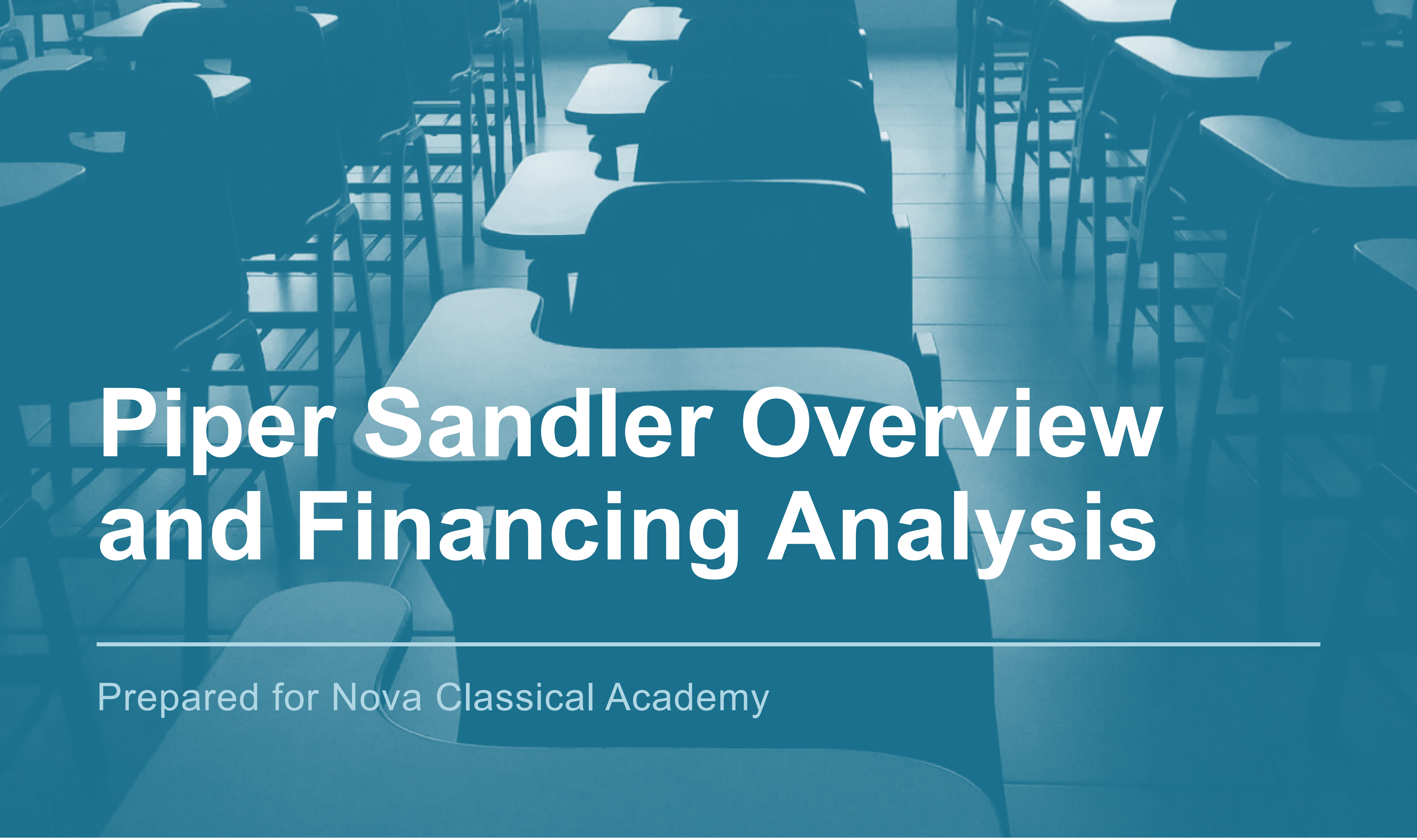

Piper Sandler Overview and Financing Analysis

Prepared for Nova Classical Academy

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Outstanding Debt Summary

Outstanding Debt Summary

	Series 2016	Series 2021
Outstanding Principal Amount	$16,780,000	$4,525,000
Maximum Annual Debt Service	$1,411,331	$624,000
Current Rates and Maturities	$220,000 3.500% Due 2026 $325,000 4.000% Due 2031 $4,020,000 4.000% Due 2036 12,265,000 4.125% Due 2047	$2,005,000 2.000% Due 2026 $2,730,000 4.000% Due 2031
Redemption Provisions	9/1/2024 @ 102% 9/1/2025 @ 101% 9/1/2026 @ 100%	9/1/2024 @ 102% 9/1/2025 @ 101% 9/1/2026 @ 100%

