

Exhibit 27

KINSTON CHARTER ACADEMY
2000 Martin Luther King, Jr. Blvd.
Kinston, NC 28501

BOARD OF DIRECTORS EMERGENCY MEETING

August 26, 2013

The meeting was called to order by D. McDonald-Hall. The invocation was given by O. Hall. Roll call was taken. The following were in attendance:

Board Members

D. McDonald-Hall
L. McKnight
S. Bailey
J. Armstrong (Absent)
M. Mack (Telephonic)

Staff

O. Hall, CEO/Principal
D. Orr, Recording Secretary

Previous minutes were adopted. A motion was made and approved to go into Closed Session to deal with legal issues.

CLOSED SESSION

O. Hall discussed with the Board information concerning a previous loan between the Greater Kinston Credit Union and six individuals that had signed notes of \$15,000.00 each to help Kinston Charter Academy financially back in 2007. In February 2011, the Greater Kinston Credit Union made a grant of \$89,000.00 to KCA, without our knowledge, which was used in part to repay the individual loans of three people. KCA was not given a choice as to whom the individuals would be that got their loans paid off. KCA directed the loans of C. Richberg, J. Durant, and L. McKnight to be paid with this money. Instead, The GKCU disbursed the money to other groups without our knowledge. The following motions were approved in order to resolve this issue.

Motions were made and approved to proceed legally concerning the \$89,000.00 grant by the GKCU and the disbursement of the money thereof and to prepare the necessary documents to authorize deeds of trust, that in the event the school closed, C. Richberg, J. Durant, and L. McKnight would have a secondary lien on the school building in order to increase their chance of getting their money back and have their loans secured. L. McKnight abstained from the motions.

O. Hall discussed with the KCA Board of Directors to consider the recommendation that the Board voluntarily relinquish the school's charter because of a notice of intent to initiate revocation of KCA's charter by the Office of Charter Schools received on August 21, 2013, dated August 16, 2013. On August 2, 2013, KCA received a letter from the Office of Charter Schools stating that the school would remain on Governance status until certain payments were made to the NC Treasurer's Office but with an option to remain open for this school year.

KCA received another letter on August 21, 2013 which was dated August 16th, stating that the Office of Charter Schools giving notice of intent to initiate the revocation process before the N.C. State Board of Education citing the school's deficit history, late reports, and late payments to the State Health Insurance and Retirement systems. The board noted that nothing adversely changed in the schools status since the end of the last school year in June 2013. Mr. Hall raised the concern of whether the Office of Charter School and Division of School Business is motivated by Self Help Venture Fund's effort to foreclose the school's mortgage and collect the USDA guarantee. Mr. Hall noted the December 2012 erroneous non-compliance finding by Mr. Gene Bruton was also done while the school was attempting to refinance and Self Help was attempting to default. Mr. Hall noted that

Ozlem Tanik seemed to know about the non-compliance finding before anyone at Kinston Charter Academy was informed.

The school has already made the retirement payments and reports, and plans to make the health insurance payments within the next few weeks.

There is an on-going commitment for two loans to help with our financial needs. One is a short-term loan for \$300,000.00 and the other is a \$3 million dollar loan to refinance the Self-Help and USDA loans leaving us with approximately \$1 million dollars minus \$150,000.00 loan fee. This would leave us \$850,000.000 which will enable the school to resolve its financial issues.

Also, O. Hall discussed with the Board the need for the Management Company with experienced charter school managers to take over the day-to-day operations of the school and negotiate a final contract for this. The present Board would transition to add newly qualified individuals to serve on the school's board of directors that would give the school new management. O. Hall would leave the school within 10 business days after the new Management Contract is completed as planned but would be available to help with the transition as needed.

It was decided to go forward with the hearing before the State Board of Education with a corrective action plan in place and to have a solid time line for tasks to be completed along with the management company contract to be in place. The decision to close the school will be deferred pending the final \$3 million dollar loan commitment, and the management contract.

A motion was made and approved to move forward with the corrective action plan, the management company, and the refinance.

A motion was made and approved to continue the meeting on September 3rd at 6:30 p.m.

A motion was made and approved to come out of Closed Session.

Date Approved: _____

Chairman of the Board

Attest: _____
Board Secretary