



Starfish Commentary – Kootenai Classical Academy (KCA)

The Composite Risk Rating takes into account the Borrower risk rating along with the duration of the loan and strength of collateral.

Starfish - This loan rating denotes a nonstandard credit quality that is not quantifiable by traditional credit models. The significance of this rating is that each loan is unique and requires careful review of underlying investment risk by the investor.

A Starfish rating generally means the borrower does not possess the requirements for the Gold, Silver or Bronze ratings, but has mitigating factors worthy of consideration. These factors may include the loan's significant impact to the nonprofit or social cause, the financial strength being dependent on program outcome (PRI), and/or the uncertainty of timing and size of expected cash inflow.

~ ~ ~

This borrower has been approved for a \$635,000 short-term bridge loan at a ceiling rate of 6.5%. Some factors to consider are:

- This is a new school, so underwriting was not performed based on historical financials.
- This loan is being presented as a partnership with RoundTable Funding, a specialty financial advisory firm for charter school startups and expansions. They have obtained close to \$500M for charter schools in 2008-2021 and are currently engaged by KCA to complete the school's bond financing.
- There will be no monthly payments on this short-term bridge loan as interest will be accrued and paid at maturity.
- This loan is to be repaid from the tax-exempt bond financing expected in August 2022. Maturity of this bridge loan is September 8, 2022. In the unlikely event that the bond issuance is delayed, the note will automatically extend for an additional 12 months, and the interest rate will increase to 8.5% in the extended period.