

# **Exhibit 10**

**KINSTON CHARTER ACADEMY**  
**2000 Dr. Martin Luther King, Jr. Blvd.**  
**Kinston, NC 28501**  
**Telephone (252) 520-3397**  
**Fax: (252) 522-2584**

July 29, 2013

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

RE: Response to Letter Dated June 19, 2013

Dear Dr. Medley:

Please find attached copies of the board meeting minutes you requested.

In response to your request that we explain what the charter school has done with funds that are deducted from employee paychecks covering cost under the State Retirement system and Health Plan, please note that because of the lack of funds no such funds were ever deducted. We deferred payment until funds were available. Most of the communications were verbal. We previously provided the acknowledgments made by employees.

We are working to stabilize the school's finances and assure we meet all obligations going forward. The school is presently negotiating a re-finance of its facilities. The school's most recent appraisal valued the facilities at \$4 million. We owe about \$2 million and therefore have about \$2 million in equity. A portion of the funds can be used for working capital. If we are successful with the re-finance we will go forward. If the school is not successful in re-financing we will recommend to the board the closure of the school. A final decision should be made within the next 15 days.

I trust this fully responds to you request for information.

Very sincerely,



Ozie Lee Hall, Jr.  
CEO

Oh:

cc. Demyra R. McDonald-Hall