

MOODY'S

INVESTORS SERVICE

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December 22, 2015

Mr. Terry St. Cyr
Escambia County School District, FL
75 North Pace Boulevard
Pensacola, FL 32505

Dear Mr. St. Cyr:

We wish to inform you that on December 18, 2015, Moody's Investors Service reviewed and assigned a rating of **Aa3** to Escambia County School District, FL, Sales Tax Revenue Bonds, Series 2016.

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Pisei Chea at 212-553-0344.

Sincerely,



Julie Beglin

VP-Sr Credit Officer/Manager

cc: Mr. Will Reed

Ford & Associates, Inc.
109 South MacDill Avenue
Tampa, FL 33609



Rating Action: Moody's assigns initial Aa3 rating to Escambia Co. School District, FL's Sales Tax Revenue Bonds, Ser. 2016

Global Credit Research - 18 Dec 2015

New York, December 18, 2015 – Issue: Sales Tax Revenue Bonds, Series 2016; Rating: Aa3; Sale Amount: \$53,395,000; Expected Sale Date: 01-06-2016; Rating Description: Special Tax: Sales

Summary Rating Rationale

Moody's Investors Service has assigned an initial Aa3 rating to Escambia County School District, FL's \$53.4 million Sales Tax Revenue Bonds, Series 2016.

The Aa3 rating reflects the district's healthy level of pledged sales tax revenues, which provide solid projected debt service coverage, sizeable local economy with a stable military presence, and below average resident wealth levels. The rating further incorporates the satisfactory legal provisions for the bonds.

Rating Outlook

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

Factors that Could Lead to an Upgrade

Continued tax base expansion and significant enhancement of socioeconomic profile

Sustained trend of sales tax revenue growth leading to significant increase in debt service coverage

Factors that Could Lead to a Downgrade

Deterioration of debt service coverage levels

Legal Security

The bonds are secured by broad pledge of the one-half cent school capital outlay discretionary sales surtax. Voters approved an extension of the sales tax in a November 2014 referendum for a period of 10 years from January 1, 2018 until December 31, 2027. Voter approval for the sales tax has typically reached over 70%. The district plans to go to voters to renew the sales tax prior to expiration.

Use of Proceeds

Proceeds from the Sales Tax Revenue Bonds, Series 2016 will finance the acquisition, construction, and renovation of various educational facilities within the district.

Obligor Profile

Escambia County School District provides K-12 education to approximately 40,000 students in Escambia County. The district projects flat enrollment going forward with little pressure from charter schools.

Methodology

The principal methodology used in this rating was US Public Finance Special Tax Methodology published in January 2014. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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