

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE

FOUNDATION

MEMO

TO: Finance Committee
FROM: Katha Kissman, President & CEO
RE: Opportunity with Merrill Lynch
DATE: June 24, 2019

The Foundation certainly does not need to have another account. However, I see some value in perhaps diversifying our relationships with another institution in case there comes a time when we may want to go in another direction for the portfolio.

Over the past several months, I have been in discussion with Michael J. Woolfolk, a Financial and Portfolio Advisor with Merrill Lynch Wealth Management in White Plains, NY. Michael Woolfolk reached out to Marjorie Raines with investment ideas after seeing she was on the HBOIF board. Marjorie in turn referred Michael to me (full disclosure, Marjorie is a personal client with Michael). After speaking with Michael, we determined that due to the nature of funding criteria, it was best for me to forward that information to the new Development Director at Harbor Branch, which I did on March 15, 2019.

Michael did, however, alert me to a couple of opportunities for us, one or two of which would be worthy of the Finance Committee's discussion.

Operations Account

The first opportunity was to move our operating account as a "savings account" with "check writing privileges" to Bank of America, it would not be appropriate for our needs – we have a highly active operations checking account currently with PNC. Currently our operations checking account has the following capabilities that we prefer:

- We have desktop deposit capabilities
- We have easy access to online banking for daily account balancing
- We have easy access to copies of checks when performing monthly reconciliations
- We use our operations account for payroll - ACH payments of payroll taxes, direct deposit of payroll
- Our 401K is set up to take contributions each pay period directly from our operating account
- We do have business credit cards that earn 1% cash reward on every purchase

In addition, our incoming deposits are not always as much as \$1,000 as referenced in the attached.

Preferred Deposit Account

Because many non-profits separate their accounts into three functional areas -- : operational, cash reserves and endowment –Preferred Deposit account may assist in the cash reserves area. It could also be electronically linked to our external operational accounts to facilitate transfers. The minimum initial deposit to open a Preferred Deposit account is \$100,000. However, once opened, we only need to maintain a balance of \$1,000. There is no management fee, teaser rate or tiered structure. From Michael:

“The non-profits that we work with find Preferred Deposit an easy way to earn a higher-rate of return on cash balances while maintaining FDIC insurance (up to standard limits) and without sacrificing liquidity.”

Rate of return is currently at 2.07%

Insured Savings Account

While Preferred Deposit provides FDIC insurance up to \$250K, ISA provides FDIC insurance for larger balances up to \$9 million by pooling among 37 banks. Let me know if you have any questions, and I look forward to following up with you later this summer.

Rate of return is currently at .65%