



Starfish Commentary – Cincinnati Classical Academy (CCA)

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.

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This borrower has been approved for a \$300,000 one-year bridge loan at a ceiling rate of 7.0%. 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 CCA to help them obtain financing for their startup operating needs.
- Funding from the state of Ohio will begin in October 2022, and loan repayments will start November 2022.