

NOTICE OF PARTIAL DEFEASANCE

**TO THE HOLDERS OF
CERTAIN MATURITIES OF
PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
SUBORDINATED WATER REVENUE BONDS, SERIES 2002
(Payable Solely From Subordinated Installment Payments Secured By
Net System Revenues of the Water Utility Fund)**

NOTICE is hereby given on behalf of the Public Facilities Financing Authority of the City of San Diego (the “**Authority**”) that, pursuant to Section 12.01(b) of the Indenture, dated as of October 1, 2002 (the “**Indenture**”), by and between the Authority and Wells Fargo Bank, National Association, as Trustee (the “**Trustee**”), there has been deposited with the Trustee cash and United States Treasury Obligations – State and Local Government Series) for which the full faith and credit of the United States are pledged for the payment of principal and interest, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, is, as verified by an independent certified public accountant, sufficient to pay when due the principal and interest with respect to certain maturities, as designated below, of the above-referenced bonds (the “**Bonds**”) in the aggregate principal amount of \$211,430,000 as listed below, which Bonds will be called for redemption on August 1, 2012 (the “**Redemption Date**”), at the redemption price of 100% (expressed as a percentage of the principal amount of Bonds called for redemption) (the “**Redemption Price**”) plus accrued interest to the Redemption Date. NOTICE is further given that the Bonds are deemed to have been paid in accordance with Section 12.01 of the Indenture and, upon the Redemption Date, money will be available for the payment of the Redemption Price of the Bonds. On and after the Redemption Date, interest shall cease to accrue on the Bonds.

Maturity Date (August 1)	Interest Rate	Redemption Price	Principal Amount Called	CUSIP No.
2013	3.400%	100.000	\$ 575,000	79730CAH7
2013	5.000	100.000	16,680,000	79730CBC7
2014	3.500	100.000	1,625,000	79730CAJ3
2014	5.000	100.000	16,495,000	79730CBD5
2015	3.700	100.000	1,625,000	79730CAK0
2015	5.000	100.000	17,020,000	79730CBE3
2016	3.800	100.000	1,050,000	79730CAL8
2016	5.000	100.000	5,005,000	79730CBF0
2017	3.900	100.000	1,000,000	79730CAM6
2017	5.000	100.000	5,355,000	79730CBG8
2018	4.000	100.000	1,405,000	79730CAN4
2018	5.000	100.000	5,265,000	79730CBH6
2019	5.000	100.000	7,000,000	79730CAP9
2020	4.200	100.000	100,000	79730CAQ7
2020	5.000	100.000	7,260,000	79730CBJ2
2021	4.250	100.000	850,000	79730CAR5
2021	5.000	100.000	6,885,000	79730CBK9
2022	4.300	100.000	50,000	79730CAS3
2022	5.000	100.000	8,080,000	79730CBL7
2023	5.000	100.000	8,485,000	79730CBN3
2024	5.000	100.000	8,910,000	79730CBP8
2026	4.500	100.000	290,000	79730CAT1
2026	5.000	100.000	19,210,000	79730CBM5
2032	5.000	100.000	71,210,000	79730CAU8

Payment of the Redemption Price on the Bonds called for redemption will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner.

By Registered or Certified Mail:	If in person, by hand:	By Air Courier:
Wells Fargo Bank Minnesota, N.A.	Wells Fargo Bank Minnesota, N.A.	Wells Fargo Bank Minnesota, N.A.
Attn: Corporate Trust Operations	Northstar East Building	Attn: Investor & Payment Services
P.O. Box 1517	608 Second Avenue South	MAC Code: N9303-121
Minneapolis, MN 55480-1517	12th Floor-Corporate Trust Services	Sixth and Marquette
	Minneapolis, MN	Minneapolis, MN 55479

Our customer service number is 1-800-344-5128.

Registered or certified mail is suggested when submitting Bonds for payment.

When inquiring about this notice, please have the Bond number available. Please inform the customer service representative of the CUSIP number(s) of the affected Bonds.

Withholding of 30% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2001, unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

The CUSIP numbers have been assigned by Standard & Poor's Corporation and are included solely for the convenience of the Bondholders. Neither the Authority nor the Trustee shall be responsible for the selection or use of the CUSIP numbers nor is any representation made as to their correctness on the Bonds or as indicated in any redemption notice.

Dated: May 3, 2012 Wells Fargo Bank, National Association