

its decision-making); (d) disregarded the training, and purposes for the training, provided by Dr. Carpenter that all Board Members acknowledged repeatedly as vital to Board functioning, ethics, and the stability of school operations; and (e) decided in 2016 to sweep all that aside because it did not fit the way certain Board Members wanted to run things.

Under F.S. 1002.33(6), a precondition for entering into a Charter Contract is the submission of an appropriate Application for the District for review. The Application sets forth multiple categories for review and approval including the School's anticipated educational plan and program and its organizational and business plans including governance, management, employment, budget, and so on. The approval of an application by a school board means all representations contained in it are deemed acceptable and will be honored as part of entering into a Charter Contract pursuant to F.S. 1002.33(7).

F.S. 1002.33(7) provides the following:

The terms and conditions for the operation of a charter school shall be set forth by the sponsor and the applicant in a written contract agreement call a charter. The sponsor and the governing board of the charter school shall use the standard charter contract pursuant to subsection (21), which shall incorporate the approved application and any addenda approved with the application. (Emphasis added).

In both the 2013 Contract and the 2017 renewal Contract, the Application was noted specifically as Appendix 1 to the Contract. Accordingly, when the School Board approved the Contract, and later renewed it, the Application's terms and conditions became part of the terms and conditions of the Contract that had to be followed.

With respect to the Finance Committee, the language in the Application is clear. "The Finance Committee shall assist the Governing Board in carrying out its budget and finance duties." The work of its members involved making recommendations concerning (a) financial planning and review of MCA revenue and expenditure projections; (b) review of financial statements; (c) annual budget preparation and oversight; (d) procurement; and (e) serve as an external monitoring committee on budget and other financial matters. (Emphasis added). (See, Application, at pp. 62-63).

In connection with the Audit Committee, it is noted that the Audit Committee shall, among other things, (1) evaluate the request for proposal for annual financial audit services; (2) recommend the selection of the financial auditor; (3) meet with external auditors at least monthly after audit field work begins until the conclusion of the audit; (4) track and report progress on the status of the most recent audit findings and advise the governing [board] on policy changes needed to address audit findings; and (5) provide other advice and assistance as requested by the Governing Board. (Id.).

Along with other committees that the Board contemplated creating, the Finance and Audit Committees were understood to be "standing committees" of the Board. (See, the Application at p. 63). There was nothing in the Contract (inclusive of the Application) that

authorized the Board to dissolve or reconstitute a given committee, let alone allow the Board to ignore the committees, turn them into empty entities and take over their functions. To do so, would require the MCA Board to request modification of the Application from the District School Board. That of course was never done. To cavalierly dismiss the MCA Board from wrongdoing for not having these standing committees operate and function, given the Application's clear language, as just a "technical violation," or to say that its decision "may have not been exactly as provided in the Charter," and is not a big deal, undermines the principles of contract between MCA and the District School Board, a remarkable position for a law firm to take. The Standing Committees were designed to serve as oversight, advice giving, monitoring, and recommending committees. To remove all that is to remove accountability from the process and put the Board, its members, and the school at risk. The Board cannot serve as its own oversight committee. It would create a variant of an authoritarian committee that is accountable to no one.

(b) Evidentiary Review of the Problem

In this context, let's look at the evidence of what was undertaken and provided to the Board for its benefit, before the Financial Committee was dissolved in the summer of 2016 on the alleged grounds a reconstituted committee was needed.

A review of the Agendas and Minutes of Finance Committee ("FC") meetings going back to October 2014 up until its dissolution in July 2016, discloses detailed discussions and analyses of MCA profit and loss ("P&L") statements, cash flow projections, balance sheets, audit processes, construction loans, proper recording of donations, payroll and bank statements, commercial loans, property issues, and costs. The FC meetings were typically led by Mr. Mathias with assistance and reports provided by MCA's Business Manager, Ms. Turner. Included as well were discussions concerning the cost impact on property, enrollment costs, efforts to provider tighter fiscal controls, streamlining review processes, and so on. The following will provide representative examples from the minutes of the FC meetings held in 2014, 2015, and 2016 to give the reader a sense of what was occurring to the benefit of the MCA Board and School community.

We begin with the Minutes from the December 8, 2014, FC meeting. The Minutes record the following:

Current Financials:

-Matt Mathias

Reviewed November balance sheet. Went over each bank account. Susan explained naming on accounts. Mr. Mathias asked about money owed to MCA from landlord for building improvements. Mr. Marshall expects that landlord will owe about \$40,000. Mr. Mathias inquired about this missing from balance sheet. Susan to add this amount as accounts receivable. Mrs. Wilson added that in order to submit paperwork for receiving the money from landlord, we're waiting on the completion of AC test ordered by Gates Construction. Reviewed Profit and Loss for November. Mr. Mathias asked about how actuals compare to budget on a monthly basis. Susan has report

from annual perspective.

