

March 20, 2009

Tracy Stigler
Vice-Chair
Board of Directors
St. HOPE Public Schools

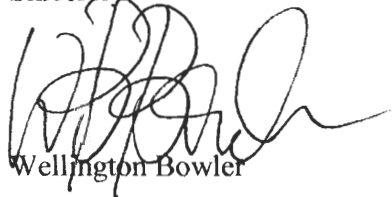
Re: Resignation

Dear Mr. Stigler:

This letter acknowledges my resignation from the Board of Directors of St. HOPE Public Schools, effective immediately.

I wish the organization the best in all future endeavors.

Sincerely,



Wellington Bowler

To: Board Members, St. Hope Public Schools

From: Robert L. Trigg, Board Member

Subject: Resignation from St. Hope Board of Education

Date: April 2, 2009

This memorandum will serve as my resignation from the Board on April 2, 2009.

I urge your consideration of the following:

I expressed my deep concern about the status of our organization in a public session, on the record at our Board Meeting on March 19, 2009. I am not an attorney, nor have I requested legal advice on these comments. I have, however, worked in the public schools my entire adult life and recognize how important public perception is of an organization that deals with children and public money. We must go beyond the norm to insure openness. When in doubt, double check! Be "Squeaky Clean"!

The St. Hope Public Schools are in serious fiscal trouble. I commend our Executive Director for bringing past deficiencies to our attention. I appreciate his recommended solutions and timeline. Our Board should be concentrating on "fund raising" to protect and improve the programs at our schools. We have lost far too much time.

Every effort must be made to continue the professional and cooperative relationship with the Sacramento City School District that has been established by the hard work of past Chairman Bowler and Deputy Superintendent Tom Barentson.

The St. Hope Academy Board is undergoing an investigation by the federal government for the illegal use of public funds. Kevin Johnson has been placed on the suspension or debarment list. Other persons serving on our School Board were members of the Academy Board when the charges were made. I feel the school Board should make every effort to separate itself from the Academy. I feel you should request our County Superintendent of Schools to appoint an attorney to review the

legal role Kevin Johnson and other members who served or are serving on the Academy Board may play in our School District. I also feel any specific action such as participation in the nominating committee for the appointment of new Board Members should be postponed until the School Board reviews and accepts the attorney's report.

When in Doubt, double check! Be "Squeaky Clean"!

April 9, 2009

To: The St HOPE Public Schools Board of Directors

From: Rick Maya, Executive Director SHPS

Re: My Resignation from the SHPS Board of Directors

As I announced at the Friday, April 3rd 2009 Board meeting, I am formally resigning from the Board of Directors of St HOPE Public Schools. I have reached this decision for several reasons, chief amongst which is that my attempts over the past several months to ensure that the Board and the Schools are complying with the law and that the Schools are being managed in a prudent and reasonable manner have been ignored by certain Board members who have now gained control of the Board.

Over the past several months, I have continued to bring to your attention the numerous concerns that I have regarding the judgment and business practices of certain Board members. I addressed many of these concerns in my letter to Bernard Bowler dated March 13, 2009, copies of which were distributed to the Board. Many of the problems outlined in that letter involved the Board's failure to provide appropriate oversight (such as the fact that SHPS was more than \$1 million dollars in arrears to Sacramento City Unified School District because it had not paid its rent and oversight fees owed to the District for several years) and even Board member misconduct.

As I said in my March 13, 2009 letter, despite all of my successes addressing many of the problems I inherited when I became the Executive Director or discovered when the CFO left, I have encountered significant antagonism and a lack of cooperation from certain members of our Board and other members of the "old guard" at both St. HOPE Public Schools and St. HOPE Academy. Many, if not all, of the fiscal mismanagement and legal compliance issues that I have reported to the board and have sought to correct arose under the direction and management of these "old guard" members, and I believe that my efforts to report and correct these problems have caused them to want to remove me from my position on the Board and Executive Director.

For instance, on August 22, 2008, I notified the Board that the St. HOPE e-mail system had been compromised after a Board member of St. HOPE Academy asked one of our Board members, Sam Oki,

to access our e-mail system in order to copy and erase Kevin Johnson's e-mails. I only discovered that Mr. Oki had accessed our e-mail system and had deleted Mr. Johnson's e-mails because he had also deleted my e-mails and those of some other employees. I expressed my concern that no one should have accessed, copied or erased e-mails from the system because our e-mail system was under a federal subpoena in the St. HOPE Academy investigation, and that neither the CFO nor I had authorized anyone to access our e-mail system for any reason, much less to delete e-mails. We had to pay thousands of dollars to recover the information deleted from our e-mail system as a result of this highly inappropriate and potentially unlawful incursion into our e-mail system, and we are still unsure whether all of the deleted information has been recovered. The Board took no action other than to report the matter to St. HOPE Academy's legal counsel.

