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To the Board of Directors of the
California Infrastructure and Economic Development Bank
Sacramento, California

We have audited the financial statements of the California Infrastructure and Economic Development Bank (the I-Bank), a component unit of the State of California, for the fiscal year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 26, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the I-Bank are described in Note 2 to the financial statements. As described in Note 2.B., the I-Bank adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources* during the fiscal year ended June 30, 2012. We noted no transactions entered into by the I-Bank during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We do not consider any of the estimates utilized by I-Bank to be significant.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We do not consider any of the financial statement disclosures to be sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 28, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the California Infrastructure and Economic Development Bank and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Sacramento, California
September 28, 2012

CALIFORNIA INFRASTRUCTURE AND
AND ECONOMIC DEVELOLPMENT BANK
(A Component Unit of the State of California)

SCHEDULE OF UNCORRECTED MISSTATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

#	Account Name	Description	Assets	Liabilities
1	Loans Receivable		$ (2,439,714)	
	Unearned loan origination fees	Unearned loan origination fees (presented as a liability) should be reported as a reduction to the loans receivable (presented as an asset) they are related to. Because this reclassification has no impact on net position and next year, when GASB Statement No. 65 will be implemented, unearned loan origination fees will be eliminated; it has been determined that it is not beneficial to post this reclassification.		$ 2,439,714
			$ (2,439,714)	$ 2,439,714
		Totals Per Financial Statements	$ 428,018,220	$ (154,249,307)
		Impact of Uncorrected errors	-0.6%	-1.6%