Preliminary Financing Options

Preliminary Financing Options

Overview

- Closing 5/1/2024
- Use of Proceeds
  - Project Fund
  - Addition to Aggregate DSRF

	Public Offering Max Lease	Public Offering Max Lease +50k	Public Offering Max Lease +100k	Bank Placement Max Lease	Bank Placement Max Lease +50k	Bank Placement Max Lease +100k
Par Amount	$3,880,000	$4,630,000	$5,335,000	$3,690,000	$4,345,000	$5,010,000
Project Fund Deposit	$3,509,483	$4,179,015	$4,807,429	$3,616,200	$4,258,100	$4,909,800
Average Coupon	5.49%	5.48%	5.47%	5.50%	5.50%	5.50%
All-in TIC	6.42%	6.31%	6.24%	6.27%	6.19%	6.13%
Aggregate MADS	$1,607,956	$1,658,038	$1,708,031	$1,607,806	$1,658,044	$1,708,250
Avg Aggregate DS	$1,562,334	$1,620,969	$1,673,287	$1,593,813	$1,641,901	$1,690,539

Public Offering Max Lease Aid	Base Case	Minus 50bps	Minus 100bps	Plus 50bps	Plus 100bps
Project Fund Amount	$ 3,509,482.69	$ 3,848,322.88	$ 4,251,893.85	$ 3,218,669.55	$ 2,974,752.34
Difference from Base Case		$ 338,840.19	$ 742,411.16	$ (290,813.14)	$ (534,730.35)

Preliminary Financing Options

Sources and Uses of Funds

	Public Offering Max Lease	Public Offering Max Lease +50k	Public Offering Max Lease +100k	Bank Placement Max Lease	Bank Placement Max Lease +50k	Bank Placement Max Lease +100k
Sources of Funds						
Par Amount	$3,880,000	$4,630,000	$5,335,000	$3,690,000	$4,345,000	$5,010,000
Premium/Net Issue Discount	(98,672)	(144,372)	(127,119)	-	-	-
Equity Contribution	250,000	250,000	250,000	250,000	250,000	250,000
Total Sources of Funds	**$4,031,328**	**$4,765,628**	**$5,457,881**	**$3,940,000**	**$4,595,000**	**$5,260,000**
Uses of Funds						
Project Fund	$3,509,483	$4,179,015	$4,807,429	$3,616,200	$4,258,100	$4,909,800
Reserve Fund	196,219	246,300	296,294	-	-	-
Cost of Issuance	250,000	250,000	250,000	250,000	250,000	250,000
Underwriter's Discount	75,627	90,313	104,158	73,800	86,900	100,200
Total Uses of Funds	**$4,031,328**	**$4,765,628**	**$5,457,881**	**$3,940,000**	**$4,595,000**	**$5,260,000**
All-In TIC	**6.42%**	**6.31%**	**6.24%**	**6.27%**	**6.19%**	**6.13%**

Credit Analysis

Financials

Historical Financials and Debt Service Coverage	2021	2022	2023
Total Revenues	11,395,081	11,439,091	14,062,069
Total Expenses	10,824,153	10,934,452	12,558,316
	570,928	504,639	1,503,753
Facilities Lease	1,535,185	1,553,615	1,621,948
Income Available for Debt Service	2,106,113	2,058,254	3,125,701
Debt Service	1,400,443	1,034,689	1,293,744
Debt Service Coverage Ratio	1.50	1.99	2.42
Cash	3,690,280	3,828,498	5,581,122
Days Cash on Hand	124	128	162
Maximum Annual Debt Service	1,411,331	1,411,331	1,411,331
MADS Coverage Ratio	1.49	1.46	2.21
Operating Margin	18.48%	17.99%	22.23%
Excess Margin	5.01%	4.41%	10.69%
MADS as % of Revenue	12%	12%	10%
Cash to Debt	17%	18%	26%
Proforma Debt	22,110,000	21,810,000	21,355,000
Maximum Annual Debt Service	1,411,331	1,411,331	1,411,331

