

CONDITIONAL NOTICE OF REDEMPTION

**City of San Diego
COMMUNITY FACILITIES DISTRICT NO. 3
(LIBERTY STATION)
Series A of 2006**

Dated: July 13, 2006

Redemption Date: 3/1/2013

Redemption Reason/Source of Funds: Optional Redemption/Refunding Bonds

Total Redemption Amount: \$14,530,000

**Community Facilities District No. 3
Liberty Station, Series A of 2006 (the
"Bonds")**

CUSIP	Interest Rate	Maturity Date	Amount
79727QAB4	5.375%	9/1/2016	\$1,315,000.00
79727QAC2	5.600%	9/1/2021	\$2,090,000.00
79727QAD0	5.700%	9/1/2026	\$2,755,000.00
79727QAE8	5.750%	9/1/2036	\$8,370,000.00
TOTAL			\$14,530,000.00

NOTICE IS HEREBY GIVEN that the securities described herein have been called for optional redemption at the redemption price of 101% of the principal amount called for redemption plus accrued interest, if any, to the redemption date. On the redemption date, each security shall become due and payable, and interest shall cease to accrue. Payment of the redemption proceeds will be made on or after the redemption date upon presentation and surrender of the securities to:

<u>Registered/Certified Mail</u>	<u>Air Courier</u>	<u>In person:</u>
Wells Fargo Bank, N.A. Corporate Trust Operations P.O. Box 1517 Minneapolis, MN 55480-1517	Wells Fargo Bank, N.A. Corporate Trust Operations N9303-121 6 th & Marquette Avenue Minneapolis, MN 55479	Wells Fargo Bank, N.A. Corporate Trust Operations Northstar East Building 608 2 nd Avenue, 12 th Floor Minneapolis, MN

*Please note that this redemption is conditioned upon the issuance and delivery of refunding obligations issued by the Community Facilities District No.3 (Liberty Station), which is currently scheduled to occur on or before **March 1, 2013**. To the extent proceeds of such refunding obligations are not received on or prior to **March 1, 2013**, this conditional notice shall be withdrawn. If this conditional notice is withdrawn, this conditional notice shall be of no force and effect and none of the Bonds shall be redeemed on the Redemption Date set forth above.*

In the event that a written request is received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, then payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner. When inquiring about this redemption, please have the Bond number available. Please inform the customer service representative of the CUSIP number(S) of the affected Bond. Customer Service can be reached at 612-667-9764 or Toll Free at 1-800-344-5128.

IMPORTANT NOTICE

Under section 3406(a)(1) of the Internal Revenue Code, the Paying Agent making payment of interest or principal on securities may be obligated to withhold a percentage of the payment to a holder who has failed to furnish the Registrar with a valid taxpayer identification number, certification that the number supplied is correct, and that the holder is not subject to backup withholding. Holders of the bonds who wish to avoid the application of these provisions should submit either a completed IRS (Internal Revenue Service) Form W-9 (use only if the holder is a U.S. person, including a resident alien), or the appropriate form W-8 (use only if you are neither a U.S. person or a resident alien), when presenting the bonds for payment. See IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities. Publication 515 and W-8 forms and instructions are available through the IRS via their web site at www.irs.gov.

PUBLICATION DATE: 1/30/2013

**WELLS FARGO NATIONAL
ASSOCIATION, as Trustee**