

RESOLUTION, FINDING AND RATE ORDER/ORDINANCE

BE IT KNOWN THAT the Board of Directors of the **BEXAR METROPOLITAN WATER DISTRICT**, at its Special Board Meeting of April 23, 2007, held at the District's headquarters at 2047 West Malone, San Antonio, Texas 78225, after all requirements of law regarding said meeting and notice thereof had been fully complied with, and with the following members present, to-wit:

VICTOR V. VILLARREAL	JOSE GALLEGOS, JR.
DAVID SOSA	LESLEY WENGER
JAMES FENIMORE	ROBERT MORIN
JIM CLEMENT	

And with the following members absent:

None

It was moved, seconded and by a majority passed, found, resolved, ordered and ordained as follows:

THAT in consideration of, among other things,

The District's statutory and regulatory obligations and duties, the District's Certificate of Convenience and Necessity requirements, and the District's obligations to its ratepayers;

The covenants relating to the District's outstanding public securities (bond covenants), included in the respective orders and/or resolutions of the District's Board of Directors thereby adopted from time to time authorizing the issuance of said securities, requiring, among other items, that the District fix and maintain rates and collect charges for the facilities and services afforded thereby to provide revenues sufficient at all times to generate in each fiscal year Net Revenues (as such term is defined in the aforementioned orders and resolutions) equal to 1.25 times and 1.10 times, respectively, the maximum annual principal and interest requirements on the District's outstanding first lien parity debt obligations and subordinate lien debt obligations due and owing during the same period of time;

The District's representations to nationally-recognized rating agencies that, notwithstanding the aforementioned debt service coverage ratio requirements and as evidence of the District's improved strength of credit, it will attempt to maintain a debt service coverage ratio of 1.40 times the maximum annual principal and interest payment requirements on its outstanding first lien parity debt during each fiscal year;

The District's audited financial statement for fiscal year 2006;

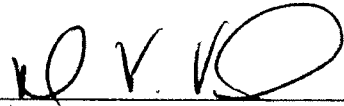
The Preliminary Rate Study Analysis for the 7-month period of October 31, 2006 through April 23, 2007, made by the District's consulting engineer firm, Brown and Caldwell, which analysis included projected revenues and expenditures;

The general presentation, report, comments, proposals and recommendations of the District's staff and consultants and advisors;

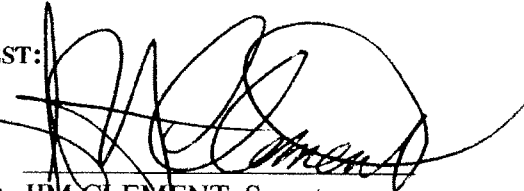
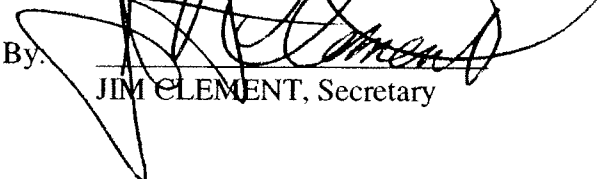
The specific modified recommendation of District staff, in reliance on reports received from its consultants and advisors, concurring in a rate consolidation set forth and applied in Exhibit "A", attached hereto and made a part hereof for all purposes; and

The comments of interested ratepayers,

the Board finds that the rate consolidation as applied in said Exhibit "A", and as recommended by the District's staff, in reliance on the findings of and reports from its consultants and advisors, together with the previously unchanged, ordained and existing fees, charges, tariffs, and pass-throughs which shall continue, together with said herein ordained consolidation, are proper, appropriate and necessary to meet the District's statutory and regulatory obligations and duties, covenants of the District's outstanding public securities, the District's Certificate of Convenience and Necessity requirements, and the District's obligations to its ratepayers, and therefore, said recommended consolidation as applied on Exhibit "A" attached hereto, including block structure, the said existing previously unchanged ordained fees, rates, tariffs and pass-throughs, especially those set forth in Exhibit "A" of the District's Resolution, Finding and Rate Order/Ordinance of April 23, 2007, and all other matters contained and proposed therein and herein and in said Exhibit "A" attached thereto and hereto, are hereby adopted, passed, ordered, and ordained by the Board of Directors of the **BEXAR METROPOLITAN WATER DISTRICT** to become and be effective as of June 1, 2007.

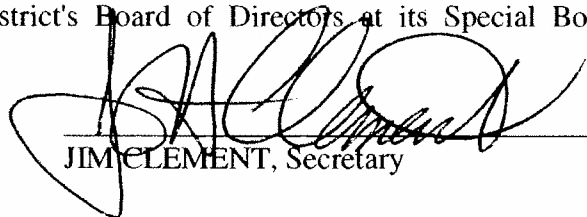


VICTOR V. VILLARREAL, President
Board of Directors
BEXAR METROPOLITAN WATER DISTRICT

ATTEST: 
By: 
JIM CLEMENT, Secretary

CERTIFIED COPY CERTIFICATE

I, the undersigned, as Secretary of the Board of Directors of **BEXAR METROPOLITAN WATER DISTRICT**, do certify that the above is a true and correct copy of the Resolution, Finding and Rate Order/Ordinance passed by the District's Board of Directors at its Special Board Meeting on April 23, 2007.



JIM CLEMENT, Secretary

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was ACKNOWLEDGED before me on this the 23rd day of April, 2007, by JIM CLEMENT, Secretary of the Board of Directors of **BEXAR METROPOLITAN WATER DISTRICT** in the capacity therein stated.



Notary Public, State of Texas

My Commission Expires:
August 17, 2009
(L.S.)

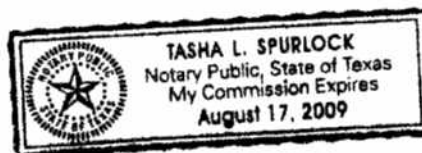


EXHIBIT "A"
TO
RESOLUTION, FINDING AND RATE ORDER/ORDINANCE
=====

Board Approved April 23, 2007

Proposed Residential Rates

Residential Class Monthly Service Charge

<u>Meter Size</u>	<u>Charge</u>
5/8"	\$6.50
3/4"	\$8.50
1"	\$13.00
1-1/2"	\$32.50
2"	\$52.00

Residential Class Volume Charges

Monthly Volume Charge
Consumption: per 1,000 gallons

0 to 7,000 gals.	\$0.85
7,001 to 10,000 gals.	\$1.25
10,001 to 17,000 gals.	\$3.40
Over 17,000 gals.	\$5.44

Water Supply Fee (all customer classes):

\$1.51 per 1,000 gallons

EAA Management Fee (pass through):

\$0.12 per 1,000 gallons

BROWN AND
CALDWELL

BUSINESS CONSULTING
PRACTICE

Proposed Commercial Rates

Commercial Class Monthly Service Charge

Meter Size	Charge
5/8"	\$20.00
3/4"	\$25.00
1"	\$40.00
1-1/2"	\$100.00
2"	\$160.00
2-1/2"	\$260.00
3"	\$360.00
4"	\$640.00
6"	\$1,400.00
8"	\$2,400.00

Commercial Class Volume Charges:

Monthly Consumption:	Volume Charge per 1,000 gallons
0 to 25,000 gals.	\$1.22
25,001 to 150,000 gals.	\$2.07
Over 150,000 gals.	\$5.21

Water Supply Fee (all customer classes):

\$1.51 per 1,000 gallons

EAA Management Fee (pass through):

\$0.12 per 1,000 gallons