

August 27, 2008

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Willie E. Gary, Chairman, Board of Trustees
Shaw University
Gary, Williams, Parenti, etc.
Waterside Professional Building
221 E Osceola Street
Stuart, Florida 34994

Dear Chairman Gary and Fellow Board Members:

I am writing this letter to you out of my concern for the general welfare of and my love for Shaw University. As President of the Shaw University National Alumni Association, a member of the Shaw University Board of Trustees (the Board), and a faithful Alumnus, it is my responsibility to point out to you, the Board members, and Alumni, my observations and concerns, about the performance, or lack thereof, of the Board, and the financial instability of the University, under the direction of Dr. Clarence G. Newsome. I can not idly sit by, and in good conscience disregard and not address the issues which I will address in this letter.

None of my statements, opinions, conclusions drawn, or facts stated in this letter are intended to be personal in nature, but are issues that absolutely must be addressed by the Board in the best interest of Shaw University. You and the Board can not afford to ignore my observations. You all need to step up and accept your responsibilities.

My first observation is that this Board, on the whole, is dysfunctional and derelict in its duties. When Board member, Dr. Arlee Griffin, Jr., commented near the end of the May 9, 2008 Board meeting that the Board is dysfunctional, he was ignored and some members in particular seemed be offended. I think Dr. Griffin intended his remark as constructive criticism, and was hoping that the members would at least have dialogue, and begin to look more critically at its performance, and how it functions. No one came to his support, but he was correct. He made note of the fact that some members are on more than one sub committee, and many are not on any committee at all. In reviewing the committee structure, I counted six board members on more than one committee (Joe Bell is on four committees, and is chairman of three), eleven members on one committee, and the remainder not on any committee at all.

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In reviewing the Trustee By-Laws, I noticed that under your leadership, on August 29, 2001, the Board approved changes, recommended by a Trustee Manual Committee chaired by Joe Bell, resulting in six classes of Board membership. The first class consists of 18 Board members who serve a lifetime term. This is absolutely ridiculous and obviously self-perpetuating. According to a survey done by the Association of Governing Boards of Universities and Colleges (AGB) in 380 independent four year institutions, the typical independent trustee serves a four year term, and may serve a maximum of three consecutive terms. If renominated, the trustee is eligible to serve again after a hiatus of one year. The second class consists of 12 members who may serve two consecutive three year terms, but may be eligible for reelection after being off the Board for one year. The third class is the President of the Shaw University National Alumni Association. The fourth class consists of the President and Executive Treasurer of the General Baptist State Convention of North Carolina, and the President and Executive Secretary Treasurer of the Woman's Baptist Home and Foreign Mission Convention of North Carolina. The fifth class consists of the President of the Shaw University Student Governing Association, the President of the Faculty Senate, and the Chairman of the Advisory Committee for the Shaw University Divinity School, who serve on the Board by virtue of the positions with these organizations. The sixth class is composed of dignitaries whose names will add prestige and status and enhance the mission of the University. There are no term

limits for these members. They are not required to attend meetings, and have no voting power. The Board consists of 38 voting members.

Since the middle of March I have been requesting a list of Trustees in each class, and the number of years each has been on the Board. I made the original request to Dr. Newsome starting on March 13, 2008. I made two additional requests to him, and copied you on each. Since then Joe Bell has indicated by letter, and over the telephone, that he would provide the information, but I still have not received this information. I have personally called your office on at least three occasions, and left a message with your secretary, and have yet to receive a return call. I consider the ignoring of my requests for information, and your not returning my phone calls to be disrespectful. I would not expect this from you and Mr. Bell, since you both are Alumni. I do not take it personally. I am representing the Alumni of Shaw University, and Alumni deserve better. They are tired of this treatment from the Board and the administration, and are tired of being ignored. Please make sure that the information I have requested is immediately shared with all Board members.

Our Board meets twice a year. According to AGB surveys, the typical independent board meets four times a year, for about seven hours each time. All meetings are scheduled in advance.