ACTION ITEM: Susan to develop report to show budget performance on monthly basis.

As one can see, Mr. Mathias questioned the team on multiple subject areas including on understanding “about how actuals compare to budget on a monthly basis.” There was not in place such a monthly comparative. This led to Ms. Turner developing a report to show such performance based comparative information.

If one fast-forwards to the October 12, 2015 FC meeting, one will find a continuing attention to cash flow, accounts, review of bank statements, seeking detail on purchases, “fund transfers for Board of Director’s reserve” and so on.

The Minutes of the meeting record the following valuable information:

Team Reports

- A. Reviewed September bank statements. Mr. Mathias, in reviewing the accounts tied to the school debit card, requested more detail on Amazon.com purchases. All present reviewed balance in Reserve account ending September 30, 2015 against Reserve account spreadsheet prepared by Susan. Reserve account includes fund transfers for Board of Director’s reserve, Maintenance Reserve fund, and excess FEFP payment.
ACTION ITEM: Mrs. Turner will work with Resource Room Director, Mrs. Gena Smith, to reconcile all Amazon.com text-book purchases.
- B. Three Year Projected Cash Flow: All present looked at a projection of cash balance if school were to add section in K-3 and obtain new debt to complete building projects for 16-17.
ACTION ITEM: Susan will run a projection based on building owner’s current proposal.

This level of financial detail, scrutiny, questioning, and transparency continued into 2016. A review of the Minutes of the March 7, 2016, FC meeting is equally representative of the work undertaken. The Minutes record the following:

Team Reports

- A. Cash flow plans reviewed by all. Susan went over recent disbursement of Best & Brightest Scholarship funds to thirteen of the current MCA teachers. Group looked at recent construction payments and related loan proceeds. Mrs. Turner will hold February 29 construction payment until work has been verified. Reserve account balances reviewed, including board requirement and maintenance reserve. Mr. Mathias inquired about the donations bank

- account. Mrs. Turner has a spreadsheet that details which portion of those funds are restricted by the donors.
- B. Committee looked at Profit and Loss and Balance Sheet for February. Susan also prepared a budget versus actual report For the fiscal year to date, February 29th. Susan will prepare The same report at a future date, and include principal loan Payments in the debt service line.
 - C. Mrs. Turner has reconciled February bank statements, which includes the final statements from CNL bank and new statements from Valley National Bank. So far, the transition to the new bank appears to be going well.

Unfinished Business

- A. Construction Loan Status: covered in cash flow discussion.
- B. Construction billing: reviewed in cash flow discussion.

Mr. Mathias reported detailed information from the Financial Committee meetings to the MCA Board at almost every MCA Board Meeting from the fall of 2014 into the spring of 2016. As a representative example, he reported the following to the MCA Board, as contained in its Minutes for the March 7, 2016 Meeting:

Finance:

-Matt Mathias: There was confusion regarding back filling enrollment and how budgeting is affected. MCA is trying to take over some maintenance responsibilities from the landlord. Cash Flow and Checking account balances look positive and solid. Construction draws are in order. Good news: 13 Mason Classical Academy teachers were awarded Best and Brightest Scholarships. In May or June, preparation will be made for early July cash flow needs, when desks, lab equipment, books, etc. will be purchased. The Board will be approached with regard to an approximately \$430,000 draw on our reserve to cover costs which will be front end loaded and reimbursed to the reserve fund. These costs will not be recurring.

The MCA Board Treasurer during this time period, Mr. Lane, regularly provided Treasurer Reports identifying FEFP levels, balances in multiple accounts, payroll levels, donations and so on to keep the Board and the public apprised. As a representative example, the Minutes of the June 13, 2016 MCA Board Meeting record the following:

Treasurer

-Jason Lane: Found no irregularities in any of our banking accounts:
Ending Bank Balances for May, 2015:
FEFP: \$30,279.67
Operations: \$610,026.93
Reserve Account: \$520,308.70 (Total Account Reserve) \$230,000 (Actual)

Donations: \$109,263.00 (\$6,000 of this is pre-allotted for specific purposes)
Payroll: \$187,768.72

