

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 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 (PFFA) 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 __5__ 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 _____ |
| | 11. Rating changes <u>X</u> |

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 July 8, 2008

NOTICE IS HEREBY GIVEN that on June 20, 2008, Moody's Investors Service (Moody's) announced that it had further downgraded ratings on FGIC Corporation and its financial guaranty insurance subsidiaries, including Financial Guaranty Insurance Company (collectively FGIC) to "B1" from "Baa3" with a ratings outlook of negative. Moody's underlying rating for the bonds identified on the cover hereof is "A2" for the water utility revenue bonds, series 1998 and "A3" for all of the PFFA sewer revenue bonds, all with a ratings outlook of negative. For each of the bond issuances identified on the cover, we have attached a table setting forth the initial insured ratings from the three rating agencies prior to the downgrades, the current insured ratings and the current underlying ratings. In all cases, the underlying ratings are higher than the current FGIC insured rating.

The ratings reflect the view of the rating agencies and any desired explanation of the significance of a rating should be obtained from the respective rating agency. 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 July 7, 2008

CITY OF SAN DIEGO .
By: Mary Lewis
Mary Lewis
Chief Financial Officer

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

Ratings as of July 8, 2008

Issuance	Insurer	Standard & Poor's			Moody's			Fitch		
		Initial Insured Rating	Current Insured Rating	Current Underlying Rating	Initial Insured Rating	Current Insured Rating	Current Underlying Rating	Initial Insured Rating	Current Insured Rating	Current Underlying Rating
San Diego Facilities and Equipment Leasing Corporation Certificates of Undivided Interest in Installment Payments Payable from Net System Revenues of the Water Utility Series 1998	FGIC	AAA	BB	AA-	Aaa	B1	A2	AAA	BBB	BBB+
Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1995	FGIC	AAA	BB	A+	Aaa	B1	A3	AAA	BBB	BBB+
Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1997A and 1997B	FGIC	AAA	BB	A+	Aaa	B1	A3	AAA	BBB	BBB+
Public Facilities Financing Authority of the City of San Diego Sewer Revenue Bonds Series 1999A and 1999B	FGIC	AAA	BB	A+	Aaa	B1	A3	AAA	BBB	BBB+

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

Interactive Data Pricing and Reference Data, Inc.

Attn: NRMSIR

100 William Street, 15th Floor

New York, NY 10038

Phone: (212) 771-6999

Fax: (212) 771-7390

Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street, 45th Floor

New York, NY 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

Email: 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

Rating Action: Moody's downgrades FGIC's rating to B1; outlook is negative

Global Credit Research - 20 Jun 2008

New York, June 20, 2008 -- Moody's Investors Service has downgraded to B1, from Baa3, the insurance financial strength (IFS) ratings of the main operating subsidiaries of FGIC Corporation, including Financial Guaranty Insurance Company and FGIC UK Limited (collectively "FGIC"). In the same rating action, Moody's has also downgraded the senior debt ratings of the holding company, FGIC Corporation to Caa2 from B3 and the contingent capital securities ratings of Grand Central Capital Trusts I-IV to B3 from B2. Today's rating action concludes a review for possible downgrade that was initiated on March 31, 2008, and reflects the company's severely impaired financial flexibility and the company's proximity to minimum regulatory capital requirements relative to our estimations of expected case losses. The rating action also considers the likelihood that FGIC's previously announced restructuring plan will ultimately result in the company retaining the higher-risk portion of the insured portfolio without the premiums associated with its lower-risk business. The outlook for the rating is negative.

Moody's ratings on securities that are guaranteed or "wrapped" by a financial guarantor are generally maintained at a level equal to the higher of a) the rating of the guarantor or b) the published underlying rating. However, as FGIC's ratings are downgraded below the investment grade level, and reflecting current rating agency policy, Moody's will withdraw ratings on FGIC-wrapped securities for which there is no published underlying rating. Should the guarantor's rating subsequently move back into the investment grade range or should the agency subsequently publish the underlying rating, Moody's would reinstate the rating to the wrapped instruments. For further information please see Moody's recently published special comment entitled: Assignment of Wrapped Ratings When Financial Guarantor Falls Below Investment Grade (May 6, 2008).

The B1 insurance financial strength rating reflects Moody's view that FGIC has limited cushion above its regulatory capital requirement given uncertainty surrounding future loss development on its mortgage exposures. FGIC has recorded approximately \$1.8 billion in cumulative statutory loss reserves (net of anticipated recoveries), much of which is associated with its mortgage-related exposures, primarily from second lien mortgage backed securities and asset-backed CDOs (ABS CDOs). FGIC's statutory surplus at 1Q2008 was \$366 million, which is approximately \$300 million above the statutory minimum regulatory requirement. Moody's has estimated losses on FGIC's insured portfolio of residential mortgage-backed securities that are significantly higher than the company's reserves for these transactions.

The rating agency added that if FGIC's capital were to fall below the regulatory minimum, there could be material adverse effects on the firm's financial condition. A meaningful portion of FGIC's credit exposure was written in Credit Default Swap (CDS) form, and contains a clause that exposes the firm to mark to market termination in the event of insolvency. A breach of minimum regulatory capital requirement heightens the risk of regulatory intervention, which could trigger a market value termination of the CDS contracts.

Moody's has re-estimated expected and stress loss projections on FGIC's insured portfolio, focusing on the company's mortgage-related exposures, as well as other sectors of the portfolio potentially vulnerable to deterioration in the current environment. Based on Moody's revised assessment of the risks in FGIC's pro-forma residual portfolio (assuming the completion of the company's restructuring initiatives), estimated stress-case losses would approximate \$6.2 billion at the Aaa rating threshold. This compares to Moody's estimate of FGIC's total claims paying resources of approximately \$3.7 billion, a capital position more consistent with a rating in the Ba category.

Moody's said that the downgrade of FGIC Corporation's senior unsecured debt to Caa2 reflects the operating company's inability, without regulatory approval, to upstream dividends to the holding company to service debt.

According to Moody's, the negative outlook on FGIC's ratings reflects continued uncertainty regarding losses that may arise on the insured portfolio and attendant risks that could occur if losses develop adversely, including the potential for regulatory intervention. The negative outlook also considers the uncertainty regarding the ultimate impact of FGIC's potential restructuring efforts on its residual portfolio.

LIST OF RATING ACTIONS

The following ratings have been downgraded, with a negative outlook:

Financial Guaranty Insurance Company -- insurance financial strength to B1 from Baa3.

FGIC UK Limited -- insurance financial strength to B1 from Baa3;

Grand Central Capital Trusts I-VI -- contingent capital securities to B3, from B2 and

FGIC Corporation -- senior unsecured debt to Caa2 from B3.

OVERVIEW OF FGIC CORPORATION

FGIC Corporation is a holding company whose primary operating subsidiaries, 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 CVC. For the three months ended March 31, 2008, FGIC Corporation reported GAAP losses of \$33.3 million. As of March 31, 2008, the company had shareholders' equity of approximately \$548 million.

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