

The meeting was called to order at 10:00 a.m. A quorum was established.

INTRODUCTIONS

Mr. Fountain led introductions. Mr. Fountain formally introduced Vicki Macklin, the newest Assistant Cash and Debt Manager at OST. Mr. Tancredi, a member of the public, also introduced himself.

APPROVAL OF MINUTES

A MOTION to approve the May 6, 2026, minutes was made by Mr. Engle and seconded by Treasurer Davis.

MOTION ADOPTED UNANIMOUSLY

PRESENTATION AND DISCUSSION OF THE 2nd QUARTER PERFORMANCE ABBREVIATED REPORT

Mr. Leonard provided an overview of the current market environment, noting continued uncertainty regarding interest rates, inflation, fiscal deficits, and geopolitical developments. NEPC expects interest rates to remain at current levels through year-end and supports maintaining the current allocation between the Reserve and Liquidity portfolios. The Subcommittee also discussed volatility in the fixed income markets and potential risks associated with the fiscal deficit and private credit markets.

Mr. Sackey presented the June 30, 2026, investment performance report and provided an overview of each portfolio.

- Total Portfolio — Liquidity and Reserves
  The combined Liquidity and Reserve portfolio totaled approximately $6.2 billion as of June 30, 2026. The portfolio returned 0.55% for the second quarter and 3.43% for the trailing one-year period. Longer-term performance also remained positive.

- Liquidity Portfolio
  The Liquidity portfolio totaled approximately $1.68 billion as of June 30, 2026, representing approximately 27% of the combined Liquidity and Reserve portfolio. The portfolio returned 0.85% for the second quarter and 3.87% for the trailing one-year period. Performance modestly trailed the six-month Treasury bill benchmark across the measured periods.

- Reserve Portfolio
  The Reserve portfolio totaled approximately $4.5 billion as of June 30, 2026. The portfolio returned 0.43% for the second quarter and 3.22% for the trailing one-year period, outperforming its custom benchmark by 19 basis points. The Reserve portfolio continued to be more affected by fixed-income market volatility due to its longer duration relative to the Liquidity portfolio.

- Total Consolidated Portfolio
  The total consolidated portfolio, including the Endowment, totaled approximately $6.5 billion as of June 30, 2026. The portfolio returned 0.75% for the second quarter and 3.73% for the trailing one-year period.

- Endowment Portfolio
  The Endowment portfolio returned 8.62% for the second quarter and 15.92% for the trailing one-year period, outperforming its custom benchmark. The strong quarterly performance reflected the rebound in equity markets during the second quarter.

- ARPA Portfolio
  The ARPA portfolio totaled approximately $168 million as of June 30, 2026. The portfolio returned 0.94% for the second quarter and 4.00% for the trailing one-year period, compared to 0.93% and 4.02%, respectively, for the one-month Treasury bill benchmark.

Mr. Engle inquired about the unrealized gains and losses reflected in the Reserve and Liquidity portfolios and whether the fluctuations were attributable to volatility in the fixed-income markets. Mr. Leonard confirmed that the unrealized gains and losses primarily reflected changes in the market value of underlying securities resulting from interest rate volatility. Ms. Davis further noted that the Reserve portfolio experienced a net outflow of approximately $125 million during the period and that ARPA funds continue to wind down, requiring ongoing monitoring and rebalancing of cash flows across managers.

The Subcommittee was advised that the current allocation between the Reserve and Liquidity portfolios remains appropriate.

GOVERNANCE/PORTFOLIO REPORTING DISCUSSION AND UPDATE

Mr. Zbyszynski provided background on the enhanced portfolio reporting requested by the Subcommittee during its May meeting. The requested reporting was intended to provide greater visibility into the combined Reserve and Liquidity portfolio and assist the Subcommittee in evaluating portfolio and manager positioning against the State's Investment Guidelines.