At the April 11, 2016 Board Meeting, subsequent to Mr. Lane's Treasurer's Report and Mr. Mathias' Finance Committee Report, Mr. Lane replaced Mr. Mathias as Chairman of the Finance Committee through approved motion. (See, Minutes of the April 11, 2016 MCA Board Meeting). On July 11, 2016, the Finance Committee was dissolved through an approved motion with Mr. Donalds dissenting. The Minutes record the motion as "Motion To Dissolve The Existing Finance Committee in Anticipation of the Formation of a Newly Defined Financial Oversight Committee." Only Mr. Donalds dissented. (See, the July 11, 2016 Minutes of the MCA Board Meeting). Sometime after the July 11, 2016 MCA Board Meeting, Mr. Lane resigned from the Board and his position as Treasurer. Board Chair, Ms. Lichter, announced Mr. Lane's resignation at the August 2, 2016, Board Meeting. (See, the Minutes of the August 2, 2016, MCA Board Meeting). On August 8, 2016, at a Special Meeting of the MCA Board, Mr. Baird was appointed to the Board and became the new Treasurer by an approved motion.

After the July 11, 2016, dissolution, the only action taken relative to the FC was the approval at the October 4, 2016, MCA Board Meeting of a motion to create a Financial Oversight Committee ("Motion To Approve Creation of Financial Oversight Committee"). (See, the Minutes for the October 4, 2016, MCA Board Meeting). After October 4, 2016, nothing more was done. The Financial Oversight Committee ("FOC") was, in effect, functionally non-existent. In terms of financial review, advice and support, accountability, oversight and transparency, as a core standing committee it disappeared into MCA Board oblivion.

In this context, in the Minutes of the July 11, 2016, meeting, after the Motion to Dissolve is approved the following notation:

NOTE: Mrs. Lichter will email her notes from Hillsdale Board Training to Jason Lane to assist him in defining the new Financial Oversight Committee.

It is not known whether the notes were emailed to him. But Mr. Lane was not only now gone from the Board, but also as Chairman of the Financial Committee, based on its dissolution, and as Board Treasurer. He was thus not in a position to actively help define the purpose of the new FOC.

The Minutes of the September 6, 2016, note, under Board comments, that "Board Members discussed the role of the Finance Oversight Committee and possible members." As the record shows, after this meeting, Mr. Baird received direction to notify parents that a new FOC would be formed and to see who might be interested in serving on it. With this in mind, the Board and Mr. Hull were originally of the opinion that an FOC should be set up in a manner that followed the training recommendations of Dr. Carpenter in order to protect the interests of MCA.

On September 20, 2016, as noted in the GC's Report (pp. 7-8), Mr. Baird notified the MCA community, through MCA's email system, that the Board was seeking volunteers to sit on

the FOC. He attached an application that he requested be returned prior to September 24, 2016. Mr. Baird noted that the purpose of the FOC included recommendations for improvement of the MCA Board. He noted that some of the duties and responsibilities of committee members would include the following areas:

- (1) review of MCA's 403B Retirement Plan;
- (2) assist with auditor selection;
- (3) review of internal controls;
- (4) review of financial policies;
- (5) review of IRS 990 form;
- (6) review of MCA's insurance policies;
- (7) ensure compliance with state and federal regulations and
- (8) review of MCA's financial statements.

These duties and responsibilities were consistent with the criteria for the FC identified on page 62 of the Application in which the duties and responsibilities of prospective committee members were presented.

On October 2, 2016, in advance of the October 4, 2016, Board Meeting, Mr. Baird uploaded the following two documents to MCA's Google Drive for the Board to review: (1) Finance Committee Purpose; and (2) Financial Committee Application list. He informed the Board collectively by email. Concerning prospective applicants wishing to serve on the FOC, Mr. Baird noted: "When discussing individual candidates, please refer to them by letter next to their name instead of by name." He also asked that Board Members "come prepared to discuss and vote on the proposed purpose of the Finance Committee." (See, the October 2, 2016, email from J. Baird to MCA Board Members and Mr. Hull).

In the uploaded Finance Committee Purpose document, Mr. Baird offered the following purpose statement for discussion on October 4, 2016:

The primary means by which this financial oversight will happen is through the implementation of policies and rigorous monitoring. The Committee will evaluate current management policies, internal controls, insurance policies, legal regulations, etc. in order to provide recommendations for improvement to the Board of Directors. The Committee has no decision making authority whatsoever, and the committee's membership will be evaluated annually by the Board of Directors.

