

EXHIBIT TEG-1

June 23, 2009

Mr. Thomas E. Gaffney
Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, California 94703

RE: MARINA COAST WATER DISTRICT – SALE OF CERTIFICATES OF PARTICIPATION

Dear Mr. Gaffney:

Hutchinson Shockey Erley & Co is an investment and underwriting firm headquartered in Chicago, Illinois and Phoenix, Arizona. We were formed in 1957 to specifically serve only state and local governments in the underwriting, trading and sale of municipal securities. We have no other investment products. Over each of the last five years we have underwritten over \$9 billion of revenue and general obligation municipal bonds. In addition, we recently served as lead underwriter in the issuance of \$25,000,000 of Build America Bonds (BAB's) for an Arizona issuer. These bonds sold for an average interest rate of 3.95%. BAB's are part of the federal stimulus program and this transaction was one of the first in the Country. This stimulus saved the issuer over \$1.3 million in debt service (over 10% of total interest); this program, if available when the MCWD securities are ready to be issued is something we would analyze and propose the District consider.

Debt and Security Structure

The Certificates of Participation would be structured to pay annual principal and semi-annual interest for up to 30 years. Depending in market conditions at the time of sale for example, in today's credit markets we would propose 15 to 20 years of serial bonds and 1 or 2 term bonds out to 30 years. Depending on market acceptance, we could possibly consider a 35 or even 40 year maturity. The security structure of a take or pay contract, in current market conditions should be more than sufficient to maintain the Districts A+ (Standard & Poors) rating.

Investment of Proceeds

We would likely have proceeds to invest in three separate funds; the bond fund holding monies to be spent on construction, the debt service reserve fund and a capitalized interest fund. We propose seeking three or more bids from investment providers for each fund. The bond fund and capitalized interest fund would be invested most likely in rolling 30 day vehicles as these monies need to be readily available as they are spent down within 12 to 18 months.

Experience in Marketing the Securities

We have completed several recent transactions with characteristics similar to the proposed debt and security structure as follows:

1. Global Water Resources (Palo Verde Utilities Company and Santa Cruz Water Company)
These bonds were issued in 3 series (2006, 2007 and 2008) totaling \$125,000,000
2. Mohave County Correctional Facility
These bonds were issued in one series (2006) totaling \$60,000,000. While this is not a water provider, the debt structure and security feature, funds utilized for construction, ect. are similar.
3. We have done various other transactions over the years including, but not limited to the following:
 - ✚ Monterey Regional Water Pollution Agency, California
 - ✚ Monterey Regional Joint Powers Authority, California
 - ✚ Monterey Regional Waste Management District, California
 - ✚ City of Phoenix, Arizona
 - ✚ City of Chandler, Arizona
 - ✚ Fallbrook Sanitary District, California
 - ✚ City of Hemet, California
 - ✚ Palm Desert Redevelopment Agency, California

Sales and Distribution

Hutchinson Shockey Erley & Co underwrites, trades and sells the bonds of issuers throughout the United States and consistently maintains one of the largest bond inventories of any privately owned investment or commercial bank in the Country. As a result of our active daily involvement in trading and underwriting municipal securities, we are in constant contact with all segments of our customer base, buying from as well as selling bonds to them. This creates continuous insights into their portfolio needs. We thus discover what the market values at any given time. The result is up-to-the-minute information regarding our customers' needs. Hutchinson Shockey Erley & Co has cultivated relationships with institutional investors for over fifty years. Although technology has altered the mechanism of communication, it has not altered the necessity for personal communication.

Specific Recommendations

- ✚ Adapt to current market conditions regarding specific needs of investors including premium or discount bonds, capital appreciation bonds and other marketing techniques.
- ✚ Practice aggressive pre-marketing of the bonds, creating competition for each maturity at the level of the ultimate investor.
- ✚ Ascertain and give priority to local investor's interest in purchasing bonds, as long as the price is at market rates.
- ✚ Incorporate market demands with the District's requirements whenever possible.

Credit Enhancement/Insurance

While we would obviously utilize the MCWD's excellent credit rating of A+ from Standard & Poors recently upgraded from A-, at this time municipal bond insurance is not cost effective. A year or so ago there were five major municipal bond insurers; there is one now and as a result premiums have skyrocketed.

Should the bond insurance business change at the time the MCWD securities are issued, we would analyze the financial feasibility of bond insurance, determine the benefit and make a recommendation to the District.

Estimated True Interest Cost

Under current credit market conditions we would estimate Average Interest Rate / or True Interest Cost) to be 5.087738% for a 30 year bond issue with level debt service.

Very truly yours,

Hutchinson Shockey Erley & Co

Richard A. Funke
President & Head Trader

Brian J. O'Connor
Senior Vice President