I also dissolved the Shared Service Agreement, which was very unpopular with certain members of the Board who have close ties to St. HOPE Academy and Mr. Johnson since it eliminated a large revenue stream for ST HOPE Academy. I expressed my concern that I did not believe that it was in the best interest of both organizations to have this type of contractual obligation in place. I was concerned that public school dollars were being paid to a non-profit that did not have the expertise nor capacity to manage the day to day fiscal and compliance operations of a public school. The mission of St. HOPE Academy is to focus on "inner-city revitalization"; I was not comfortable with St HOPE Academy providing accounting and management services to the schools. I was insistent that the schools should be self sufficient and provide their own services. I was also insistent that it was in the best interest of SHPS to have a staff that was dedicated full time to address the financial issues of the past as well as stay fiscally compliant moving forward. Because the Shared Service Agreement did not allow full time allocation of resources to be dedicated to the schools, I felt that the Agreement must be dissolved and that public school dollars should stay within our public school system.

Unfortunately, since I sent out my March 13, 2009 letter, the attempts by certain Board members, including Tracy Stigler and Sam Oki, to undermine me on the Board and as Executive Director have intensified, culminating most recently in holding an Ad Hoc Personnel Evaluation Committee meeting (to which I was not invited even though I had been appointed to that Committee just the week before) and then a closed personnel session at the April 3rd Board meeting which stripped me of much of my authority as Executive Director.

This is just the last in a long line of concerns that I have about the Board. Along with other Board members, I have requested that our bylaws be reviewed to determine whether they are legally compliant but in every case my requests have been ignored. I supported the formal request of Board member Bob Trigg to have the By Laws reviewed, but even after his motion was approved by the Board, the request was ignored. When I made a suggestion to have our By Laws reviewed by either the Sacramento County Office of Education or the State Attorney General, my request was met with opposition. The Board has also ignored my numerous requests to make all corporate By Laws and documents readily available to the public.

It causes me great concern that the audit and finance committee has failed to provide the necessary oversight to ensure that the Schools adhere to good fiscal and sound compliance oversight. With the numerous issues of the past several years, particularly the discovery of so many compliance problems after the CFO left in September, 2008, I am disappointed that certain members have failed to provide the oversight necessary to ensure fiscal prudence.

I have shared my concerns about the Board's current legal counsel, Kevin Heistand, whose status as a Board member and legal counsel to St. HOPE Academy clearly presents a conflict of interest, particularly during the federal investigation of the Academy. His recent behavior regarding the handling of the CFSA Facility grant was particularly inappropriate, including the fact that he gave false statements to the State Treasurer's attorney. These are serious issues since his conflicts and conduct jeopardize SHPS. The fact that the Board chooses to ignore these issues is very disturbing.

I have raised serious concerns that SHPS is inappropriately using public funds to support a private preschool. If we have learned anything from the federal investigation of St. HOPE Academy's misuse of federal funds and of the conditions placed on the resumption of our State grant funding, it is that the federal and State grant monies that SHPS receives may only be used for our K-12 public school programs and may not be used for private, non-public purposes. Kevin Heistand has repeatedly been asked whether using public funds to support the Triumph preschool program is legal. And although he orally defends this practice, Mr. Heistand has yet to provide me or the Board with a written legal opinion to that effect. Nor has he obtained the California Department of Education's approval to use public funds in this manner, despite my numerous requests that he seek such approval. This is a very serious matter which has potential legal consequences and jeopardizes our ability to continue to receive the public

funds without which the Schools cannot survive. Yet, the Board fails to take any action to bring this issue to resolution.

I am also concerned that the Board continues to refuse to follow proper policy and procedures as it relates to Board governance and to the Brown Act. For instance, the Board refuses to produce minutes in a timely manner. Until two weeks ago SHPS did not even have free access to our previous year's financial statements and records, which were being "stored" in Kevin Johnson's personal storage facilities. As a result, employees of SHPS could not access that facility without the permission of one of Kevin Johnson's employees.