This statement is consistent with his September 20, 2016, communication to the MCA community and the recommendations for careful financial oversight recommended by Dr. Carpenter as part of his training to MCA Board Members as well as Mr. Baird's review of Dr. Carpenter's extensive training materials. None of this was discussed or voted on at the October 4, 2016 meeting. This will be discussed further in the section pertaining to Dr. Carpenter's training work.

In addition, and quite significantly, on the Agenda for the October 4, 2016, Board meeting, is entry “C” under item 4 (“New Business”). Entry 4C contains the following language “Finance Oversight Committee Members”. Under the vote column is for this item is “approve” and under “who” will bring this new business action item is the name “Lichter”. The Agenda was approved by the Board at the beginning of the meeting.

However, the Agenda was not followed. Ms. Lichter and Ms. Miller claimed that the applicant pool needed to be broadened to include more than parents. Nothing was mentioned concerning the qualifications of the candidates. A review would show they were indeed qualified to serve on the new committee. That is why the Agenda shows under New Business they were to be approved. But they were never given a chance to serve. Given the Agenda item, had Ms. Lichter or Ms. Miller really had the concern that the pool needed to be widened, they could have moved to defer the matter another month to try to get more candidates.

Yet, Ms. Lichter knew it would have resulted in additional discussion followed by a 2-2 vote which would have meant an end to the deferral possibility since the motion would have died and the Board would then have had to proceed. This would have led to the real motion which would have meant going through the candidates list, which included Erika Donalds, who had applied to serve on the Committee, and who gave many hours of her time as a CPA assisting the Finance Committee and the Board as the Minutes of several Finance Committee meetings show.

It reflects once again Ms. Lichter’s double-dealing. At the time she was touting Ms. Donalds’ credentials as a CPA at the District School Board Meetings, she was also making sure that Ms. Donalds would not get the chance to use her financial knowledge as a member of the FOC. Ms. Lichter was not about to let Ms. Donalds be in a position to scrutinize her or Miller’s actions. Moreover, there is no rhyme or reasons why other capable applicants were swept aside under the dubious claim of wanting a broader pool. Mr. Campbell, Mr. Ayres, Ms. Magee, and Mr. Wilkommen certainly had the credentials and the ability to serve on the FOC.

Ms. Lichter tactically could have brought the matter to a vote to elicit a 2-2 stalemate but she avoided the problem by allowing Mr. Baird to move to create a Financial Oversight Committee (which ironically was also not on the Agenda) which passed. There was no discussion concerning the purpose for the Committee despite Mr. Baird notifying the Board of his proposal on September 20 and October 2, 2016 which no one found objectionable. Hence, one was left with a committee with no members or defined purpose. Neither Ms. Lichter nor Ms. Miller (and thereafter Mr. Longenecker who did not have their history or experience with the matter) ever did what they promised to do and had to do contractually under the terms of the Application.

What was the response to all this by the preparers of the Coleman Report? Not an issue: “The MCA Board chose to serve as the Financial Oversight Committee and successfully provided the necessary financial and auditing oversight function.” The word “chose,” under the circumstances denotes that the Board Members made a decision at a publicly noticed meeting to motion, discuss and vote on serving as the Financial Oversight Committee. A review of MCA Board Meeting Minutes would show that never happened. The claim is not factual and is misleading. It is equally untenable given that the proposition reduces to: “MCA will police

itself in the area of financial oversight, management, and accountability and will make recommendations to itself for improvement based on its finding,” which never happened.

In the context of the foregoing, the reader’s attention is directed to Section 18 of the Application entitled: “Financial Management and Oversight,” in addition to a rigorous subsection on internal control policy, the section provides the following pertinent language:

Detailed financial statements will be prepared on a monthly basis for analysis by the Charter School Board. These financial statements will be reviewed by the Charter School Board at monthly meetings and will be submitted to the Sponsoring District for monitoring/review.

(See, Application, at p. 121). This provision, like the provisions pertaining to the Standing Committees set forth in Section 9 of the Application, in the Charter Contract’s terms and conditions.

A review of the Minutes of MCA Board Meeting from October 4, 2016 – April 18, 2019, shows that the review and discussion of financial statements by the Board at monthly meetings never occurred. On April 18, 2019, it is recorded that Ms. Turner provided a “Budget vs. Actual Report, July-March”. This is the first time one sees anything akin to the above-referenced requirement, nor does one see reference to it through the August 6, 2019 when the Board approved the Mediation Settlement Agreement. A review of the Minutes of MCA Board Meetings from November 10, 2014 – June 13, 2016, while the Financial Committee was a functioning entity, would show on-going financial reporting to and with the Board consistent with the above and the requirements for the Finance Committee set forth in Section 42 and Section 18 respectively of the Application.