S&P Ratings Median Comparisons

Metric	Nova Classical Academy		S&P Medians					
	Audited 2022	Audited 2023	BBB+ /BBB	BBB-	BB+	BB	BB-	B+/B/B-
Enrollment	990	1012	2918	1189	1057	874	768	807
Wait list as % of enrollment*	77.37%	N/A	31.30%	31.30%	20.90%	15.20%	7.30%	0.00%
EBIDA Margin	17.99%	22.23%	14.64%	16.09%	15.93%	16.00%	12.04%	13.29%
Excess Margin	4.41%	10.69%	6.70%	5.97%	3.87%	3.84%	4.59%	0.55%
Pro Forma MADS Coverage	1.46	2.21	2.07	1.68	1.46	1.38	1.15	1.06
Pro Forma MADS as a % of revenue	12.34%	10.04%	7.90%	10.35%	12.25%	12.70%	13.60%	13.35%
Days Cash on Hand	128	162	204	162	115	95	75	73
Cash to Debt	17.6%	26.1%	48.2%	31.8%	23.5%	14.4%	11.9%	12.9%
Debt per Student	$22,030	$21,102	$10,359	$13,582	$16,560	$18,540	$18,740	$16,155

Limitations on Additional Indebtedness

From the Loan Agreement (Building Company):

- The Company shall not incur indebtedness without prior written consent of Majority Bondholder and amendment to the Lease
  - Majority Bondholder approval needed for financing that is not completed through the HRA

From the Indenture:

- Issuer is authorized to issue Additional Bonds provided that specific terms have been met
  - No bondholder approval necessary

From the Pledge and Covenant Agreement (School):

- Only incur Short-Term Indebtedness in an amount that does not exceed $500,000. The average monthly outstanding balance of any such Short-Term Indebtedness in any Fiscal Year may not exceed 5% of the Gross Revenues of the School in such Fiscal Year.
  - Allows school to incur Long-Term-Indebtedness without Majority Bondholder approval as long as provisions are met

Appendix:

Limitations on Additional Indebtedness

From the Loan Agreement (Building Company)

Section 6.11 Additional Indebtedness. Without the prior written consent of the Majority Bondholder and an amendment to the Lease providing for additional Lease Revenues sufficient to pay the principal, interest and any related fees for such Additional Bonds, the Company shall not incur any indebtedness other than (a) the indebtedness with respect to the Bonds, or (b) Additional Bonds issued pursuant to Section 2.12 of the Indenture.

Please note that this limitation is on the building company but since the building company owns the land it would likely apply to any sort of financing to further development the land. Based on this you would need seek Majority Bondholder approval for any financing that isn't through the HRA. Depending on the possible financing, I don't think this would be too big of an issue, especially if the HRA/City isn't willing to issue any conduit debt or provide a Host Approval for the Public Hearing.

From the Indenture

Section 2.12. Additional Bonds. The Issuer, at the request of the Company, is authorized to issue Additional Bonds secured and payable on a parity basis with the Bonds provided that, prior to the issuance of any such Additional Bonds, the following terms and conditions have been met:

(a) the Trustee has received a copy, duly certified by an authorized officer of the Issuer, of the resolution adopted by the Issuer authorizing the issuance of such Additional Bonds and the execution and delivery of: (i) a supplemental indenture, supplementing and amending this Indenture, which supplemental indenture shall not require the approval of any Registered Owner of the Bonds, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of this Indenture; (ii) an amendment supplementing and amending the Loan Agreement; (iii) an amendment supplementing and amending the Mortgage; (iv) and an amendment to the Pledge Agreement, Lease pursuant to which the School is obligated to make additional Lease Payments sufficient to pay the principal and interest due with respect to such Additional Bonds and any related costs or expenses;