The Board allowed a non-Board member, Kevin Johnson, to participate in key management and Board governance decisions, even a serious question existed whether his participation jeopardized our State and federal funding. For instance, after the March 16th Board meeting Kevin Johnson demanded the resignation of Bernard Bowler. The following day, March 17, 2009, Kevin Johnson wrote a letter to the Board (although either Mr. Stigler or Ms. Serna failed to disclose that letter to the other Board members until I demanded answers) in which he "designated" the members of the Nominating Committee, including himself. The "Committee" designated by Mr. Johnson then met to nominate Mr. Johnson's handpicked slate of Board of Director candidates, who were then elected at the last Board meeting. Mr. Johnson's designation of and participation in the Nominating Committee clearly violated Corporations Code Section 5212, which provides that only the Board of Directors may designate the members of a Board committee and that only members of the Board of Directors may serve on a Board committee. Since Mr. Johnson was not a member of the Board, he had no legal right to designate the Nominating Committee or to sit on that Committee, which calls into question the election of the new members.

Moreover, Kevin Johnson's participation in the Nominating Committee process created a serious risk to the Schools. As you know, we receive approximately \$2,000,000 of annual federal funding, approximately 17% of our budget. Until Mr. Johnson settled the federal debarment claims with the Office of Inspector General, Mr. Johnson's debarment for misusing St. HOPE Academy's public funds prohibited him from participating in any entity which receives federal funding. Thus, allowing Mr. Johnson to participate in the Nominating Committee could have resulted in the loss of our federal funding.

Mr. Johnson's participation in the Nominating Committee process, with the help of Mr. Stigler, also allowed them to engineer the election of a handpicked slate of new directors, thus guaranteeing his continuing control of the Board and the Schools. The willingness of Tracy Stigler and other Board members to allow Mr. Johnson to do that, within days of the March 16, 2009 Board meeting at which the State Treasurer's attorney, Kristin Smith, warned that further participation in the Schools affairs by those associated with the St. HOPE Academy federal funds debarment would result in the loss of State funding and while the newspapers carried almost daily stories about Sacramento's similar predicament, shows that they lack good judgment and are willing to risk the health of our Schools to please Mr. Johnson.

Further, Mr. Stigler and Ms. Serna tried to keep Mr. Johnson's involvement in the Nominating Committee process a secret, and only disclosed Mr. Johnson's participation in that process when I demanded that Ms. Serna disclose how the Nominating Committee was designated and the identities of the persons who comprised the Nominating Committee. Ms. Serna did not provide me with a copy of Mr. Johnson's March 17, 2009 letter designating the members of the Nominating Committee until just a few days before the April 3rd Board meeting. However, by that time the so-called Nominating Committee had already met to select the new slate of candidates handpicked by Mr. Johnson and their approval had already been placed on the Agenda for the April 3rd Board meeting.

After the alleged resignation of Bernard Bowler as a director and Chairman of the Board, Mr. Stigler also claimed that he had the right to preside over the Board's meetings, as he did at the March 26th and April 3rd Board meetings. He had no such authority.

First, Mr. Bowler did not resign. As all of you know, shortly after Mr. Stigler announced that Mr. Bowler had resigned, Mr. Bowler advised Mr. Stigler and the other Board members that he had not resigned. As an initial matter, the conditions which Mr. Bowler placed on his alleged resignation had not been met and therefore Kevin Johnson had no authority to give Mr. Bowler's conditional resignation letter to Mr. Stigler. Moreover, Mr. Bowler did not deliver his purported resignation letter to the Board Secretary, Lisa Serna, or to the Board itself, as is required by our By Laws. Therefore, his purported resignation was not effective. As a result, prior to the March 26th Board meeting, Chairman Bowler notified all of the Board members in writing that he had not resigned and that he intended to take his seat on the Board as its Chairman at the March 26th meeting. At the very least, a serious question existed whether Mr.

Bowler had resigned or not. But the Board was never given a chance to address that issue, as it should have been.

Instead, Mr. Stigler took it upon himself, without authority or Board approval, to brush aside Mr. Bowler's points and to insist that his resignation was effective. Just before the March 26th Board meeting started, Mr. Stigler told Mr. Bowler that he would not be allowed to take his seat on the Board and that if he tried to take a seat on the Board he would be arrested by the armed security guard who Mr. Stigler had arranged to be present at the meeting.

When the meeting began, Mr. Stigler claimed the right to preside, refused to allow Mr. Bowler to take a seat as a Board member, and refused to allow other Board members, including me, to be heard on the issue of Mr. Bowler's alleged resignation. Mr. Stigler had absolutely no right or authority to do any of those things.