Many of the financial actions taken by the Board were perfunctory in nature and did not involve discussion or analysis. For example, the June 29, 2017 Board Meeting, which was called to approve the FY 2018 budget, began at 9:15 a.m. and was over at 9:37 a.m. (18 minutes) and only lasted that long because Ms. Miller was late to the Meeting and included Motions to Adopt the Agenda and the Consent Agenda. Similarly, June 30, 2018 Board Meeting, which was called to approve the FY 2019 Budget, began at 5:03 p.m. and ended at 5:12 p.m.; a nine minute meeting to review and discuss a school’s annual budget which included motions to adopt the Agenda and the Consent Agenda! The only Board member present was Ms. Miller, Ms. Lichter appeared by phone, and Mr. Longenecker was absent. Further, the August 23, 2018, Board Meeting, which was called to approve the FY 2017 Audit, began at 8:30 a.m. and ended at 8:50 a.m.; which included Motions to Adopt the Agenda and Consent Agenda and Board Comments from Ms. Lichter, a 20 minute meeting on a financial report. All that is noted is that Ms. Turner informed the Board that the report was excellent. This came after the vote to establish an Audit Committee on December 18, 2017, that was never staffed nor ever met to advise and assist the Board as required by contract. This is hardly evidence of taking over the functions of the Finance Committee (and the Audit Committee) and demonstrating that the MCA Board had ensured oversight, accountability, and transparency.

In addition, Board Minutes contain contradictory representations about whether certain financial actions were actually undertaken. For example, at the January 26, 2018, Board Meeting, discussion was noted to have been held concerning “current debt obligations and 5 year projection of future obligation.” What happened next is anyone’s guess as the following shows:

Motion to Approve Loan Payoff

No Vote.

Moved:

Second:

Vote: Unanimous

(Minutes of January 26, 2018, MCA Board Meeting). So, no vote is noted, then no names are noted for a motion and a second, then presto, the no vote miraculously becomes a unanimous approval. Perhaps that is the preparers’ idea of appropriate Board financial oversight. It demonstrates anything but transparency for the purpose of the public’s understanding as to what was going on at one of its public schools.

Other financial related items fell on the shoulders of Ms. Turner. For example, (a) on November 1, 2016, she introduced for motion a request to amend the budget “to extend offers to select a group of staff,” (See, the Minutes to the November 1, 2016 MCA Board Meeting); (b) her introduction for motions to approve corporate resolutions to approve corporate resolutions relative to the School’s 403(b) plan, the land lease (See, Minutes of the October 19, 2017, Board Meeting); and (c) her reporting efforts at the September 13, 2018 Meeting (See, Minutes of September 13, 2018 meeting).

As similar pattern obtains when one looks at the level of reporting by MCA Board Member Treasurers from Mr. Baird to Mr. Bolduc. Prior to Mr. Baird, there were regular Treasurer reports to the Board and the public. The following chart is instructive as established the meeting minutes of the MCA Board:

Board Meeting Date	Name of Treasurer (Beginning With The First Meeting After Named to the Board)	Report Provided
August 27, 2016	J. Baird (voted in as Board Member August 8, 2016)	No
September 6, 2016	J. Baird	Yes
October 4, 2016	J. Baird	Yes
October 14, 2016	J. Baird had resigned on October 6, 2016	No
November 1, 2016	J. Longenecker (voted in as Board Member that date)	No
December 14, 2016	J. Longenecker, approved as Board Treasurer	No
January 12, 2017 (Special Board Meeting)	J. Longenecker	No
January 25, 2017	J. Longenecker	No

March 24, 2017	J. Longenecker	No
March 31, 2017	J. Longenecker	No
June 29, 2017	J. Longenecker	No
August 25, 2017	J. Longenecker	No
October 6, 2017	J. Longenecker	No
October 19, 2017 (Special Board Meeting)	J. Longenecker	No
November 8, 2017 (Special Board Meeting)	J. Longenecker	No
January 26, 2018	J. Longenecker	No
April 20, 2018	J. Longenecker	Yes
April 26, 2018	J. Longenecker	No
May 29, 2018	J. Longenecker	No
June 30, 2018	J. Longenecker	No
July 16, 2018	J. Longenecker	Yes
September 13, 2018	J. Longenecker	No
October 22, 2018	J. Longenecker	No
November 22, 2018	J. Longenecker	Yes
November 16, 2018 (Special Board Meeting)	J. Longenecker	No
November 30, 2018	J. Longenecker	No
December 14, 2018	J. Longenecker (D. Bolduc voted in as a Board Member without a quorum)	No
January 23, 2019	D. Bolduc, appointed the new Treasurer (Mr. Longenecker has departed from the Board)	No
February 21, 2019	D. Bolduc	No
March 21, 2019	Dr. Bolduc	No
April 18, 2019	D. Bolduc	No
May 16, 2019	D. Bolduc	No
May 31, 2019	D. Bolduc	No
June 8, 2019	D. Bolduc	No
July 2, 2019	D. Bolduc	No
July 8, 2019	D. Bolduc	No
July 11, 2019	D. Bolduc	No
August 6, 2019	D. Bolduc	No
August 15, 2019	D. Bolduc	No
September 6, 2019	D. Bolduc	No
September 16, 2019	D. Bolduc	No
September 26, 2019	D. Bolduc	No
September 27, 2019	D. Bolduc	No
October 15, 2019	D. Bolduc	No
October 21, 2019	D. Bolduc	No

