

# **Exhibit 9**

**KINSTON CHARTER ACADEMY**  
**2000 Dr. Martin Luther King, Jr. Blvd.**  
**Kinston, NC 28501**  
**Telephone: (252) 522-0210**  
**Fax: (252) 522-2584**

June 17, 2013

Dr. Joel E. Medley, Director  
Office of Charter Schools  
N.C. Department of Public Instruction  
6303 Mail Service Center  
Raleigh, NC 27699-6303

RE: RESPONSE TO LETTER OF JUNE 5, 2013

Dear Dr. Medley:

Please consider this letter our response to your letter dated June 5, 20013 requiring a response by today's date at the close of business.

Please be advised that in both the matters of the retirement system and health insurance we first obtained consent from the employees and have kept the board informed. I have attached copies of a document signed by employees consenting to payroll benefits delay. We did first obtain employee consent prior to November 2012 and have provided regular updates.

We paid health insurance payments for November 2012 thru February 2013 in March. At that time we paid all the premiums, interest, and penalties we were made aware of at that time. We were subsequently informed that health insurance claims from November would be held until we paid an additional penalty. We instructed the health insurance worker at Blue Cross to deduct the penalty from the funds we remitted so claims would be honored through January or February. We subsequently learned that was not done and the health insurance program is not paying claims from November through February even though they had been paid. We are working to resolve this issue. All employees and the board are aware of this matter. We anticipate paying the additional interest before June 30, 2013.

We have attempted to file the retirement reports but have been informed the system will not let the reports be filed separately from the payment remittance. Employees are aware of the status of retirement payments and have consented. If there is a way to file the reports independently please let us know and we will file them forthwith. Otherwise we anticipate filing them by June 30, 2013.

Kinston Charter Academy owns real property with a current appraised value of \$4 million. We have about \$2 million in equity in the real property. In prior years the school has

always been able to obtain advances on its allotments. This year the School Business Section Director changed the policy on Charter Schools being able to receive advances on its allotment. The letter announcing the policy change was dated in September but we did not receive actual notice until mid-October. The policy change was disruptive to the schools cash flow plan, resulted in impaired credit, and the school was late making payment to the retirement and health insurance program with the consent of the employees. The school also received a notice that we were non-compliant in making mortgage loan payments with State funds and had a questioned cost of approximately \$285,000.00. This finding was subsequently found to be erroneous. Somehow our creditors were given copies of the erroneous non-compliance report prepared by Mr. Gene Bruton in School Business section. Our ability to draw equity from our facilities was impaired and we had difficulty drawing the funds to meet our cash flow needs.

We anticipate being able to pay the health insurance and retirement payments thru June from drawn equity by June 30, 2013. We have worked to clear up the misunderstanding and confusion created by the erroneous non-compliance report and erroneous \$285,000 questioned cost. We are currently negotiating refinancing that will improve our cash position and resolve any financial issues.

If you have any questions or need additional information please let me know.

Very sincerely yours,



Ozie Lee Hall, Jr.  
CEO/Principal

OLH:olh, jr.

cc. Demyra R. McDonald-Hall

**CONSENT TO PAYROLL BENEFITS DELAY**

The Undersigned hereby acknowledges that Kinston Charter Academy , in an effort to meet its cash flow needs and remain open, has experienced delays in payment of health insurance premiums and retirement contributions. This will acknowledge that I have been made aware of this issue from time to time throughout the school year and consent to the same with the understanding the school will get this resolved by July 30, 2013.

