



## Sabis International Charter School, MA Series 2015 Revenue Bond Rating Lowered To 'BBB-' On Weaker Financial Metrics

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CHICAGO (S&P Global Ratings) Dec. 1, 2017--S&P Global Ratings lowered its rating to 'BBB-' from 'BBB' on Massachusetts Development Finance Agency's series 2015 revenue bonds, issued for Sabis International Charter School (SICS). The outlook is stable.

"We lowered the rating based in part on our [U.S. Not-for-Profit Charter School methodology](#), published Jan. 3, 2017, on RatingsDirect, and the school's financial performance for fiscals 2016 and 2017 that, in our view, show financial metrics, such as excess margins and lease adjusted maximum annual debt service coverage, that are more comparable to peers at

the lower rating," said S&P Global Ratings credit analyst Melissa Brown. "Additionally, we view the ongoing conditional charter renewal during the school's

most recent review with the Massachusetts Department of Elementary & Secondary

Education somewhat negatively, even though the charter relationship remains stable, and the school is making progress towards eliminating the need for the conditions. The near term chance of charter revocation is also very low."

The outlook reflects our expectations that financial performance and lease-adjusted maximum annual debt service (MADS) coverage over the next year that will remain more comparable to peers at the current rating. For fiscal 2017, MADS coverage softened from the prior 2016 audited year after adjustments for one-time expenses in 2016. For fiscal 2018,

management expects to achieve similar results as in 2017, which would likely continue to produce financial profile metrics consistent with peers at the current rating.

We assessed SICS' enterprise profile as adequate, characterized by solid demand with excellent student retention, a robust waitlist, good academics, and a stable management team. We assessed SICS' financial profile as adequate, with sufficient MADS coverage, a healthy operating base, a moderate debt burden, and healthy days' cash on hand for the rating. "We believe that, combined, these credit factors lead to an indicative stand-alone credit profile of 'bbb-' and a final rating of 'BBB-', " Ms. Brown added.

The bonds are secured by revenue of SICS Charter School as defined in the governing bond documents consisting primarily of per pupil funding from the state.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoor.com](http://www.standardandpoor.com)

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Primary Credit Analyst:	Melissa L Brown, Chicago (1) 312-233-7093; <a href="mailto:melissa.brown@spglobal.com">melissa.brown@spglobal.com</a>
Secondary Contact:	Jessica A Matsumori, San Francisco (1) 415-371-5083; <a href="mailto:jessica.matsumori@spglobal.com">jessica.matsumori@spglobal.com</a>

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