The quality of a board's conduct of its business should be a model that guides the rest of the institution, setting standards that invite emulation in campus wide governance and management. Because of the high visibility of the example they set, board members must be individually accountable to one another for civility, preparedness, ethical behavior, restraint, cohesion, and sound judgment. All new trustees must be required to attend a comprehensive orientation program focused on the duties of trusteeship and the values of and challenges confronting the institution. Under Chapter I, Trustees: Membership and Responsibilities, in the Trustee Manual,

it is stated that "new trustees shall be required to attend an orientation session to be advised of their responsibilities and liabilities. They shall receive and study audits and reports. A copy of

the Trustee Manual, including By-Laws, shall be given to each new member at the orientation session. I have yet to go through an orientation, and I don't think any other new members who have joined the board since I have, have received an orientation. There are still members of the Board whose names I do not know, because we were never properly introduced.

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The Board should ensure that a process exists for the regular and rigorous assessment of the Board's own performance and that of individual trustees. I have not seen such a process at work. Boards should schedule periodic retreats at which major policy issues are discussed apart from the urgent pressures and preemptive agendas of regular business sessions and at which time the board's own performance can be examined. In my first Board meeting on May 11, 2007, Dr. Arlee Griffin, Jr. again tried to send the Board a message. He expressed an urgent need for a retreat for the Board to mold and shape its strategic plan and vision, but here it is fifteen months and two Board meetings later, and we have yet to have a retreat. Meanwhile, things have not gotten better, they have gotten worse. The Board members have either buried their heads in the sand or just have not spoken up during meetings. The Board needs to be reconstituted. It needs to go through a catharsis. It is not currently operating effectively as a governing body, and the University is tremendously impacted as a result.

For the last four years, Dr. Newsome has been unable to make payroll the latter part of the school year (May, June, and July) without using a line of credit with Bank of America, borrowing from the endowment fund, and this year borrowing money from Mechanics and Farmers Bank. Not only could he not make payroll, but each year, there have been a significant number of unpaid bills in the hundreds of thousands of dollars. I am told that this did not happen during the latter years of Dr. Shaw's administration immediately prior to Dr. Newsome, and that at the end of the fiscal year there was always a positive balance in the bank account. This has tarnished Shaw University's reputation in the Raleigh business and financial community, and made it more difficult for the University to obtain services, especially on a credit basis.

There were always rumors, but I had no proof, until I became a member of the Board, and even then, it was not so obvious, because it was never made clear to Board members that this was a serious problem. This year, it was more obvious, because an emergency call meeting of the Board had to be conducted to approve borrowing money to make payroll for May, June and July.

When the Board met on May 9, 2008, unless I missed something, there was no indication that we were in jeopardy of not making payroll, nor was the amount of our indebtedness ever really made clear, yet two weeks later we were having an emergency call meeting days before payroll was due to make sure that our faculty and staff would get their pay checks.

Last year we borrowed money from the interest on the endowment to make payroll. Even so, Dr. Newsome reported to Alumni that the University was in the black. There may have been a positive balance in the bank account at some point, but how can the University be in the black, when it had to borrow money from the endowment to make payroll, and had a significant number of unpaid bills that were not paid until the University began to collect tuition in August. What Dr. Newsome reported was disingenuous. How could the Board have allowed this for so long? It should have been holding Dr. Newsome accountable and requiring a written, comprehensive plan to correct the situation with benchmarks. Maybe I missed it, but in the three Board meetings I attended, there has been no such plan of action either volunteered by Dr. Newsome, nor requested of him by the Board. It is as if the problem does not even exist. It appears that Dr. Newsome is depending primarily on tuition to run the University, as exhibited by his request for and the Board's approval of two 6% increases in tuition since May 2007. That means that any returning student has experienced a 12% increase in tuition in a one year, while at the same time there is not enough cash flow being generated to supplement the tuition dollars.

