

**MATERIAL EVENT NOTICE
REPORT OF DEFEASANCE AND OPTIONAL REDEMPTION**

**Community Facilities District No. 3 (Liberty Station)
Special Tax Bonds Series A of 2006**

**Special Tax Bonds
Series A of 2006**

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP</u>
2016	79727QAB4
2021	79727QAC2
2026	79727QAD0
2036	79727QAE8

On February 26, 2013, Community Facilities District No. 3 (Liberty Station) issued its \$15,770,000 Special Tax Refunding Bonds Series 2013, the proceeds of which, together with certain funds on hand with the District, were used to defease the outstanding maturities of the above captioned Community Facilities District No. 3 (Liberty Station) Special Tax Bonds Series A of 2006 (the "Refunded Bonds") on February 26, 2013.

The Trustee has previously sent a notice of redemption for the Refunded Bonds, which will be redeemed on March 1, 2013.

Attached is the Trustee's Notice of Defeasance issued on February 26, 2013.

DATED: 2-26, 2013

CITY OF SAN DIEGO

By: _____

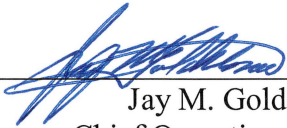

Jay M. Goldstone
Chief Operating Officer

EXHIBIT A

NOTICE OF DEFEASANCE OF BONDS OF
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 3
(LIBERTY STATION)
SPECIAL TAX BONDS, SERIES A OF 2006

<i>Maturity Date (September 1)</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>	<i>CUSIP</i>
2016	5.375%	\$1,315,000.00	3/1/2013	101%	79727QAB4
2021	5.600	2,090,000.00	3/1/2013	101	79727QAC2
2026	5.700	2,755,000.00	3/1/2013	101	79727QAD0
2036	5.750	8,370,000.00	3/1/2013	101	79727QAE8

Notice is hereby given to the owners of the outstanding City of San Diego Community Facilities District No. 3 (Liberty Station) Special Tax Bonds, Series A of 2006 listed above (collectively, the "Refunded Bonds") that:

(i) In order to redeem the Refunded Bonds on March 1, 2013, there has been deposited with Wells Fargo Bank, National Association, as Trustee, certain monies as permitted by the Bond Indenture dated as of June 1, 2006 as supplemented by the First Supplemental Bond Indenture dated as of April 1, 2008 (together the "Indenture") pursuant to which the Refunded Bonds are outstanding.

(ii) The Refunded Bonds are deemed to be paid in accordance with the Indenture and all obligations of the District and the Trustee under the Indenture have ceased and terminated as of the date hereof except for the obligation of the Trustee to pay the owners of the Refunded Bonds from amounts on deposit under the Indenture and certain covenants of the District to comply with provisions of the Internal Revenue Code of 1986, as amended, as set forth in the Indenture.

Dated February 26, 2013

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Trustee