

Under no circumstances shall this announcement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The Bonds will be sold by means of an Official Statement.

## **Proposed New Issue**

**\$52,715,000\***

**Community Facilities District No. 2  
(Santaluz)  
Improvement Area No. 1  
Special Tax Refunding Bonds Series A of 2011**

**Rating: BBB+ (S&P)**

**Order Period – December 7, 2011  
Priority for Retail Buyers**

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Federal and California tax-exempt interest for California residents\*\*  
Maturities range from 2012 to 2030\*  
Bonds expected to be delivered December 20, 2011  
Bonds will be available in \$5,000 denominations

Please contact Piper Jaffray & Co. or Southwest Securities Inc. for copies of the Preliminary Official Statement (the "POS") for the Bonds.

The POS can also be accessed from the following link:  
<http://munibase.elabra.com/SanDiego11POS/>

Or the City's investor web site:  
<http://www.sandiego.gov/investorinformation/>

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**Piper Jaffray & Co.**  
(888) 527-5339

**Southwest Securities Inc.**  
(818) 212-2032

\* Preliminary, subject to change.

\*\* In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described more fully herein, interest (and original issue discount) on the 2011 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2011 bonds is exempt from State of California personal income tax. See "LEGAL MATTERS – Tax Exemption" within the Preliminary Official Statement.