

**NOTICE OF ADOPTION OF ORDER ADOPTING CONSOLIDATED RATE ORDER AND
RULES AND REGULATIONS; ADOPTING A DROUGHT CONTINGENCY PLAN;
ADOPTING A WASTE ORDINANCE; ESTABLISHING CERTAIN OTHER POLICIES; AND
PROVIDING PENALTIES FOR VIOLATION THEREOF**

TO: THE RESIDENTS, CUSTOMERS AND TAXPAYERS OF NORTHGATE CROSSING MUNICIPAL UTILITY DISTRICT NO. 1 AND TO ALL OTHER INTERESTED PERSONS:

NOTICE IS HEREBY GIVEN that Northgate Crossing Municipal Utility District No. 1 (the "District") has adopted an Order Adopting Consolidated Rate Order and Rules And Regulations; Adopting a Drought Contingency Plan; Adopting a Waste Ordinance; Establishing Certain Other Policies; and Providing Penalties For Violation Thereof (the "Amended Rate Order").

The Rate Order of the District updates the rates and conditions under which water service will be provided. The Amended Rate Order also establishes the penalty for violation of any of the rules and/or regulations of the District.

The Amended Rate Order of the District establishes the rates and conditions under which water and sanitary sewer services will be provided. The Amended Rate Order also establishes the penalty for violation of any of the rules and/or regulations of the District.

The Amended Rate Order contains rules and regulations ("Rules and Regulations") which govern the design and installation of all connections and taps made to the District's water distribution and sanitary sewer collection systems. The Rules and Regulations provide for the protection of all facilities which are part of the District's waterworks and sanitary sewer systems, and the enforcement of the Rules and Regulations. District customers are required to complete and submit a Customer Service Inspection Certification before the District provides continuous water service to (i) new construction, (ii) any existing service where the District has reason to believe that cross connections or other unacceptable plumbing practices exist, and (iii) after any material improvement, correction, or addition to private plumbing facilities (i.e. swimming pools, spas, sprinkler system, addition to house). Each customer will be required to sign a Customer Service Agreement before the District initiates service to the customer. When service to an existing connection has been suspended or terminated for any reason, the customer must sign a Customer Service Agreement before the District reconnects service. Approved and testable backflow prevention assemblies must be installed on any connection that poses a high health hazard, as defined by the Texas Commission on Environmental Quality, or on any connection that the District or the District's Operator reasonably believes poses a threat to the District's water supply system.

Failure to adhere to the District's Rules and Regulations can result in the discontinuing water service and/or the imposition of civil penalties in an amount totaling twice the costs the District sustains due to the violation, not to exceed \$5,000.

The Drought Contingency Plan (the "Drought Plan") was adopted: (i) for the purpose of promoting water conservation practices on an ongoing basis and restricting water use during moderate, severe, critical, and emergency periods in order to preserve the District's water system's capability to provide adequate quantities of water at adequate pressure for purposes of public health, safety, and welfare; and (ii) to provide penalties for the violation thereof. The Drought Plan defines "Mild Water Shortage Conditions," "Moderate Water Shortage Conditions," "Severe Water Shortage Conditions," "Critical Water Shortage Conditions," "Emergency Water Shortage Conditions," and "Water Allocation Conditions." The Drought Plan further sets forth the days and hours a resident and/or customer is allowed to use water and for what purposes and how the water may be discharged; and contains quantified targets for water use reductions to be achieved during periods of water shortage and drought.

Any person who violates the Drought Plan is guilty of a misdemeanor and, upon conviction shall be punished by a fine of not less than two hundred fifty dollars (\$250) and not more than five hundred dollars (\$500). Each day that one or more of the provisions in the Drought Plan is violated shall constitute a separate offense. If a person is convicted of three or more distinct violations of the Drought Plan, the Operator shall, upon due notice to the customer, be authorized to discontinue water service to the premises where such violations occur. Services discontinued under such circumstances shall be restored only upon payment of a re-connection charge, as set forth in the District's Rate Order, and any other costs incurred by the District in discontinuing and re-connecting service. In addition, suitable assurance must be given to the District that the same action shall not be repeated while the Drought Plan is in effect. Compliance with the Drought Plan may also be sought through injunctive relief in the district court.

IN ADDITION, THE FOLLOWING CIVIL PENALTIES ARE IMPOSED FOR THE BREACH OF THE AMENDED RATE ORDER AND THE RULES AND REGULATIONS OF THE DISTRICT:

THE VIOLATOR SHALL PAY THE DISTRICT TWICE THE COSTS THE DISTRICT HAS SUSTAINED DUE TO THE VIOLATION UP TO \$5,000. THIS PENALTY IS IN ADDITION TO ANY OTHER PENALTY PROVIDED BY THE LAWS OF THE STATE OF TEXAS AND MAY BE ENFORCED BY COMPLAINTS FILED IN THE APPROPRIATE COURT OF JURISDICTION IN THE COUNTY IN WHICH THE DISTRICT'S PRINCIPAL OFFICE OR MEETING PLACE IS LOCATED. IF THE DISTRICT PREVAILS IN ANY SUIT TO ENFORCE ITS RULES, IT MAY, IN THE SAME ACTION, RECOVER ANY REASONABLE FEES FOR ATTORNEYS, EXPERT WITNESSES, AND OTHER COSTS INCURRED BY THE DISTRICT BEFORE THE COURT. THE AMOUNT OF THE ATTORNEYS' FEES SHALL BE FIXED BY THE COURT.

The full text of the District's Amended Rate Order may be viewed at <https://northgatecrossingmud1.com/>, and is on file in the principal office of the District where it may be read by any interested person. Ignorance of the Rules and Regulations is not a defense to a prosecution for the enforcement of the penalties.

The Amended Rate Order, the Rules and Regulations, and the Policy Regulating Water Use will be in full effect from and after July 12, 2018.

Board of Directors
Northgate Crossing Municipal Utility District No. 1