



Date: January 08, 2024
To: Mayor and Town Council
From: Fred DeVito, Finance Supervisor
Re: Consideration and Approval: **New Account - Seacoast Money Market Account**

Objective: *To generate interest income from Howey-in-the-Hill's operating funds.*

Summary:

Currently, operating funds are contained within a checking account that bears no interest. We want to take advantage of the short-term market rates (which are unusually high), by allocating a portion of the town's funds into a new money market account. Money markets are extremely liquid and allow for exposure to the market with minimal risk.

Possible Motions:

The Town Council has the following options:

1. The Town Council motions to approve
OR
2. The Town Council motions to approve with the following conditions
OR
3. Motion to Deny

Fiscal Impact:

Our calculations have determined that it is safe to transfer 1.5 million into the new money market account with Seacoast Bank. This would leave the town with a balance of roughly 1.4 million, which will strategically offset any minimum balance fees. Seacoast quoted a yield of 5.25% generating an additional \$78,750.00 in interest income. All funds are contained within the same financing institution (Seacoast Bank) so transfers can be made between accounts as necessary at no cost to the town.

Staff Recommendation:

We highly recommend taking advantage of this opportunity. Short-term rates will not remain at historical highs forever.