

RESOLUTION
The NEXT School

January 10, 2022

The undersigned, constituting the Board of Directors (the “**Board**”) of The NEXT School, a South Carolina non-profit corporation (the “**School**”), hereby adopt the following resolutions at a duly-convened meeting of the Board effective as of the date above:

WHEREAS, by adoption of these resolutions, the Board intends to memorialize the authorization and ratification of certain acts performed by the Board and officers of the School prior to the date hereof;

WHEREAS, the School was formed as a South Carolina non-profit corporation on April 18, 2012;

WHEREAS, the School has experienced declining enrollment in fiscal years 2018, 2020, 2021, and 2022;

WHEREAS, since fiscal year 2019, the School has lost 98 students, which represents an annual decline in revenue of approximately \$882,000;

WHEREAS, this decline in enrollment is likely to continue given the School’s performance and increased competition in the charter school marketplace;

WHEREAS, funds allocated through student enrollment are the only source of revenue for the School;

WHEREAS, a significant portion of the School’s expenses are “fixed” or otherwise contractually committed and do not present an opportunity for reduction within an appropriate time frame;

WHEREAS, the School has been able to maintain fiscal stability in fiscal years 2021 and 2022 only as a result of one-time infusions of cash resulting from federal COVID-19 grants;

WHEREAS, such infusions are not projected to continue;

WHEREAS, since fiscal year 2017, the School has faced cumulative operating losses of approximately \$1.5 million, not including one-time COVID-19 grants;

WHEREAS, the School has made significant budget cuts, evaluated the potential for other cuts, and determined that no amount of possible cuts would result in a balanced operational budget without significant revenue increases through enrollment;

WHEREAS, to balance its budget in fiscal year 2023, the School would need to increase enrollment by between 115 and 135 students, or by approximately 40-50%;

WHEREAS, such an increase in enrollment is not a realistic expectation;

WHEREAS, by the end of the 2021-2022 school year, the School expects to exhaust its cash reserves to cover the recent budget shortfalls and has no other sources of liquidity on which it can draw;

WHEREAS, in the fall of 2021 the Board convened a special sub-committee of the Board which completed a significant study of potential long-term options for the School;

WHEREAS, the sub-committee presented its findings and potential options to the full Board during a meeting on November 30, 2021;

WHEREAS, the Board has carefully and exhaustively considered these various options, including whether to keep both of the School's campuses open, close the Greenville campus and keep the Salem campus open, or close both campuses;

WHEREAS, the sub-committee's study revealed that the Salem campus alone faces a projected net operational loss of \$500,000 in fiscal year 2023, absent certain anticipated CARES Act funds;

WHEREAS, any cash resources available to the Salem campus will be impacted by existing debt obligations of the Greenville campus;

WHEREAS, members of the Board have consulted with staff and administrators of the School's sponsor, the South Carolina Public Charter School District (the "**District**"), who have reviewed the School's internal study, budgets, and enrollment projections;

WHEREAS, the District's staff and administrators have unanimously recommended the School cease operations after the end of the 2021-2022 school year;

WHEREAS, S.C. Code § 59-40-115 provides that a charter school may terminate its contract with a sponsor so long as all of the parties to the contract agree to such termination;

WHEREAS, School has consulted with District Staff regarding the plan to terminate the Charter, and District Staff has express its intent to recommend the District Board agree to the termination; and

WHEREAS, the Board believes it is in the best interest of the School, its students, and its employees that the Board take the actions set forth herein at the present time so that the School can be a good steward of and not waste taxpayer resources and to allow the School's students and employees ample time to seek alternate arrangements for the 2022-2023 school year;

NOW THEREFORE, the Board resolves as follows:

Section 1. The Board finds that the School and its administration have taken prudent and appropriate steps to try to reduce costs and increase enrollment but that these steps have been unable to reverse difficult fiscal realities.

Section 2. The Board finds that operation of the School beyond the end of the 2021-2022 school year would not be in the best interest of the School, its students, or employees.

Section 3. The Board hereby determines to terminate its contract with its sponsor, the District, effective June 30, 2022, and seek from the District agreement to such termination at the next regularly scheduled meeting of the District's Board.

Section 4. All actions taken prior to the date hereof by the School or any of its officers, employees or agents in furtherance of the foregoing resolutions are hereby affirmed, approved, adopted and ratified in all respects.

Section 5. The Board hereby individually authorizes and directs each officer of the School, to take all further action and to do and perform, or cause to be done and performed, all other acts, to execute and deliver, or cause to be executed and delivered, such other notices, requests, demands, consents, approvals, applications, agreements, instruments, certificates, undertakings, amendments, further assurances, and documents of any kind, and to make any and all filings, as such officer deems necessary, advisable, or appropriate to effect the intent of the foregoing resolutions, and the Board hereby authorizes the School to execute, deliver, and perform its obligations under each of such other documents.

Section 6. The Board will convene a sub-committee of the Board to evaluate a potential wind-down and dissolution following the conclusion of the 2021-2022 academic year.