Dated: 6-11-13

Felicia Martin  
Signature

Print Name: Felicia Martin

CONSENT TO PAYROLL BENEFITS DELAY

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Dated: July 11, 2013

Sylvia Robinson  
Signature

Print Name: Sylvia Robinson

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Dated: June 11, 2013

Calvin Holloway  
Signature

Print Name: CALVIN HOLLOWAY

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Dated: 6/21/2013

Caroline C. Sutton  
Signature

Print Name: Caroline C. Sutton

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Dated: 6-11-13

Deborah F. Orr

Signature

Print Name: Deborah F. Orr

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Dated: June-11-2013

Shirley Dutton  
Signature

Print Name: Shirley Dutton

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Dated: June 11, 13

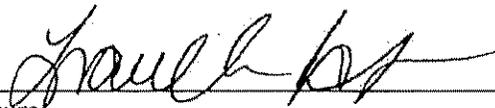
Clementine G. Edwards  
Signature

Print Name: Clementine G. Edwards

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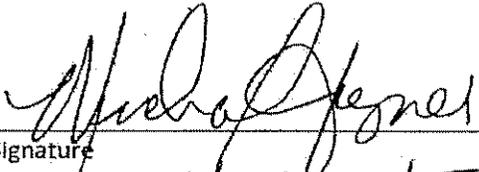
  
\_\_\_\_\_  
Signature

Print Name: Traveler Johnson

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Dated: 6/11/13

  
Signature

Print Name: Michael Joyner

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Ginnet Bland  
Signature

Print Name: Ginnet Bland

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Angela Ward  
Signature

Print Name: Angela Ward

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Signature

Print Name: Bianca McKesson

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Dated: 6-12-13

Carlton Simmons  
Signature

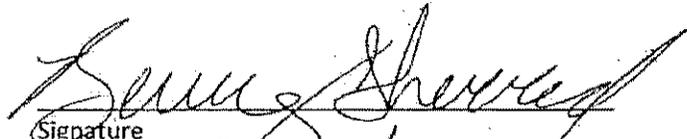
~~Print Name:~~

CARLTON

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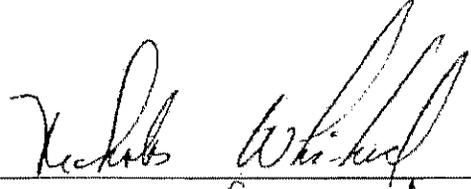
Dated: 6-12-13

  
Signature  
Print Name: Beverly Sherrod

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\_\_\_\_\_  
Signature

Print Name: Nicholas Whichard

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Wanda Paris

Signature

Print Name: Wanda PARRIS

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Rhonda Olds  
Signature

Print Name: Rhonda Olds

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Dated: JUNE 11, 2013

Leisha A. Bell

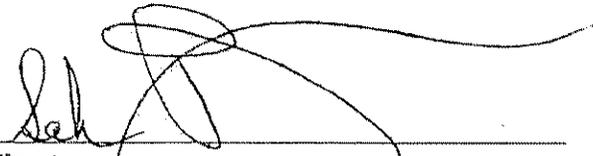
Signature

Print Name: Leisha A. Bell

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Signature  
Print Name: Sabrina Rogers

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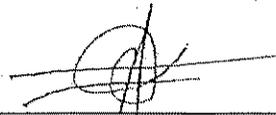
Rosa Sydney  
Signature

Print Name: Rosa Sydney

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Signature

Print Name: Adja M. Mbaye

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Monique Harris  
Signature

Print Name: Monique Harris

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Lu Tina Cannon  
Signature

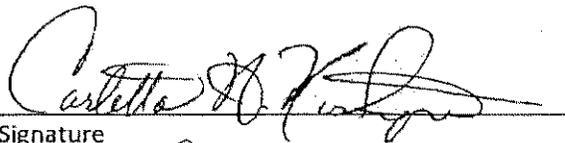
Print Name: Lu Tina Cannon

(Contract: Does Not Apply  
but I have been made aware.)

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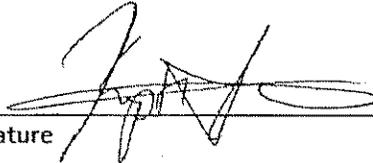
  
Signature

Print Name: Carlotta A. Mustafaa

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Signature \_\_\_\_\_

Print Name: Krystle Shakespeare

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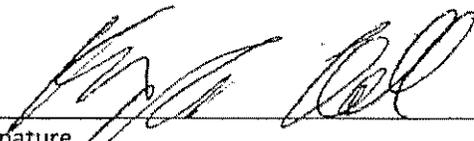
Latoya Cherry  
Signature

Print Name: Latoya Cherry

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\_\_\_\_\_  
Signature

Print Name: Khadisha Hall