

**AGUA SPECIAL UTILITY DISTRICT
RESOLUTION No. 040
Subdivision Water Facilities Construction**

Project: Hidalgo County Headstart Central Kitchen ("Project")

SIR Completed: September 18, 2008

Owner: Hidalgo County ("Owner")

WHEREAS, pursuant to Article 5 of the AGUA SPECIAL UTILITY DISTRICT Rules ("Rules") effective October 1, 2008, the Agua Special Utility District ("District") is authorized to extend service to customers ("Developers") proposing a subdivision, additions to a subdivision, developments or other projects where service to more than one tract is necessary and which service under this section of the Rules is characterized as "Non-Standard" service: and,

WHEREAS, The District is further authorized to negotiate such terms and conditions with the Owner of the proposed Project that meet the requirements and procedures for subdivisions, additions to subdivisions, developments or other covered projects set out in the Agua SUD Rules and which may otherwise be required by law, and to incorporate those terms and conditions into a Non Standard Service Agreement ("NSSA"); and,

WHEREAS, the Owner of the proposed project is engaged in developing a 1 commercial lot subdivision. On a 1.66 acre tract of land being all of Lot 4 of Lot 23 in Mission Groves Estates, in Hidalgo County, Texas. The Hidalgo County Headstart Central Kitchen is located east of the existing Hidalgo County Headstart Center off Paula St. and is in between the east side of Moorfield Drive and west side of Schuerback Road.

WHEREAS, the Owner applied and remitted the investigation fee to the District as specified in the AGUA SUD Rules to investigate water service feasibility for the Project and the District's engineering firm, S&B Infrastructure ("Engineer") has provided the attached Service Investigation Report ("SIR") certifying that the Engineer has reviewed the Owner's drawings and specifications of water main sizes, water service size, number of services, offsite water infrastructure improvements, and other related matters for the project and the SIR confirms that the facilities proposed by the Owner for the Project appear in all respects to meet the requirements of the Agua SUD Rules, and applicable regulations of the Texas Commission on Environmental Quality; and,

WHEREAS, the fees estimated by the District to be required to be paid by the Owner to the District under the Rules as consideration for entering into a NSSA with the District for the proposed Project include the following:

Description	Fee Per lot	Proposed No. lots	Total
1) customer deposit	\$50.00	1	\$ 50.00
2) inspection	\$20.00	1	\$ 20.00
3) water meter fees	\$ 1500.00	1	\$ 1500.00

Description	Fee Per LUE	Proposed No. LUEs	Total
4) water rights	\$ 1,900.00	10.0	\$ 19,000.00
5) front end Capital Contribution	\$1,224.00	10.0	\$ 12,240.00
6) construction inspection fee (5% of total water infrastructure construction cost)			

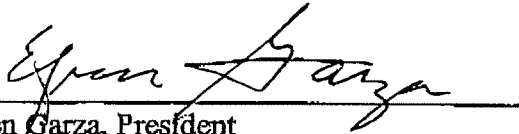
\$ 32,810; and,

WHEREAS, pursuant to the terms of the District's Rules, the SIR was presented to the Board of Directors of the Agua Special Utility District ("Board") for consideration on the 16 day of October, 2008;

WHEREAS, the Board has evaluated the feasibility of providing service to the property including the facilities that may be required to provide the service and that are consistent with the District's construction standards and infrastructure master plan, the cost of those facilities, the water flow necessary to serve the property, and the location of the property and has determined that the service can and should be provided;

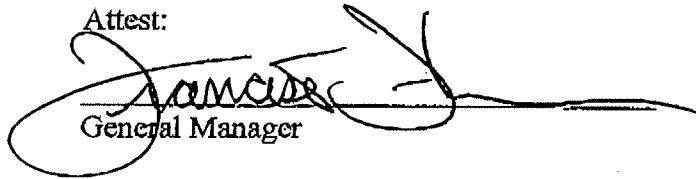
NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors, that District accepts the SIR provided by the Engineer for the Project and is prepared to provide utility water service to the Project under the terms and conditions specified in the SIR, the Rules and applicable laws, upon execution by the Owner of an appropriate Non-Standard Service Agreement acceptable to the Board and the payment of the specified fees described in this resolution. The Service Investigation Report and the offer concerning the fees for the Project are valid for 45 days after the effective date of this resolution.

Effective this 16 day of October, 2008.



Efrén Garza, President
Board of Directors
Agua Special Utility District

Attest:



General Manager