		(but Mr. Bolduc discussed work of the Audit Committee)
October 25, 2019	D. Bolduc	No

The paucity of Treasurer Reports speaks for itself and further illustrates the substantive and factual weakness of the claims set forth in the CR. Only four reports were provided in over a three year period (October 4, 2016 – October 25, 2019 – the apparent date of the distribution of the corrected Coleman Report as noted in the Minutes of the October 25, 2019, MCA Board Meeting). During that time, but for Ms. Turner’s presenting a Budget vs. Actual report on April 18, 2019, there is no evidence of monthly financial statements being reviewed and discussed by the Board. While in the CR, it references that Mr. Bolduc presented a few Treasurer’s Reports orally, the Minutes disclose something different. A Board speaks through its Minutes.

In the CR, it is noted that “Ms. Lichter believes that Mr. Baird did not understand his role as Treasurer”. (CR, at 18). In light of the fact that Mr. Longenecker provided only three reports over 22 Board Meetings and Mr. Bolduc apparently provided none over the above noted 18 Board Meetings during which he served as Treasurer, it appears that they did not know their role as Treasurer either. None of the evidence noted above on these issues was ever addressed or even noted in the CR; treating the evidence as if it did not exist for obvious reasons.

Accordingly, the claim the MCA Board took over the functions of the Finance Committee and did not really breach its obligations under the Application’s requirements set forth in Sections 9 and Section 18 respectively is simply without merit and has no foundation in either evidence or the provisions of the Contract. This is bolstered by the fact that the Board collectively acknowledged it had a Financial Committee problem at the July 2, 2019, Board Meeting when the issues in the General Counsel’s Report were extensively reviewed with legal counsel, Mr. Arnold, who forwarded the Cure Document on behalf of the Board the next day (July 3, 2019) to the undersigned. In the Cure Document, it is expressly stated with respect to the Finance Committee that as a cure “the Board will reinstate the Committee immediately.” (See, Cure Document, at p. 1, emphasis added).

Further, the creation of a Finance Committee and an Audit Committee was a constituent part of the Corrective Action Plan set forth in the August 1, 2019, Mediation Settlement Agreement. Whether it was referred to as a cure or corrective action plan, everyone knew, including MCA Board Members, that the problems were real, that they were serious, and that something had to be done to correct them. Such problems cannot be wished away or made to vanish just because someone cries out “exonerated”. The expression of such magical thinking fools no one and does not work.

As a final note, the record shows that Mr. Hull was quite worried about the filing of Mr. Baird’s complaint; so much so, in fact, that on August 1, 2018, he contacted MCA’s key lender and took it upon himself to try to blame him for the financial strain MCA was experiencing and anticipated to continue in the future. He emailed him as follows:

Since there is an accusation of financial mismanagement, initiated by the former board member (the treasurer from almost two years ago who lasted just two months on the board), I feel compelled to share with you how I feel about your financial status.

Our financial status is strong. That being said, we are certainly not financially free. We could have been financially free if you had allowed us to purchase the building as we were always led to believe. Bond financing or owner financing would have easily set MCA up for financial independence indefinitely. As the board explained to you in that meeting where they offered to purchase everything from you, our annual lease increase causes us to continue to pinch pennies. In the long run, we are in a bad spot. There is no way we can afford to spend any money on a gym, soccer field, or anything. The land lease alone costs us over \$200,000 per year, and that does not include upkeep or improvements. Can we afford this? Yes. Does it strain our finances? Yes. Would I rather give that money to teachers and students? Yes. Would that look bad in a news report? Yes.

