

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013
BY THE PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO
RELATING TO**

**\$30,515,000
REFUNDING REVENUE BONDS (REASSESSMENT DISTRICT NO. 1999-1)
SERIES 1999-A SENIOR LIEN BONDS**

**\$7,630,000
REFUNDING REVENUE BONDS (REASSESSMENT DISTRICT NO. 1999-1)
SERIES 1999-B SUBORDINATE LIEN BONDS**

(CUSIP Number 79729P)

The following Annual Report is being provided by the City of San Diego (the "City") for the above stated issuance (the "Bonds"), pursuant to the Continuing Disclosure Agreement requirements and in compliance with Securities and Exchange Commission Rule 15c2-12 for the fiscal year ending June 30, 2013 (the "Annual Report").

The Annual Report, including any amendment or supplement hereto, is electronically transmitted by the City acting as the Dissemination Agent to the Electronic Municipal Market Access ("EMMA") System of the Municipal Securities Rulemaking Board ("MSRB").

The Annual Report is provided in accordance with the terms of the Continuing Disclosure Agreement, and does not purport to provide full and complete information on the terms of the Bonds. The filing of the Annual Report does not constitute or imply any representation that no changes, circumstances or events have occurred since the end of the fiscal year to which the Annual Report relates (other than as contained in the Annual Report), or that no other information exists which may have a bearing on the security for the Bonds, or an investor's decision to buy, sell or hold the Bonds. Certain information and data provided herein was obtained from sources other than the City (the "Outside Information"), as indicated by the source citations. Although the information contained in the Annual Report has been obtained from sources which are believed to be reliable, the City has not independently verified such Outside Information, and the City cannot guarantee its completeness or accuracy. No statements in the annual report should be construed as a prediction or representation about future financial performance of the City or Reassessment District No. 1999-1.

The City is acting as the Dissemination Agent for the above stated issuance. The City does not have any obligation to update this report other than as expressly provided in the Continuing Disclosure Agreement.

Any statements regarding the above stated issuance, other than a statement made by the City in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the MSRB's EMMA system, are not authorized by the City.

The City shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

DATED: March 11, 2014

CITY OF SAN DIEGO

By: Mary Lewis
Mary Lewis
Chief Financial Officer

**PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO
Reassessment District No. 1999-1
Refunding Revenue Bonds
Series 1999-A Senior Lien Bonds & Series 1999-B Subordinate Lien Bonds**

**Annual Report Under the Continuing Disclosure Agreement
Fiscal Year Ending June 30, 2013**

This Annual Report includes information required by the Continuing Disclosure Agreement for Public Facilities Financing Authority of the City of San Diego Refunding Revenue Bonds (Reassessment District No. 1999-1) Series 1999-A Senior Lien Bonds and Series 1999-B Subordinate Lien Bonds.

(a) Financial Statements:

The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Agreement solely to satisfy the provisions of Rule 15c2-12. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City.

Refer to the City of San Diego's Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013 ("CAFR"), filed on the MSRB's EMMA site on February 11, 2014. The District Funds are included in the Supplementary Information section, under the heading Fiduciary Funds, Other Miscellaneous Agency. The capital improvements financed by District Funds can be found in the Supplementary Information section, under the heading Nonmajor Governmental Funds - Capital Projects (Special Assessment/Special Tax Bonds), of the City's CAFR. Additional information related to Special Assessment/Special Tax Bonds can be found in Note 19.

(b) Other financial information and operating data relating to Reassessment District No. 1999-1 contained in the Official Statement for the Bonds (all data as of December 31, 2013, except as noted in the attached tables):

(1) Principal amount of Bonds outstanding:

| | |
|------------------------|--------------|
| Senior Lien Bonds | \$ 2,695,000 |
| Subordinate Lien Bonds | \$ 660,000 |

Source: City of San Diego, Debt Management

(2) Balance in the Revenue Fund

| | |
|--|-----------|
| | \$ 86,631 |
|--|-----------|

Source: US Bank Trustee Statements; City of San Diego, Debt Management

(3) Balance in the Reserve Fund:

| | | |
|---|----|-----------|
| Senior Lien Bonds: Currently Satisfied By Surety Bond provided by AMBAC Assurance Corporation. ⁽¹⁾ | \$ | 3,051,500 |
| Subordinate Lien Bonds: | \$ | 532,645 |

Source: US Bank Trustee Statements; City of San Diego, Debt Management

Reserve Requirements:

Senior Lien Bonds: \$ 3,051,500 - Surety Bond provided by AMBAC Assurance Corporation,⁽¹⁾ which was initially established at the time the bonds were issued.

Subordinate Lien Bonds: \$532,645 = 10% of original Principal amount, \$763,000, less Reserve Fund Prepayment Credits (\$70,290) less Reserve Fund Lien Discharge Credits (\$160,065).