Mr. Stigler's threat to have Mr. Bowler arrested by an armed guard is truly shocking. Mr. Bowler is a fine, upstanding, well respected, universally admired member of our Community and of this Board who has worked tirelessly for years to benefit this School. To threaten him with arrest is one of the most disgusting things I have ever seen in my career. It goes against everything which this School stands for and should have been immediately condemned by this Board. That Mr. Stigler was allowed to do this and then to wrest control of the Board proceedings simply proves that this Board has chosen to follow a path which ignores the law, our By Laws, and the rights of the other Board members.

Nor did Mr. Stigler have any right to preside at the April 3rd Board meeting. Yet, he was allowed to do so over my attorney's objections. As my attorney pointed out, the By Laws did not authorize Mr. Stigler, as vice-chairman, to preside at the Board meetings in the absence of the Board Chairman. In fact, the By Laws have two contradictory provisions which deal with this issue. The first such provision, Article VI, Section 10, provides:

"Meetings of the Board shall be presided over by the Chairperson of the Board or, if no such person has been so designated, the Secretary of the Board, or in the absence of the Chairperson of the Board, the Vice-Chairperson of the Board, or in his or her absence, by a chairperson chosen by a majority of the directors present at the meeting."

If we assume for purposes of argument that Mr. Bowler had resigned, then the Board was without a designated Chairman, in which case the Board Secretary, Lisa Serna, should have presided, not the vice-chairman, Mr. Stigler.

The second section of the By Laws which deals with this issue is Article VIII, Section 9, which provides in pertinent part:

“PRESIDENT (a.k.a., Superintendent). The President shall preside in the absence of the Chairman of the Board, or if none, at all Board meetings.”

Since I am the superintendent of the Schools, under this Section of the By Laws I should have presided at the March 26th and April 3rd Board meetings in the absence of a Board Chairman. Moreover, my job description provides that I shall be the Chairman or the Vice-Chairman of the Board.

Therefore, under either of the Sections of our By Laws which address this issue, Mr. Stigler had no authority to preside at the March 26th and April 3rd Board meetings. This is not a trifling matter, since his control of those meetings directly resulted in Mr. Bowler not being allowed to take his seat or even to allow the Board to address the question of whether he had resigned, and ultimately resulted in the approval of the Nominating Committee’s slate which cemented Mr. Johnson’s and Mr. Stigler’s control of the Board. Moreover, Mr. Stigler pushed forward with the closed session personnel matters and other agenda items which almost certainly would not have been addressed if Mr. Stigler had not presided over the meetings.

This is particularly galling to me since the closed session personnel matter at the April 3rd meeting was held in violation of the Brown Act, again over my attorney’s objections. Moreover, at that closed session I was stripped of substantial authority to act as Executive Director of the Schools, supposedly at the recommendation of the Ad Hoc Performance Evaluation Committee which had been appointed during the closed session of the March 26th Board meeting. Although both Bob Trigg and I were appointed to that Ad Hoc Committee, neither of us received any notice that the Committee was meeting to consider my performance or for any other reason. Nor were we given any opportunity to have our views heard with respect to my performance or regarding any recommendations that the Committee

made to the Board. (A third member of the Ad Hoc Committee, Mary Shelton, also was not “notified” of the so called Committee “meeting” until after Mr. Oki and Mr. Barr had already met and agreed on the recommended restrictions of my authority.) Thus, Mr. Trigg and I were deprived of the right to participate in that Committee’s proceedings.

Of course, Mr. Stigler was fully aware that the Ad Hoc Committee met without notifying me or Mr. Trigg (and only belatedly notified Ms. Shelton of their already drafted recommendations). Thus, shortly before the April 3rd Board meeting commenced, Mr. Stigler had Mr. Heistand “notify” my attorney that the purpose of the April 3rd closed session was no longer to hear a “complaint” against me, as had been noted on the Agenda item, but rather was to consider my “performance”. Actually, as it turned out, that was not true either, since my performance was never discussed and the only thing that happened was Mr. Stigler’s announcement that my authority was being restricted. Clearly, Mr. Stigler maneuvered the closed session for the purpose of stripping me of my authority as the Executive Director based on the recommendations of an “Ad Hoc Committee” that never properly met and from which Mr. Trigg and I were purposefully excluded. Doing so violated the Brown Act and my right to participate on the Ad Hoc Committee despite my appointment to that Committee at the March 26th closed session.

I do not believe that this is how the affairs of a publicly chartered school should be run. With the departure of Bernard Bowler and Bob Trigg, I have serious doubts that this Board can operate in a manner that provides the leadership, fiduciary oversight, and regard for risk management and legal compliance that is required to properly serve a Public School system.

Therefore, effective immediately, I hereby resign from the Board of Directors of St HOPE Public Schools.

Rick Maya