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Obviously fund raising at the University level is everyone's responsibility, beginning with the Board of Trustees. Everyone employed at the university is responsible to make an effort to raise money for the University, particularly in funding programs specific to their respective areas; however, the primary responsibility for fund raising lies with Dr. Newsome and those he places in positions responsible for fund raising such as June Costa, the Vice President of Institutional Advancement. No one is expecting Dr. Newsome to be a magician, but he has to provide leadership. He has to set objectives for fund raising, have a specific documented plan and objectives in place, which should be shared with the Board, faculty and staff and the Alumni. He has to encourage and inspire participation, and motivate faculty, staff and Alumni to be a part of his plan. He has to require that his Vice President of Institutional Advancement set goals and objectives for fund raising and hold her accountable for meeting these objectives, or at least making progress toward doing so. I have not seen evidence of this at Board meetings, or through any other means. As a matter of fact, at the May 9, 2008 Board meeting, I asked both Dr. Newsome and June Costa for their objectives for future fund raising efforts. Neither had any. They both avoided the question, and never stated any objectives, while none of the Board members spoke up, nor seemed to be concerned. In the May 11, 2007 Board meeting, Trustee, Dr. Clifford A. Jones, Sr., Pastor of Friendship Missionary Baptist Church in Charlotte, NC, commented that the University does not have a policy which links fund raising to compensation. Dr. Newsome responded by indicating that a policy linking fund raising to compensation, with benchmarks would be developed. We have had two Board meetings since then, but such a plan has yet to be presented to the Board. According to the Trustee By-Laws, the Vice-President of Institutional Advancement, in close cooperation with the President, is responsible for presenting the needs of the institution to philanthropic organizations and individuals, to industrial and commercial corporations, to sponsors of the institution, and to other prospective donors for the current operating and capital costs of the University. There is no evidence of any significant monies that have been raised as a direct result of fund raising efforts on the part of the Vice-President of Institutional Advancement.

The Board is primarily responsible for the current state of affairs, because it did not hold Dr. Newsome accountable and allow the opportunity to take appropriate action to stem the tide. The Board should conduct an annual evaluation of the President's performance on the basis of clearly defined, mutually agreed upon performance goals, and should base the President's compensation on explicit and justifiable benchmarks from within and outside the institution, as well as on the marketplace for chief executives. This is my second year on the Board, and I have attended three Board meetings. During that time, the Board's President's Evaluation Committee, consisting of you, Joe Bell and Lorenzo Williams, has not presented an evaluation of the President's performance to the Board, nor has the criteria for doing so, been discussed or revealed to Board members.

In the October 11, 2007 Board meeting, you reminded the members that it was time to consider renewal of Dr. Newsome's contract which expired in April, 2008. The Evaluation Committee recommended an increase in salary and a new five year contract extension for Dr. Newsome.

It did not provide a written report (which every committee is responsible to do), nor any justification for an increase in salary and a new five year contract. The criteria used to do so was never explained; however, the Board approved a \$50,000 increase in salary, and gave the Evaluation and Executive Committee the authority to continue to negotiate the terms of the contract. While the contract was being finalized, Dr. Newsome was looking for another job. The Board has not received a summary of Dr. Newsome's new contract and compensation package.

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Alumni are concerned about the financial stability of the University under the leadership of Dr. Clarence G. Newsome. They are entitled to some answers, but have not received any. They hear all the rumors about not meeting payroll, bills not being paid and about Shaw's financial instability, but get no answers. Requests have been made to Dr. Newsome and he has been approached several times by Alumni to give an honest explanation of the University's financial status, to either quell and/or clarify the rumors, but he has chosen to ignore these requests.

Alumni are frustrated, discouraged, angry, distraught, and confused. I feel their pain. They are sick and tired of being ignored, disrespected and not being given straight forward, honest answers from the Board or Dr. Newsome. The Board has as much responsibility as the President to respond to these concerns. Alumni want very badly to help, but can and will not do so, if they are not told the truth. I honestly think that if Alumni were told the truth by the Board and Dr. Newsome, and presented a plan to repair the financial situation, they would give their support. Instead, they are discouraged and withhold their financial support, because they have no faith that their donations are going to be used properly.