NEPC presented the newly developed reporting materials, which included an aggregate portfolio view and a dashboard comparing actual portfolio positioning with applicable Investment Guideline limits. Mr. Leonard and Mr. Sackey reviewed the materials with the Subcommittee and confirmed that the aggregate portfolio and underlying investment managers were in compliance with the applicable guidelines as of the reporting date.

Mr. Marvin asked about the effort required to produce the report on an ongoing basis. Mr. Leonard explained that the initial development required coordination with the investment managers to ensure the necessary data were captured; however, with the reporting structure now established, quarterly updates should require substantially less effort.

Members expressed strong support for the new reporting format and noted its value in providing a consolidated view of the portfolio and a clearer basis for future Investment Guideline and asset-allocation discussions. Treasurer Davis recognized Mr. Zbyszynski, Mr. Steve McVay, and the NEPC team for their work in developing the reporting.

The Subcommittee supported continuing the Governance/Portfolio Reporting materials as a quarterly governance and compliance tool.

ARPA FUNDS

Mr. Zbyszynski reported that the State's ARPA portfolio totaled approximately $167.8 million as of June 30, 2026, following a $34.4 million draw during the quarter.

The Division of Accounting advised that the remaining principal is expected to be drawn down by the end of calendar year 2026, with accumulated interest to be utilized thereafter.

CONTRACT DISCUSSION AND UPDATES

- INVESTMENT MANAGEMENT SERVICES RFP
  Mr. Zbyszynski provided an update on the Investment Management Services RFP, which was issued on May 4, 2026, with proposals due June 22, 2026. OST received a significant number of proposals, requiring revisions to the tentative procurement timeline.

  The evaluation committee was preparing to begin preliminary scoring in accordance with the evaluation criteria established in the RFP.

  Because the procurement remains active, OST advised that updates to the Subcommittee would continue to be provided at a high level.

  OST also advised that September 30 and October 7, 2026, were identified as potential dates for special meetings of the Investment Subcommittee and the Board to consider OST's eventual recommendation. Ms. Vaughn was asked to coordinate member availability.

- ENDOWMENT INVESTMENT MANAGEMENT AGREEMENT
  Mr. Zbyszynski reported that OST exercised one of the available one-year extension options under the Endowment Investment Management Agreements, extending the agreements with SEI and Mercer through June 30, 2027.

- NEPC – INVESTMENT ADVISORY SERVICES
  Mr. Zbyszynski reported that OST exercised one of the available one-year extension options under the NEPC Investment Advisory Services Agreement, extending the agreement through September 23, 2027.

OTHER MATTERS OF THE SUBCOMMITTEE

Mr. Engle requested that the new Governance/Portfolio Reporting materials be included in the upcoming Board meeting materials. Mr. Engle made a motion to include the report in the Board package, which was seconded by Treasurer Davis.

MOTION ADOPTED WITHOUT OBJECTION

PUBLIC COMMENT

Mr. Tancredi thanked the Subcommittee and Board for their work and expressed his appreciation to Treasurer Colleen Davis for her years of service to the State of Delaware.

Mr. Tancredi recommended that the Subcommittee consider reviewing the dividend and interest reports presented to DEFAC as a future agenda item. He noted that doing so could provide additional visibility into changes affecting State investments, interest rates, and market conditions and allow the Subcommittee to provide questions or guidance to OST. He further noted that continued review could provide continuity and an opportunity for input from the incoming State Treasurer.

Mr. Karia thanked Mr. Tancredi for his comments and suggestion.

EXECUTIVE SESSION

No executive session was held.

NEXT MEETING

The next full Board Meeting is scheduled for August 26, 2026, at Buena Vista – 661 S. Dupont Hwy, New Castle, DE 19720.
The next Investment Subcommittee meeting is scheduled for November 4, 2026.

ADJOURNMENT

The meeting was adjourned at 11:03 a.m.

Respectfully submitted,

_____
Mike Karia
Subcommittee Chair, Investment Subcommittee