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Independent Auditors' Report

The Board of Directors
CSUCI Financing Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets of the CSUCI Financing Authority (the Financing Authority) as of June 30, 2006, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended, and have issued our report thereon dated December 8, 2006.

In connection with our audit, nothing came to our attention that caused us to believe that the Financing Authority failed to comply with the terms, covenants, provisions, or conditions of the Reimbursement Agreements dated as of June 1, 2001, December 1, 2001, and August 1, 2004, by and among the Financing Authority, the California State University, Channel Islands Site Authority, and Citibank, FSB, governing the CSUCI Financing Authority Revenue Bonds, 2001 Series A, Rental Housing Revenue Bonds Series 2001, For-Sale Housing Revenue Bonds Series 2004, and Rental Housing and Town Center Bonds 2004 Series A and B, respectively, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the board of directors of the Financing Authority and the aforementioned bank and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 8, 2006