(b) the Trustee has either (1) received (i) an opinion or report of an independent certified public accountant to the effect that the Net Income Available for Debt Service for the Fiscal Year immediately preceding the date on which such Additional Bonds are to be issued for which audited financial statements are available plus Eliminated Expenses totals at least 100% of maximum Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Additional Bonds but excluding such requirements for any Indebtedness to be refinanced thereby) payable in any Fiscal Year, and (ii) a certificate of the executive director of the School, verified by an independent certified public accountant, to the effect that Net Income Available for Debt Service for the next Fiscal Year beginning after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will be at least 125% of the maximum Principal and Interest Requirements on Long-Term Indebtedness of the School (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness or Bonds to be refinanced by the proposed Long-Term Indebtedness) for each Fiscal Year beginning with the second Fiscal Year after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, but before the final stated maturity of all then Outstanding Bonds; or (2) received the prior written consent of the Majority Bondholder to the issuance of such Additional Bonds;

From the Indenture (continued)

(c) the Trustee has received a certificate of the Company Representative to the effect that there is no Event of Default then existing under the Loan Agreement or this Indenture;

(d) the Trustee has received a Certificate of the School Representative to the effect that no Event of Default has occurred and is continuing under the Account Control Agreement or the Pledge Agreement;

(e) the Trustee has received an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not cause interest on any Outstanding Tax-Exempt Bonds to become included in gross income for federal income tax purposes;

(f) the Trustee has received an opinion from Company's counsel in form and substance acceptable to Bond Counsel and the original purchaser;

(g) the Trustee has received original executed counterparts of the agreement supplementing and amending the Loan Agreement, the Mortgage, the Pledge Agreement, the Lease, the Account Control Agreement, new or amended Tax Regulatory Agreement or other tax certificate and the supplemental indenture supplementing and amending the Indenture;

(h) the Trustee has received a request and authorization to the Trustee on behalf of the Issuer and signed by its Issuer Representatives to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(i) the Trustee has received an executed opinion of Bond Counsel to the effect that (i) the Additional Bonds have been duly authorized, executed, and delivered, and constitute the binding limited obligations of the Issuer, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is not includable in gross income for federal income tax purposes (unless it is intended that such interest be includable in gross income for federal income tax purposes); and

(j) the Trustee has received written confirmation from any Rating Agency then maintaining a rating on the Bonds that the rating on the Bonds will not be adversely affected by the issuance of the Additional Bonds; provided that the Trustee has been notified in writing regarding whether any Bonds are rated and the identity of the applicable Rating Agency, if any.

If these provisions are met no bondholder approval is necessary. I think this could potentially include a privately placed tax-exempt deal but we would need to confirm with bond counsel, either way we would need HRA/City approval.

From the Pledge and Covenant Agreement (School)

(F) Only incur Short-Term Indebtedness in an amount that does not exceed $500,000. The average monthly outstanding balance of any such Short-Term Indebtedness in any Fiscal Year may not exceed 5% of the Gross Revenues of the School in such Fiscal Year. Except as provided in any Intercreditor Agreement, any Short-Term Indebtedness incurred by the School must be subordinate to the lien of the Bondholders and may not be secured by any security interest in or lien against the Project Building or Project Site. The School may incur Long-Term Indebtedness on a parity with all other Long-Term Indebtedness (other than Long-Term Indebtedness incurred under Section 3(F)(v)) only as provided in this Section 3(F) and only if the incurrence of such Long-Term Indebtedness will not cause the Rating Agency to lower or withdraw its rating on Outstanding Bonds.

(i) Prior to incurring or otherwise becoming liable with respect to any Long-Term Indebtedness, the School shall furnish to the Trustee a certificate of the School Representative which shall:

(a) state the general purpose for which such Long-Term Indebtedness is proposed to be incurred;

(b) state the maximum aggregate principal amount of proposed Long-Term Indebtedness to be incurred, the maturity date or dates thereof, and the interest rate or rates with respect thereto; and

(c) be accompanied by an opinion of Independent Counsel for the School to the effect that all conditions precedent specified in the Indenture and in the Loan Agreement for incurring such Long-Term Indebtedness have been satisfied.