We are headed into the new school year with no ability for students to use that land. I just signed a check for \$10,500 to have it mowed, but that was a tough pill to swallow. We will make it work like we do everything else, but it places a severe burden on what I can do for the school. I explained to you before that I would always make it work and keep this school successful at all costs. To do that, we added over 100 students to the school this year. I don't know how our parking lot playground will work for that many more kids, so we will have to see what comes of it.

The main problem with adding students is the pressure it puts on all aspects of the school-culture, space, class size, student and teacher morale, parent morale, etc. For example, beefing up the high school comes with unintended costs. Adding high school students often means adding students who had poor education for at least 9 years. Think about that in terms of test scores and teacher work load. It also means many of them think the school is a reform school. Often, such reform type students have younger siblings who also struggle. In order to accept the high school student, we must allow the younger siblings into the school as well. And that often means adding struggling students to the elementary school. We now have elementary classrooms with 30+ students. This is what it takes to pay the bills and remain financially stable. Money in the bank could counteract any news report about financial mismanagement, I hope-if facts and truth matter.

(August, 2019, email from D. Hull to D. Shuman)

This remarkably revealing email speaks for itself. Mr. Hull knew there were multiple problems: financial, academic, enrollment and so on. Preparers of the CR focus on the fact that in the GC's report it was found that the unaudited financials and the McCrady & Associates financial statements received were considered acceptable by the District's Financial Department. No one disputes that. But there is more to an entity's financial health and oversight than such documents. Mr. Hull's email demonstrates that all was not well financially and academically in

MCA paradise. And the way he sought to deal with this was to find fault with MCA's lender. His acknowledgement of some very serious and unresolved issues is precisely why the Financial Oversight Committee and the State Advisory Committee were so necessary to help oversee and monitor what was actually going on and recommend corrective courses of action when needed.

3. The Representations Concerning Dr. Carpenter

In the Coleman Report, the preparers note that Mr. Baird had access to Dr. Carpenter's training materials and claim that he had "a number of conversations with Mr. Carpenter regarding his duties." (CR, at 16). They then allege the following:

Mr. Baird was not stopped by Mr. Hull from receiving additional training from Dr. Carpenter. Instead, Mr. Carpenter informed Mrs. Lichter that in order to continue to provide individualized assistance to Mr. Baird, the Board would need to pay Dr. Carpenter \$10,000 as a consultation fee. It was decided that the Board should not incur that expense as Mr. Baird would be able to attend Dr. Carpenter's annual governance training the following summer. (Id., at .17).

Their representations are not only factually inaccurate, but also deeply misleading. To appreciate that, let's look at the record.

In 2016, Dr. Carpenter provided two training seminars in June and November respectively at Hillsdale College. Ms. Lichter and Ms. Miller attended the June meeting. Both spoke with Dr. Carpenter. And Dr. Carpenter recalled that at the dinner after the first day, Ms. Miller had approached him about being very interested in the possibility of him providing training to MCA. He also recalled that Ms. Miller had noted to him that Ms. Lichter wanted her to approach him on the matter as well. Dr. Carpenter further recalled that he advised her that while he was interested, it was his practice to have a Board (in this case MCA), through vote, request from him a letter of engagement. Neither Ms. Lichter or Ms. Miller ever followed up with him nor ever brought the matter before the Board for discussion, motion, and vote.

The record shows that MCA Board Members were deeply impressed with Dr. Carpenter's work, and had been for some time. Subsequent to Dr. Carpenter's training in June, for example, on August 15, 2016, Ms. Lichter emailed Board Members Miller, Donalds, and Baird from her Mason Academy email address (and cc'd Mr. Hull, Mr. Marshall and Ms. Turner). In it, she noted that she had "discussed Dr. Carpenter's book 'The Seven Outs' at the last regular board meeting. I said that I will put together an outline for all of you regarding effective strategic planning for charter schools. I have attached my outline." She added that "Dr. Carpenter is someone who has in depth experience at running charter schools from multiple perspectives and was a fabulous trainer for the Hillsdale Governance Training seminar. I trust in his advice to make our school even better." (August 15, 2015 email communication from Ms. Lichter sent at 10:52 a.m. the subject line was "Dr. Carpenter". Ms. Lichter requested Board Members not to respond to her email).