In December, 2007, Dr. Newsome, at my urging, sent a letter to Alumni promising to share the financial statement with them, and provide them with a quarterly report, keeping us abreast of the University's financial status and other important developments. He has not done so. This makes Alumni feel that he is trying to hide something. Dr. Newsome constantly paints a "rosy" picture of things, and is sometimes disingenuous, rather than be honest with Alumni. They do not know what to believe when he speaks. They do not want the same situation that forced Morris Brown to close its doors to sneak up on Shaw University. We do not want March to come, and we can not meet payroll or pay our bills again.

We are scheduled to be evaluated by the Southern Association of Colleges and Schools (SACS) in 2012. It is extremely important that the outcome is favorable to the University. They will be looking at all areas of University performance beginning with fiscal year 2007-2008. We may be vulnerable in the area of financial accountability, based on what is currently taking place. We need to be prepared. Can we trust Dr. Newsome to get us through this financial tailspin, to prepare us for SACS, to meet future challenges, and to take the University to higher places? He has neither shown the ability, nor exhibited the leadership skills and judgment to do so. Sadly, I don't think that Dr. Newsome feels he is doing anything wrong. I think he feels that he is doing a great job.

I have nothing personal against Dr. Newsome. He is a good and decent man whom I think means well, and thinks that he is doing the right thing. No one tells the Shaw story with more passion than he does. I have been criticized by Alumni, for supporting Dr. Newsome, and encouraging them to do the same. I have given him every opportunity to prove that he deserves our support, but he has failed to do so. He has continually used poor judgment, failed to establish priorities, and made bad decisions that have impacted the University's financial status, and placed a burden on its ability to meet payroll and pay its bills. An example of that is his approval of salaries for eight full time assistant football coaches, who do nothing but coach, and for housing the football team in a hotel the night before a home game. The football team was also significantly over budget last year. Now don't get me wrong, I love football, I love winning, and Coach Asberry is doing a fantastic job, but in the scheme of things, what is more important. With more emphasis on and a plan for fund raising, and more of an effort, maybe money could have been raised to

offset these expenses. He also sent the choir to Budapest, Hungary, even though he was told that the University could not afford the expense. Maybe we could have gotten a corporate sponsor for the choir trip. He has a personal staff of five people, while the University is cutting back in key, essential areas. He has failed to make it perfectly clear the problems, and has not presented a comprehensive plan of action for overcoming them. He has neither spearheaded nor personally increased efforts to raise money, obtain corporate sponsors, or to increase or improve cash flow. Lack of consistent cash flow through fund raising is the main reason we are now in financial trouble. He does not have any stated fund raising goals or objectives, nor has he required them from his Vice President of Institutional Advancement, after promising the Board that he would develop a policy linking fund raising to compensation, with benchmarks. He has been disingenuous and disrespectful to Alumni, and has failed to keep promises he has made to them. Faculty and staff have lost their confidence in him. Dr. Newsome can not lead us through this period. He is not equal to the task. If he were, we would not be in the situation we are now after five years. I am recommending to the Board that it ask Dr. Newsome for his resignation and appoint an interim President, but make no mistake, this Board is responsible for the current financial instability. It has the responsibility for maintaining fiscal responsibility, and is the ultimate fiduciary of the institution, even though day- to- day operations are properly delegated to the administration. It has been derelict in its duties, has not demanded accountability from itself nor from Dr. Newsome, and has not been paying attention to what has been going on. If so the situation would be quite different today. You and the Board members must get your acts together, and begin to do so immediately. We do not have time to waste. If this Board does not regroup and begin to operate much more effectively as a governing body, it won't matter who the President of the University is.

Lastly, the Board should be diligent in enforcing its Conflict of Interest Policy as stated in Article VIII, Appendix C of the By-Laws.

Respectfully submitted,

Charles L. Sparks
President, Shaw University National Alumni Association
Member of Shaw University Board of Trustees

Cc: Shaw University NAA Executive Committee
NAA Chapter Presidents

