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

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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:

X 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 15c2-12Fiscal Period Covered:

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

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

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 26, 2008, Fitch Ratings ("Fitch") announced that it had downgraded ratings on FGIC Corporation ("FGIC") and its financial guaranty insurance subsidiaries, including Financial Guaranty Insurance Company to "BBB" from "AA", with a ratings outlook of Negative. Fitch's underlying rating on the bonds identified on the cover hereof are "BBB+" with a Rating Outlook of Positive. Such rating reflects only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from Fitch. 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

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

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

FitchRatings
KNOW YOUR RISK

Fitch Downgrades FGIC to 'BBB'; Outlook Negative

26 Mar 2008 5:39 PM (EDT)

Fitch Ratings-New York-26 March 2008: Fitch Ratings has downgraded the following ratings on FGIC Corporation (FGIC Corp.) and its financial guaranty insurance subsidiaries Financial Guaranty Insurance Company (FGIC) and FGIC UK Ltd. to the following:

FGIC
FGIC UK Ltd.
--Insurer financial strength (IFS) to 'BBB' from 'AA'.

FGIC Corp.
--Long-term Issuer to 'BB' from 'A';
--$325 million of 6% senior notes due Jan. 15, 2034 'BB' from 'A'.

Fitch has also removed the affected ratings from Rating Watch Negative, where they were originally placed on Dec. 17, 2007. The Rating Outlook is Negative.

The downgrade on FGIC is based on Fitch's updated assessment of the company's capital position, a review by Fitch of FGIC's updated business plan, consideration of various qualitative ratings factors, and an update on Fitch's current views of U.S. subprime related risks.

Fitch believes that FGIC's $5 billion claims paying resources as of Sept. 30, 2007 is commensurate with capital guidelines for a 'BBB' IFS rating. In addition, Fitch believes the claims paying resources fall below the agency's targeted 'AAA', 'AA', and 'A' IFS ratings ranges by the following amounts:

--'AAA' capital shortfall of $5.1 to $5.3 billion;
--'AA' capital shortfall of $3.1 to $3.5 billion;
--'A' capital shortfall of $800 million to $1.7 billion.

Fitch notes that FGIC's future business plans include a focus on its traditional lower-risk global municipal finance and infrastructure businesses, while avoiding the more riskier structured finance business lines. FGIC has proposed to the New York Insurance Department a restructuring of its operations calling for the establishment of a newly licensed insurance entity that will focus solely on global municipal finance and infrastructure. In the interim, with the loss of its top credit ratings from all three of the major global rating agencies, an inability to date to raise new external capital, and a recognition that the company could fall below prescribed regulatory minimum capital requirements under New York State Insurance law, FGIC has decided to cease underwriting new financial guaranty business for a period of time to preserve capital. The suspension of new underwritings should help improve FGIC's capital position as the company will benefit from the amortization of existing insured obligations, some of which exhaust a material amount of targeted capital resources.

Going forward, Fitch believes that it will be very difficult to stabilize the ratings of FGIC until the company can both raise external capital and more effectively limit the downside risk from its SF CDOs through reinsurance or other risk mitigation initiatives. Fitch does not anticipate removing the Negative Rating Outlook over the near-to-intermediate-term until the risk of loss on the SF CDOs portfolio can be more definitively quantified.

Furthermore, future rating actions will likely depend on clarification of FGIC's long-term management and leadership direction, and demonstration that management can successfully execute its strategic business plans. These qualitative business, management and franchise-related factors will take on added consideration in future ratings reviews.

Favorably, Fitch notes that FGIC maintains solid liquidity, as the company would not be expected to pay a majority of its future claims, particularly on SF CDOs, for many years into the future. In addition, FGIC is subject to few collateral posting or termination provisions that could effectively accelerate the draw on its existing capital resources.

