

# 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

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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.)

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**TYPE OF FILING:**

Electronic 5 pages

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

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

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**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.)

**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:**

**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, if any:**

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

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

**Dated February 28, 2008**

NOTICE IS HEREBY GIVEN that on February 25, 2008, Standard & Poor's Ratings Services ("S & P") lowered its rating on Financial Guaranty Insurance Co. (FGIC) to "A" from "AA" while maintaining a credit watch with developing implications. FGIC bond insurance policies support ratings on certain of the City's debt obligations as identified on the cover page hereof.

The rating on FGIC reflects only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from S & P. Such rating is 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: 2/28, 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](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)

February 25, 2008

## S&P Takes Additional Bond Insurer Rating Actions

**Primary Credit Analyst:**

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Mimi Barker, New York (1) 212-438-5054; mimi\_barker@standardandpoors.com

NEW YORK (Standard & Poor's) Feb. 25, 2008—Standard & Poor's Ratings Services today took rating actions on several monoline bond insurers following additional stress tests with respect to their domestic nonprime mortgage exposure.

-- The financial strength ratings on XL Capital Assurance Inc. (XLCA) and XL Financial Assurance Ltd. (XLFA) were lowered to 'A-' from 'AAA' and remain on CreditWatch with negative implications;

-- The financial strength rating on Financial Guaranty Insurance Co. (FGIC) was lowered to 'A' from 'AA' and remains on CreditWatch with developing implications;

-- The 'AAA' financial strength rating on MBIA Insurance Corp. was removed from CreditWatch and a negative outlook was assigned;

-- The 'AAA' financial strength rating on Ambac Assurance Corp. was affirmed and remains on CreditWatch with negative implications; and

-- The 'AAA' financial strength ratings on CIFG Guaranty, CIFG Europe, and CIFG Assurance North America Inc. were affirmed and retain a negative outlook.

The downgrades on XLCA, XLFA, XL Capital Assurance (UK) Ltd., and Twin Reefs Pass-Through Trust (a committed capital facility supported by, and for the benefit of, XLFA) reflect our assessment that the company's evolving

capital plan has meaningful execution and timing risk.

The downgrades on FGIC, FGIC Corp., and Grand Central Capital Trusts I-VI (a committed capital facility supported by, and for the benefit of, FGIC) reflect our current assessment of potential losses, which is higher than previous estimates.

The removal from CreditWatch of, and assignment of negative outlooks on, MBIA Insurance Corp., MBIA Inc., and North Castle Custodial Trusts I-VIII (a committed capital facility supported by, and for the benefit of, MBIA) reflect MBIA's success in accessing \$2.6 billion of additional claims-paying resources, which, in our view, is a strong statement of management's ability to address the concerns relating to the capital adequacy of the company.

The affirmation of our 'AAA' financial strength and financial enhancement ratings on Ambac Assurance Corp. and our 'AA' rating of Anchorage Finance Sub-Trusts I-IV and Dutch Harbor Finance Sub-Trusts I-IV (committed capital facilities supported by, and for the benefit of, Ambac) and holding company Ambac Financial Group Inc. reflects our assessment of the scope of Ambac's capital-raising plans and the company's ability to implement those plans. We left the ratings on CreditWatch with negative implications to reflect uncertainty surrounding the risk profile and capitalization plans for the reported new corporate structure being contemplated by the holding company.

The affirmation of our 'AAA' financial strength rating on CIFG reflects the contribution of \$1.5 billion in capital resources to CIFG Holding by Banque Federale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) to support CIFG's claims-paying resources.

CIFG's outlook was changed to negative from stable in June 2007 for reasons unconnected to its subprime exposure. Rather, we looked at the effectiveness and processes of the company's board, appropriate succession planning, and the degree of long-term support to be provided by its parent Natixis S.A. The assignment of the negative outlook also reflected our views relating to CIFG's below-average earnings and return on earnings. Nevertheless, we consider the \$1.5 billion capital contribution to be an important statement by CNCE and BFBP about their near-term commitment to the financial guaranty industry and CIFG.

Lists of the insured ratings that have changed as a result of these actions are posted at [www.spviews.com](http://www.spviews.com). Go to the left hand navigation bar and click on "Deals Affected" to view or download the lists. Our analysis of the impact of the ratings actions announced today is ongoing. As we complete our analysis during the next few weeks, we may publish additional ratings changes.

For a fuller discussion of the results of these tests, please see "Detailed Results Of Subprime Stress Test Of Financial Guarantors," published simultaneously with this release and available on RatingsDirect and at [www.spviews.com](http://www.spviews.com).

The report is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at [www.ratingsdirect.com](http://www.ratingsdirect.com). If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-9823 or sending an e-mail to [research\\_request@standardandpoors.com](mailto:research_request@standardandpoors.com). Ratings information can also be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search. Members of the media may request a copy of this report by contacting the media representative provided.

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