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Water Utilities Hire Saber

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By [Andrew Ward](#)

The East Bay Municipal Utility District, the Metropolitan Water District of Southern California, and the Irvine Ranch Water District hired Saber Partners LLC to help them find liquidity for their variable-rate debt.

The three big public utilities, which are all rated AAA by Standard & Poor's, are trying to replace liquidity agreements that support more than \$1 billion of variable-rate demand obligations.

They are turning to Saber and its outspoken senior managing director, Joseph Fichera, to find solutions outside of the typical standby bond-purchase agreements and letters of credit that municipalities use to provide liquidity in the event of investor puts.

The variable-rate market has been beset by spiking rates this year, as investors shunned debt backed by banks that were at risk of losing their double-A level credit ratings. Even highly rated credits like the big California water utilities have faced higher than normal rates based on worries about their liquidity banks.

Fichera said he would look to bring solutions from the corporate market to help municipalities structure better liquidity agreements. He refused to give details.

"The current market turmoil should be both an awakening and an opportunity for high-grade issuers," Fichera said. "Difficult market conditions mean issuers need to be more proactive in examining assumptions and pursuing alternative solutions."

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