FGIC has recently filed suit in Supreme Court of the State of New York against several parties, alleging they fraudulently induced FGIC to enter into a commitment to issue a financial guaranty policy. The financial guaranty policy would cover the risk of losses on a large SF CDO, known as Havenrock II, which is deteriorating rapidly. Projected losses on the Havenrock II transaction account for a material percentage of the aggregate SF CDO losses Fitch expects FGIC will incur. Via the lawsuit, FGIC is seeking to terminate its commitment. While Fitch is not in a position to opine on the validity or merits of the existing legal dispute, Fitch notes that a ruling in FGIC's favor could positively impact the company's capital position and credit ratings in the future. Fitch believes it could be several years before the dispute is settled.

Fitch notes that the downgrade today incorporates the agency's updated analysis of FGIC's $12.9 billion gross exposure to SF CDOs, and the implications this analysis has on Fitch's view of FGIC's overall capital adequacy position. Fitch currently believes that expected losses on FGIC's SF CDO portfolio will ultimately fall within a range of $2.8 to $3.8 billion. These totals reflect Fitch's current estimates of the range of future losses that FGIC would be expected to incur over the life of these transactions, stated on a present value basis. The range of outcomes reflects the unknown magnitude of residential mortgage losses on SF CDOs insured by FGIC. From a present value perspective, Fitch discounts the expected future loss rates by 5% over a two-year period for CDO-squareds, five years for mezzanine SF CDOs and seven years for high-grade SF CDOs.

Fitch's analysis of expected losses includes an assumption that underlying cumulative loss rates on residential mortgages supporting outstanding subprime residential mortgage-backed securities (RMBS) pools will average 21% in the 2006 vintage year and 26% for the 2007 vintage year. These assumed cumulative loss rates are consistent with those currently used by Fitch for its ratings of outstanding RMBS transactions.

Given Fitch's current projected loss estimates for 2006-2007 vintage subprime RMBS, it is expected that a high percentage of the underlying tranches that were originally rated below 'AAA' will potentially default and suffer significant losses. This development is expected to result in losses elevating high into the capital structure for many SF CDOs. Only those RMBS and SF CDO transactions from the 2006-2007 vintages that maintained very healthy levels of initial subordination are expected to avoid experiencing losses in the future.

Fitch believes for modeling purposes that its expected loss estimates for SF CDOs fall approximately to an 'A' level ratings stress. Accordingly, in order to address the necessary level of capital to support a financial guarantor at the highest rating levels, expected losses are further stressed to arrive at 'AA' and 'AAA' capital thresholds. This is done to capture the risk that losses could grow higher than expected due to a more severe downturn in the economy, sharper than expected declines in home prices, higher than expected loan defaults, or other adverse developments beyond expectations. These additional stresses were included in the capital targets highlighted above.

Fitch's assessment of FGIC's capital adequacy also incorporated existing deterioration to the company's insured RMBS portfolio, particularly transactions backed by prime second-lien mortgages, which totaled approximately $19.1 billion as of Sept. 30, 2007 or subprime RMBS transactions. Given current market conditions, many of these transactions have come under considerable ratings pressure, which increases capital requirements, and several transactions are ultimately expected to result in claims. Stress related to both SF CDOs and RMBS were largely responsible for FGIC Corp. posting in the fourth quarter of 2007, loss and loss adjustment expenses (LAE) expense of $1.2 billion. In addition to the loss and LAE expense, FGIC also took a $751 million permanent impairment against its SF CDO written via credit derivative execution.

Fitch will comment on the impact of the downgrade of FGIC's IFS rating on the ratings of securities insured by FGIC in a separate release.

FGIC Corp. is a U.S. holding company whose primary operating financial guaranty subsidiaries are FGIC and FGIC U.K Ltd. For Dec. 31, 2007, FGIC Corp. reported consolidated assets under Generally Accepted Accounting Principles of $6.4 billion and shareholders' equity of approximately $584 million. On an aggregated basis, net par outstanding for FGIC totaled $314 billion as of Dec. 31, 2007.

Contact: Ralph R. Aurora +1-212-908-0528 or Thomas J. Abruzzo +1-212-908-0793, New York.

Media Relations: Kenneth Reed, New York, Tel: +1 212-908-0540.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, 'www.fitchratings.com'. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.