On August 25, 2016, Mr. Kilgore, the Director of the Barney Charter School Initiative at Hillsdale College, informed previous Board attendees that he had scheduled another session with Dr. Carpenter for November 10 – 12, 2016, at Hillsdale College. The June 2016 training he noted had “focused on board governance principles and the attendees at the session provided enthusiastic feedback to us about the excellent content and quality of the training.” (August 25, 2016, email from P. Kilgore sent at 12:28 p.m.). Lodging and meals would be provided by Hillsdale. Attendees would be responsible for their own transportation. Upon receipt, Ms. Lichter immediately forwarded it to Mr. Baird. She noted: “This is an amazing opportunity. Let me know your thoughts.” (Email communication from K. Lichter to J. Baird sent August 25, 2016 at 12:30 p.m.).

During this period, and thereafter, Mr. Baird was engaged in reading and working through Dr. Carpenter’s training materials. On September 7, 2016, Ms. Lichter emailed Mr. Baird sending him Dr. Carpenter’s email address. (See, email communication from K. Lichter to J. Baird sent September 7, 2016 at 5:08 a.m.). Ms. Lichter was thus clearly encouraging Mr. Baird to contact Dr. Carpenter for advice and with any questions he might have. And Mr. Baird did email Dr. Carpenter for advice. Contrary to representations in the CR, Mr. Baird never spoke with Dr. Carpenter and thus had no conversations with him.

On September 12, 2016, Mr. Baird wrote to Dr. Carpenter the following:

I am reaching out to you at the suggestion of Kelly Lichter of Mason Classical Academy in Naples, FL. She thought I should seek your advice regarding the establishment of a Financial Oversight Committee at MCA. I recently joined the MCA board of directors as the treasurer, and establishing this committee is one of my first responsibilities. During our last board meeting, there was agreement that we need to seek guidance from Hillsdale as we define the role of this committee, but there was debate about whether we should wait to define the role until after I have attended the Hillsdale training in November. On the one hand, it would be ideal to attend the training before moving forward, but on the other hand some felt that November is too long to wait. Our prior finance committee was dissolved in July (before I became treasurer), so if we wait until November, we will be without a finance committee for nearly 6 months – maybe more by the time we appoint members. That seems to be quite a long time to be without any financial oversight.

He then added: “My question to you is this: Would you advise waiting until the November Hillsdale training before having serious discussions about the role of our new committee?” (Email communication from J. Baird to Dr. Carpenter sent September 12, 2016, at 5:45 p.m.). Dr. Carpenter replied promptly. He congratulated Mr. Baird on joining the Board and then noted unequivocally: “In answer to your question, I would encourage to launch the committee NOW. (My logic: Financial oversight can *never* wait.)” (Email from Dr. Carpenter to Mr. Baird sent September 12, 2016, at 6:22 p.m.).

On September 26, 2016, Mr. Baird sent a lengthy follow up email to Dr. Carpenter arising out of his intensive engagement with Dr. Carpenter's on-line training materials. He began by noting the following:

Thank you for the advice you gave me earlier. I have listened to your podcasts and am working my way through your videos. I have read through the workbook you gave to Kelly in June, the Charter and the pertinent areas of our policy manual. I have also obtained applications from 8 candidates to staff our new Finance Committee, and we will be reviewing and hopefully voting on a few of them in our next board meeting.

Mr. Baird then discussed, in considerable detail, what his concerns were in moving forward in setting up and implementing a Financial Oversight Committee, what its role should be, how the committee's purpose should be defined, what materials committee members should be provided, what they should focus on initially, and so on. He sought Dr. Carpenter's feedback and advice on all of this. (Email communication from J. Baird to Dr. Carpenter sent September 26, 2016, at 5:15 p.m.).

Given the extensive nature of Mr. Baird's inquiries, and consistent with his representations to Ms. Miller and Ms. Lichter at the June 2016 meeting at Hillsdale College, Dr. Carpenter replied that the time commitment involved in responding would have to be handled through a consultancy agreement. He wrote to Mr. Baird as follows:

You're on the right track with everything I browsed below.

As a consultant, I charge clients for my time when in-depth advising is desired. If you'd like to schedule such a conversation (or would prefer a thought through detailed email response), I would need to invoice you or the school for my time.

At present, for past clients such as MCA that are not in a year-long coaching agreement with me (i.e. 40 hours prepaid in full at the rate of \$150/hr = \$6,000), I charge \$275/hr with a two-hour minimum.

Alternatively, the board could, if it desired, enter into a year-long coaching agreement with me via a majority vote. (Actually, Kelly and others mentioned a desire to do so, in passing when we were at Hillsdale.) Perhaps you'd like to introduce a motion at the next meeting, formally putting it out there.

With no intention of being rude or unhelpful, I simple have to do business this way. Given the professionalism of your emails, I'm certain you appreciate this.

Let me know how you'd like to proceed.