

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

---

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT or issued under a single indenture:

Issuer's Name (please include name of state where Issuer is located):

**SAN DIEGO FACILITIES AND EQUIPMENT LEASING CORPORATION OF THE CITY OF SAN DIEGO (STATE: CALIFORNIA)**

**Certificates of Undivided Interest in Installment Payments Payable from Net System Revenues of the Water Utility Fund of the City of San Diego, California, Series 1998**

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (STATE: CALIFORNIA);**

**Sewer Revenue Bonds, Series 1995**

**Sewer Revenue Bonds, Series 1997A and Series 1997B**

**Sewer Revenue Bonds, Series 1999A and Series 1999B**

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s), if available, of Issuer:

**SAN DIEGO FACILITIES AND EQUIPMENT LEASING CORPORATION OF THE CITY OF SAN DIEGO, related CUSIP: 797263**

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO related CUSIP: 79730A**

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

---

TYPE OF FILING:

Electronic \_\_4\_\_ pages

Paper (no. of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: **NOT AVAILABLE** \_\_\_\_\_

---

---

---

**WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**

**A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12**

(Financial information and operating data should not be filed with the MSRB.)

**Fiscal Period Covered:**

**B. Audited Financial Statements or CAFR pursuant to Rule 15c2-12 Fiscal Period Covered:**

**C. Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)**

- |   |   |
|---|---|
| 1. Principal and interest payment delinquencies _____                                 | 6. Adverse tax opinions or events affecting the tax-exempt status of the security _____   |
| 2. Non-payment related defaults _____   | 7. Modifications to the rights of security holders _____                                  |
| 3. Unscheduled draws on debt service reserves reflecting financial difficulties _____ | 8. Bond calls _____   |
| 4. Unscheduled draws on credit enhancements reflecting financial difficulties _____   | 9. Defeasances _____  |
| 5. Substitution of credit or liquidity providers, or their failure to perform _____   | 10. Release, substitution, or sale of property securing repayment of the securities _____ |
|   | <b>11. Rating changes <u>X</u></b>  |

**D. Notice of Failure to Provide Annual Financial Information as Required**

**E. Other Secondary Market Information (Specify):** \_\_\_\_\_

---

**I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:**

**Issuer Contact:**

Name MARY LEWIS Title CHIEF FINANCIAL OFFICER  
Employer CITY OF SAN DIEGO  
Address 202 C STREET, MAIL STATION 9A City SAN DIEGO State CA Zip Code 92101

**Dissemination Agent Contact:**

Name: MARY LEWIS Title: CHIEF FINANCIAL OFFICER  
Employer: CITY OF SAN DIEGO  
Address: 202 C STREET, MAIL STATION 9A City: SAN DIEGO State: CA Zip Code: 92101  
Relationship to Issuer: DISCLOSURE REPRESENTATIVE

**Press Contact:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

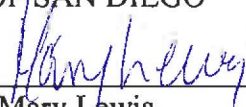
---

**Dated June 3, 2008**

NOTICE IS HEREBY GIVEN that on March 31, 2008, Moody's Investors Service ("Moody's") announced that it had downgraded ratings on FGIC Corporation ("FGIC") and its financial guaranty insurance subsidiaries, including Financial Guaranty Insurance Company to "Baa3" from "A3", while the ratings remain under review for possible further downgrade. Moody's underlying rating for the bonds identified on the cover hereof are "A3" with a Ratings Outlook of Negative. Such rating reflects only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from Moody's. Such ratings are not a recommendation to buy, sell or hold any City indebtedness. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that such ratings will not be revised downward or withdrawn entirely provided, if in the view of such rating agency, circumstances warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the City's obligation identified on the cover page hereof.

DATED: \_\_\_\_\_, 2008

CITY OF SAN DIEGO

By:   
\_\_\_\_\_  
Mary Lewis  
Chief Financial Officer

Distribution: Nationally Recognized Municipal Securities Information Repositories  
Wells Fargo Bank, National Association

## EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

### **Bloomberg Municipal Repository**

100 Business Park Drive

Skillman, NJ 08558

Phone: (609) 279-3225

Fax: (609) 279-5962

Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

### **Interactive Data Pricing and Reference Data, Inc.**

Attn: NRMSIR

100 William Street, 15<sup>th</sup> Floor

New York, NY 10038

Phone: (212) 771-6999

Fax: (212) 771-7390

Email: [NRMSIR@interactivedata.com](mailto:NRMSIR@interactivedata.com)

### **Standard & Poor's Securities Evaluations, Inc.**

55 Water Street, 45<sup>th</sup> Floor

New York, NY 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

### **DPC Data, Inc.**

One Executive Drive

Fort Lee, NJ 07024

Phone: (201) 346-0701

Fax: (201) 947-0107

Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

**Rating Action: Moody's downgrades FGIC to Baa3; ratings remain under review for possible downgrade**

---

**Global Credit Research - 31 Mar 2008**

New York, March 31, 2008 -- Moody's Investors Service has downgraded to Baa3, from A3, the insurance financial strength (IFS) ratings of the operating subsidiaries of FGIC Corporation, including Financial Guaranty Insurance Company and FGIC UK Limited (collectively "FGIC"). Moody's has also downgraded the senior debt rating of the holding company, FGIC Corporation to B3 from Ba1, and the contingent capital securities ratings of Grand Central Capital Trusts I -- IV to B2 from Baa3. These rating actions reflect the company's inability to date to raise new capital, the increased likelihood of FGIC breaching minimum regulatory capital requirements, and the effects of its current inability to upstream dividends without prior regulatory approval. The ratings remain under review for possible downgrade.

