

**Holley by the Sea
Board of Directors Meeting
October 3, 2006
6:00 PM**

Minutes

Roll Call: Ms. Reilly, Ms. Gallup, Mr. Harrington, Ms. Gardner, and Mr. Rogers present. A quorum was established for the meeting.

Review and Consider the financial status and condition of the Association: Mr. Harrington led by reading a statement to the effect that as of August 31, 2005 the total funds of the association (all accounts lumped into one account) was \$2.1 million. As of August 31, 2006 the total funds of the association were \$1.2 million.

Mr. Harrington directed Wendy Hoeflich to prepare a full accounting and detailed statement of expenditures applied against those funds and have such ready for review at the next Board meeting.

Mr. Harrington further explained that between the dates of 8/31/2005 and 8/31/2006 the association spent \$2.12 million.

Mr. Harrington noted contentions about the budget, budget vs. actual for 2006
We are over budget on line items but this may not be the case on a whole.
We appear to be over budget for the first 8 months
We are not sure how we will end up at the end of the year.

Mr. Harrington directed Ms Hoeflich to prepare a monthly accounting (budget vs. actual) looking at each month and have such prepared by the next Board Meeting.

Mr. Harrington further noted the speculations regarding alleged improprieties.

Mr. Harrington moved to have a forensic audit of the association finances be prepared for the period of 2002 through June 30, 2006 and into 2006 if necessary. Mr. Harrington further moved that during such audit the requisition and disposal of association property and procurement of services be examined.

Mr. Harrington further moved to have the firm Saltmarch, Cleaveland and Gund prepare the audit not to exceed a cost of \$25,000.

Ms Reilly seconded the motion.

Mr. Rogers stated that he could not support such a large expense during such turmoil. Mr. Rogers did not believe that any of the allegations rose to the level of embezzlement, or theft which would be the subject of such an audit. Mr. Rogers stated he was not in favor of authorizing such an expenditure of association funds.

Ms. Gallup said she felt this was something that needed to be done.

Mr. Harrington, Ms. Reilly, Ms Gallup and Ms Gardner vote yea in favor of the motion.

Mr. Rogers voted nay against the motion.

The motion passed by a vote of 4 to 1.

Adjournment: Mr. Harrington moved to adjourn.
Ms Gallup seconded and the meeting was adjourned.

Neal A. Rogers, Jr.

Neal A. Rogers, Jr.
Board Secretary