

**MATERIAL EVENT NOTICE
REPORT OF OPTIONAL REDEMPTION**

Community Facilities District No. 2 (SANTALUZ)
Improvement Area No. 4 Special Tax Bonds – Series A of 2004

In accordance with Section 5 of the Continuing Disclosure Certificate of the Issuer, dated as of February 1, 2004, the following notice is provided:

On September 1, 2013, certain of the outstanding maturities of the Community Facilities District No.2 (Santaluz) - Improvement Area No.4 Special Tax Bonds Series A of 2004 were redeemed.

Attached is the Trustee's Notice of Optional Redemption issued on July 26, 2013.

DATED: 9-5-13

CITY OF SAN DIEGO

By:



Greg Bych
Interim Chief Financial Officer

NOTICE OF OPTIONAL REDEMPTION

COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ) IMPROVEMENT AREA NO. 4 SPECIAL TAX BONDS SERIES A OF 2004 COUNTY OF SAN DIEGO

NOTICE IS HEREBY GIVEN that on September 1, 2013 \$645,000.00 aggregate principal amount of the above-captioned bonds have been called for redemption pursuant to Section 4.1(a) of the Bond Indenture between Community Facilities District No. 2 (Santaluz) and Union Bank of California, N.A. now known as Union Bank, N.A.), as Trustee dated as of February 1, 2004. The Bonds indicated below have been selected for redemption at 101% of the principal amount. Interest payments will be made in the normal manner. The Bond numbers called for redemption and the corresponding amounts called are listed below:

<u>CUSIP No.</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
802808CG8	9/01/14	4.35%	\$ 20,000
802808CH6	9/01/15	4.50%	\$ 20,000
802808CJ2	9/01/16	4.60%	\$ 20,000
802808CK9	9/01/17	4.70%	\$ 20,000
802808CL7	9/01/18	4.80%	\$ 25,000
802808CM5	9/01/24	5.40%	\$165,000
802808CN3	9/01/33	5.50%	\$ 375,000

The Bonds are due and payable at the office of the Trustee on September 1, 2013. INTEREST WILL CEASE TO ACCRUE ON THE CALLED PORTION OF THE BONDS FROM AND AFTER SEPTEMBER 1, 2013. The Bonds should be presented for redemption to the office of the Trustee at the following address:

By Hand and Mail

Union Bank Corporate Trust
120 South San Pedro Street, 4th Floor
Los Angeles, CA 90012
Attn: Corporate Trust/Bond Redemption

For Bonds redeemed in part only, the called portion of the Bond will be redeemed and paid, and a new Bond for the unredeemed portion will be issued.

To avoid a 28% back-up withholding tax required by Federal Law, Bondholders must submit their Bond along with a completed IRS Form W-9.

The CUSIP number has been assigned to this Issue by Standard & Poor's Corporation and is included solely for the convenience of the Bondholder. Neither the Issuer nor the Trustee shall be responsible for the selection or use of the CUSIP number nor is any representation made as to its correctness on the bonds or as indicated in any redemption Notice.

Dated: July 26, 2013

Union Bank, N.A., as Trustee for
Community Facilities District No. 2