Source: US Bank Trustee Statements; City of San Diego, Debt Management

(4) Updates of the following tables in the Official Statement are attached:

Table 2 - Development Status and Land Use Summary

Table 4 - Assessed Value-To-Lien Ratio Ranges

Table 6 - Appraised Value-To-Lien Ratios by Property Owner (excluding the columns headed "Appraised Value" and "Appraised Value-To-Lien Ratio")

Table 8 – Delinquency History

⁽¹⁾ On November 8, 2010, the parent company of Ambac Assurance Corporation, Ambac Financial Group Inc., filed for Chapter 11 Bankruptcy. The Bankruptcy Court entered an order confirming Ambac's plan of reorganization on March 14, 2012. According to the Ambac webpage, on May 1, 2014, Ambac completed its financial restructuring and emerged from Chapter 11 bankruptcy protection. (Source: Ambac Financial Group Inc. webpage)

Table 2
Public Facilities Financing Authority of the City of San Diego
Refunding Revenue Bonds (Reassessment District No. 1999-1)
Development Status and Land Use Summary

| Land Use ⁽¹⁾ | Number of Parcels ⁽²⁾ | 2013-14 Assessed Values ⁽³⁾ | Aggregate Remaining Reassessment Lien ⁽⁴⁾ | Percentage of Parcels | Percentage of Lien | Assessed Value-to-Lien Ratio |
|----------------------------|----------------------------------|--|--|-----------------------|--------------------|------------------------------|
| Developed | | | | | | |
| Residential | 2,703 | \$1,071,490,534 | \$1,652,167 | 89.12% | 40.45% | 648.54 |
| Commercial | 50 | 223,360,749 | 946,870 | 1.65% | 23.18% | 235.89 |
| Manufacturing | 134 | 214,006,561 | 825,443 | 4.42% | 20.21% | 259.26 |
| Subtotal | 2,887 | \$1,508,857,844 | \$3,424,480 | 95.19% | 83.84% | 440.61 |
| Under Construction | | | | | | |
| Residential ⁽⁵⁾ | 85 | \$14,901,299 | \$76,231 | 2.80% | 1.87% | 195.48 |
| Commercial | 0 | 0 | 0 | 0.00% | 0.00% | 0.00 |
| Manufacturing | 0 | 0 | 0 | 0.00% | 0.00% | 0.00 |
| Subtotal | 85 | \$14,901,299 | \$76,231 | 2.80% | 1.87% | 195.48 |
| Undeveloped | | | | | | |
| Residential ⁽⁶⁾ | 25 | \$55,768,231 | \$337,048 | 0.83% | 8.25% | 165.46 |
| Commercial | 14 | 8,241,459 | 82,479 | 0.46% | 2.02% | 99.92 |
| Manufacturing | 18 | 9,828,775 | 62,922 | 0.59% | 1.54% | 156.21 |
| Other | 4 | 2,424,724 | 101,467 | 0.13% | 2.48% | 23.90 |
| Subtotal | 61 | \$76,263,189 | \$583,916 | 2.01% | 14.29% | 130.61 |
| Grand Total | 3,033 | \$1,600,022,332 | \$4,084,627 | 100.00% | 100.00% | 391.72 |

⁽¹⁾ Land Use data based on parcel permit searches from the Development Services - Project Tracking System as of June 30, 2013. There were no building permits issued for structure construction since June 30, 2013.

⁽²⁾ Parcel count increased from prior year due to parcel segregations in Calle Cristobal.

⁽³⁾ Assessed Values include land and improvement values per the San Diego County Fiscal Year 2013-14 Secured Roll as of January 1, 2013.

⁽⁴⁾ Debt Service payment was September 3, 2013; Aggregate Remaining Reassessment Lien as of September 4, 2013.

⁽⁵⁾ Under Construction Residential parcel count increased from prior year due to parcel segregations in Calle Cristobal. Assessed Value decreased since parcels segregated to smaller lots and some are now categorized as developed.

⁽⁶⁾ Undeveloped Residential parcel count and Assessed Value increased from prior year due to parcel segregations in Calle Cristobal.

Source: Willdan Financial Services

Table 4
Public Facilities Financing Authority of the City of San Diego
Refunding Revenue Bonds (Reassessment District No. 1999-1)
Assessed Value to Lien Ratio Ranges

| Assessed Value to Lien Range | Number of Parcels ⁽¹⁾ | 2013-14 Assessed Values ⁽²⁾ | | | Aggregate Remaining Reassessment Lien ⁽³⁾ | Assessed Value-to-Lien Ratio | Percentage of Lien |
|------------------------------|----------------------------------|--|----------------------|------------------------|--|------------------------------|--------------------|
| | | Land | Improvement | Total | | | |
| Greater than 100:1 | 2,994 | \$768,230,942 | \$813,906,238 | \$1,582,137,180 | \$3,790,245 | 417.42 | 92.80% |
| Between 50:1 and 99.99:1 | 35 | 13,242,393 | 2,218,035 | 15,460,428 | 192,915 | 80.14 | 4.72% |
| Between 30:1 and 49.99:1 | 1 | 2,355,228 | 0 | 2,355,228 | 56,101 | 41.98 | 1.37% |
| Between 20:1 and 29.99:1 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00% |
| Between 10:1 and 19.99:1 | 1 | 59,641 | 0 | 59,641 | 3,705 | 16.10 | 0.09% |
| Between 5:1 and 9.99:1 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00% |
| Between 3:1 and 4.99:1 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00% |
| Between 2:1 and 2.99:1 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00% |
| Between 1:1 and 1.99:1 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00% |
| Less Than 1:1 | 2 | 9,855 | 0 | 9,855 | 41,661 | 0.24 | 1.02% |
| Grand Total | 3,033 | \$783,898,059 | \$816,124,273 | \$1,600,022,332 | \$4,084,627 | 391.72 | 100.00% |

⁽¹⁾ Parcel count increased from prior year due to parcel segregations in Calle Cristobal.