(ii) Notwithstanding the provisions of paragraph (iv) below, the School shall not incur any Long-Term Indebtedness that refunds or may refund less than all of the Outstanding Bonds unless, in addition to the filing of the items described in subsection (i) above: (a) the School shall file with the Trustee a report of an Independent Accountant to the effect that the proceeds of the Long-Term Indebtedness, together with any other funds deposited with the Trustee for such purpose, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Outstanding Bonds to be refunded and the interest which will become due and payable thereon on or prior to the redemption date or stated maturity thereof, or that the principal of and interest on Government Obligations purchased from such proceeds or from other funds provided by the School and deposited in trust with the Trustee, which Government Obligations do not permit redemption thereof at the option of the Issuer, when due and payable (or redeemable at the option of the holder) will provide sufficient money, together with any other money which shall have been deposited irrevocably with the Trustee for such purpose, to pay such principal, redemption premium, if any, and interest thereon; and (b) the School shall file with the Trustee an opinion of Bond Counsel to the effect that such Long-Term Indebtedness and the refunding of Bonds with the proceeds thereof will not cause interest on any Tax-Exempt Bonds to become included in gross income for federal income tax purposes.

From the Pledge and Covenant Agreement (School) (continued)

(iii) Except as provided in paragraph (ii) above and in paragraph (iv) below, the School shall not incur any Long-Term Indebtedness unless the School shall furnish to the Trustee (A) an opinion or report of an Independent Accountant to the effect that the Net Income Available for Debt Service for the Fiscal Year immediately preceding the date on which such Long-Term Indebtedness are to be issued for which audited financial statements are available plus Eliminated Expenses totals at least 100% of maximum Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any Indebtedness to be refinanced thereby) payable in any Fiscal Year, and (B) a certificate of the executive director of the School, verified by an Independent Accountant, to the effect that Net Income Available for Debt Service for the next Fiscal Year beginning after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will be at least 125% of the maximum Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness or Bonds to be refinanced by the proposed Long-Term Indebtedness) for each Fiscal Year beginning with the second Fiscal Year after the Fiscal Year in which any improvements being financed by such proposed Long-Term Indebtedness are to be placed in service, or, if no improvements are to be financed thereby, beginning with the first Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, but before the final stated maturity of all then Outstanding Bonds.

(iv) Notwithstanding the provisions of paragraph (iii) above, the School may incur Long-Term Indebtedness: (A) if and to the extent necessary to provide additional funds for completing payment of the cost of any improvements or alterations for which any Long-Term Indebtedness shall have been incurred at one time or from time to time under this Section 3(F); or (B) for refinancing the principal amount of any outstanding Long-Term Indebtedness provided the Principal and Interest Requirements on Long-Term Indebtedness (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for the Long-Term Indebtedness to be refinanced thereby) for each Fiscal Year after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred but before the final Stated Maturity of all then Outstanding Bonds will not exceed the amount of Principal and Interest Requirements on Long-Term Indebtedness that would have been available for each such Fiscal Year had such proposed Long-Term Indebtedness not been incurred.

From the Pledge and Covenant Agreement (School) (continued)

(v) The School may incur Long-Term Indebtedness without regard to the limitations set forth in this Section 3(F) if: (i) such Long-Term Indebtedness is secured solely by a security interest in personal property financed with such Long-Term Indebtedness; (ii) the aggregate principal amount of such Long-Term Indebtedness incurred in a Fiscal Year does not exceed $75,000; (iii) such Long-Term Indebtedness amortizes within a 60 month period of the incurrence thereof; and (iv) the School certifies that the incurrence of such Long-Term Indebtedness will not cause it to be in violation of State or federal law, the covenants set forth in this Section 3, or its articles, bylaws or charter. Any Long-Term Indebtedness that is secured solely by a security interest in personal property financed with such Long-Term Indebtedness and that exceeds $75,000 during any Fiscal Year is subject to the limitations set forth in this Section 3(F).

This allows the school to incur Long-Term-Indebtedness without Majority Bondholder approval as long as the provisions are met. So in theory the school could do other forms of financings without HRA/City approval but since the land is owned by the Building Company any form of debt for additional capital costs on the Facilities (which includes the land) would need to be uncollateralized.

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