On March 28, 2008, FGIC filed its statutory statements indicating that, as a result of a loss of \$1.5 billion, its statutory capital stood at approximately \$260 million as compared to the minimum statutory capital requirement of \$65 million. The three notch downgrade of FGIC's IFS ratings to Baa3 reflects Moody's view that the cushion above the required regulatory minimum may not be sufficient to absorb additional losses associated with FGIC's mortgage related exposures and the recent deterioration of Jefferson County (AL) bonds, to which FGIC has sizable exposure (see Moody's press release dated March 27, 2008 relating to the downgrade of Jefferson County Sewer Revenue Bonds to Caa3). Should FGIC breach the \$65 million minimum statutory capital requirement the New York State Insurance regulator could take action to assume control of the operating company.

FGIC also announced that, as of 12/31/07, it had breached regulatory aggregate and single risk limits, which could cause the New York State Insurance Department to order that the company cease writing new business. FGIC has disclosed, however, that it has already voluntarily stopped writing new business in an attempt to improve its capital position through portfolio amortization.

According to Moody's, the downgrade of FGIC's contingent capital securities, Grand Central Trusts I-IV, to B2 reflects the increased possibility that the payment of preferred dividends might not be permitted by the regulator should FGIC decide to exercise its option to put non-cumulative preferred stock to the trusts. Moody's added that the downgrade of FGIC Corporation's senior unsecured debt to B3 reflects the operating company's inability, without regulatory approval, to upstream dividends to the holding company to service debt, coupled with the structural subordination of holding company senior bonds to operating company preferred stock.

Moody's noted that FGIC Corporation, having drawn the full amount of its bank credit facility, has approximately \$250 million in holding company liquidity to pay interest on its bank facility and \$325 million in senior bonds. However, the operating company's limits on writing new business and its inability to upstream dividends without regulatory approval heightens the refinancing risk associated with the bank credit facility, which matures in 2010.

Moody's also noted that FGIC has guaranteed the termination payments for certain public finance swap arrangements. Swap termination payments could be triggered if FGIC and/or (typically, "and") the issuer were downgraded below certain rating thresholds and the issuer defaults on the termination payment. At this time, FGIC is not exposed to imminent termination payments. However, Moody's will continue to monitor the situation to determine the extent of possible future termination payments and the implications to FGIC's liquidity profile and capital adequacy.

FGIC announced that it has taken legal action against parties related to one ABS CDO transaction which accounts for over \$900 million or 75% of the credit impairments taken in the fourth quarter of 2007. While the ultimate outcome of this dispute remains uncertain, a resolution favorable to FGIC could have positive implications for the company's capital adequacy position.

The ratings remain under review for downgrade to reflect the heightened risk of FGIC breaching minimum regulatory capital requirements, and the uncertain consequences for policyholders and creditors of possible regulatory intervention. Moody's stated that the ratings review will focus on additional details relating to FGIC's restructuring and recapitalization plan, any further movement in loss reserves at the end of 1Q2008, the implications of potential swap termination payments to liquidity and capital, the company's ongoing compliance with statutory requirements, and the implications of any actions on the part of the regulator.

**LIST OF RATING ACTIONS**

The following ratings have been downgraded, and remain on review for possible downgrade:

Financial Guaranty Insurance Company -- insurance financial strength to Baa3, from A3;

FGIC UK Limited -- insurance financial strength to Baa3, from A3;

Grand Central Capital Trusts I-VI -- contingent capital securities to B2, from Baa3; and

FGIC Corporation -- senior unsecured debt to B3, from Ba1.

**IMPACT ON RATINGS OF INSURED OBLIGATIONS**

Moody's ratings on securities that are guaranteed or "wrapped" by a financial guarantor are maintained at a level equal to the higher of a) the rating of the guarantor or b) the published underlying rating. Using this modified "credit substitution" approach, and following today's rating action, the Moody's-rated securities that are guaranteed or "wrapped" by FGIC are also downgraded to Baa3, and remain on review for further downgrade, except those with higher published underlying ratings.

A list of these securities will be made available under "Ratings Lists" at [www.moody.com/guarantors](http://www.moody.com/guarantors).

**OVERVIEW OF FGIC CORPORATION**

FGIC Corporation is a holding company whose primary operating subsidiaries are Financial Guaranty Insurance Corporation and FGIC UK Limited, provide credit enhancement and protection products to the public finance and structured finance markets throughout the United States and internationally. FGIC Corporation is privately owned by an investor group consisting of The PMI Group, GE and private equity firms Blackstone, Cypress and CIVC. At 12/31/07, FGIC Corporation reported GAAP losses of \$1.8 billion and had shareholders' equity of approximately \$584 million.

New York  
Arlene Isaacs-Lowe  
Senior Vice President  
Financial Institutions Group  
Moody's Investors Service  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653

New York  
Jack Dorer  
Managing Director  
Financial Institutions Group  
Moody's Investors Service  
JOURNALISTS: 212-553-0376  
SUBSCRIBERS: 212-553-1653



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and

procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moodys.com](http://www.moodys.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.