⁽²⁾ Assessed Values include land and improvement values per the San Diego County Fiscal Year 2013-14 Secured Roll as of January 1, 2013.

⁽³⁾ Debt Service payment was September 3, 2013; Aggregate Remaining Reassessment Lien as of September 4, 2013.

Source: Willdan Financial Services

Table 6
Public Facilities Financing Authority of the City of San Diego
Refunding Revenue Bonds (Reassessment District No. 1999-1)
Value to Lien Ratio Ranges Less Than 3:1; by Owner

| Owner | Original Assessment District | Number of Parcels | Aggregate Remaining Reassessment Lien ⁽¹⁾ | Percentage of Lien | 2013-14 Assessed Values ⁽²⁾ | Assessed Value-to-Lien Ratio |
|--|------------------------------|-------------------|--|--------------------|--|------------------------------|
| PARDEE HOMES ⁽³⁾ | 4013 (Calle Cristobal) | 1 | \$29,643 | 0.73% | \$9,855 | 0.33 |
| KAISER FOUNDATION HOSPITALS ⁽⁴⁾ | 4013 (Calle Cristobal) | 1 | 12,018 | 0.29% | 0 | 0.00 |
| Total | | 2 | \$41,661 | 1.02% | \$9,855 | 0.24 |

⁽¹⁾ Debt Service payment was September 3, 2013; Aggregate Remaining Reassessment Lien as of September 4, 2013.

⁽²⁾ Assessed Values include land and improvement values per the San Diego County Fiscal Year 2013-14 Secured Roll as of January 1, 2013.

⁽³⁾ Land Use: Vacant Land.

⁽⁴⁾ Land Use: Open Space.

Source: Willdan Financial Services

Table 8
Public Facilities Financing Authority of the City of San Diego
Refunding Revenue Bonds (Reassessment District No. 1999-1)
Delinquency History

| Fiscal Year | Number of Parcels Assessed | Total Reassessment Levy | Fiscal Year-End Delinquencies ⁽¹⁾ | | Amount Remaining Delinquent As of 2/18/2014 ⁽²⁾ | Percent Remaining Delinquent As of 2/18/2014 |
|--------------------------------|----------------------------------|-------------------------------|--|-----------------------|---|---|
| | | | Amount Delinquent | Percent Delinquent | | |
| 2012-13 | 2,944 | \$2,615,174 | \$39,731 | 1.52% | \$11,955 | 0.46% |
| 2011-12 | 2,944 | 2,634,256 | 18,082 | 0.69% | 1,054 | 0.04% |
| 2010-11 | 2,944 | 2,524,784 | 38,824 | 1.54% | 5,798 | 0.23% |
| 2009-10 ⁽³⁾ | 2,944 | 2,412,075 | 51,661 | 2.14% | 4,300 | 0.18% |
| 2008-09 | 2,947 | 2,354,138 | 57,921 | 2.46% | 10,838 | 0.46% |
| 2007-08 | 2,984 | 2,633,872 | 33,393 | 1.27% | 1,328 | 0.05% |
| 2006-07 | 2,986 | 3,216,031 | 48,162 | 1.50% | 0 | 0.00% |
| Total Amount Delinquent | | | | | \$35,273 | |

⁽¹⁾ Reflects final fiscal year end data reported in August of each year; does not include penalties and interest.

⁽²⁾ Amount remaining delinquent as of February 18, 2014 does not include penalties and interest.

⁽³⁾ Fiscal Year 2009-2010 data is net of three parcels paid off in August 2009.

Summary of Delinquent Parcels Currently Meeting the Foreclosure Threshold:

The District has covenanted that it will commence judicial foreclosure proceedings against parcels with delinquent special assessments in excess of \$7,500 by November 1 following the close of each fiscal year in which such special assessments were due. The City Council authorized the filing of a judicial foreclosure lawsuit on October 19, 2009 for one delinquent parcel that met the foreclosure threshold. Subsequently, the parcel owner filed for Chapter 11 Bankruptcy, and the bankruptcy court approved a bankruptcy reorganization payment plan for the delinquent installments to be paid within a five year period from February 2011 through January 2016. The parcel owner has not paid the installments in accordance with the plan since September 2012. The City Attorney's Office is in the process of collecting against the parcel owner for defaulting under the Chapter 11 plan of reorganization.

As of February 18, 2014, no additional delinquent parcel reached the foreclosure threshold after the first installment of Fiscal Year 2013-14.

Source: City of San Diego, Debt Management; San Diego County Delinquency Reports ST280190 and ST28009002