

INSCRIPTION CANYON RANCH SANITARY DISTRICT

Ratification Resolution No. 2011-1

WHEREAS, on September 16, 2011 the Governing Board of the Inscription Canyon Ranch Sanitary District (the "Governing Board") met in special session at ___:___ p.m. at 15075 N. Talking Rock Ranch Road, Prescott, Arizona 86305, with the following members present:

Bob Hill Chairman
Scott Robbins
Brian Ray

WHEREAS, those present were advised that the approval of the use of Isabel Yribe as recording clerk to the Board under contract at the Board meeting of June 29, 2011 may have tainted by previous inappropriate discussions by the Board in executive session on June 8, 2001; June 23, 2011; and June 29, 2011; and

WHEREAS, those present were further advised that the hiring of the law firm of Boyle, Pecharich, Cline, Whittington & Stallings, P.L.L.C. as general counsel for the District, approved during the meeting of August 1, 2011, may have been tainted because the issue of legal services and Mr. Whittington and said law firm were inappropriately discussed in executive session on June 8, 2011; June 29, 2011; August 1, 2011; and August 12, 2011; and

WHEREAS, those present were further advised that the hiring of Jeffrey J. Coughlin as special legal counsel for the mandamus/attorneys' fees litigation matter, previously approved during the meeting of August 12, 2011, may have been tainted because issues relating to the attorney for the matter were inappropriately discussed in an executive session on June 8, 2011; June 9, 2011; June 29, 2011; August 1, 2011; and August 12, 2011; and

WHEREAS, those present were further advised that the hiring of E.J. Kotalik of the law firm of Peshkin & Kotalik, as special legal counsel for the litigation matter involving Harvard Simon I, LLC; The Preserve at the Ranch, LLC; Old Capitol Investments LLC; and Whispering Canyon Development, LLC (and others), previously approved during the meeting of June 23, 2011, may have been tainted because the issue of legal services and Mr. Kotalik were inappropriately discussed in an executive session on June 8, 2011; June 9, 2011; June 23, 2011; June 29, 2011; July 12, 2011; August 1, 2011; and August 12, 2011; and

WHEREAS, those present were further advised that the District would like to continue to use of Jim Evans as legal counsel for the 207 litigation matter; and

WHEREAS, those present were further advised that the decision to contact the County Attorney regarding possible open meeting violations in regard to the previous board, and the direction to work with the County Attorney for document recovery from that board, previously approved during the executive session of July 12, 2011, were inappropriately approved in executive session; and

WHEREAS, those present were further advised that the District would like to hire Bob Busch as Manager for the Sanitary District; and

WHEREAS, those present were further advised that the termination of Mr. Nelson as Board counsel, previously approved during the meeting of August 1, 2011, may not have been properly placed on the agenda; and

WHEREAS, those present were further advised that the discussion and prior action relating to the adoption of a fee schedule for the Sanitary District, during the meeting of August 25, 2011, may have been tainted because the matter may have been inappropriately discussed in executive session and may not have been properly placed on an agenda; and

WHEREAS, those present were further advised the approval of Ordinance 2008 approved during the executive session, public session or study session on or about January 24, 2008, was inappropriately approved; and

WHEREAS, those present were further advised that the approval of the budget, approved during the June 30, 2011 meeting, may not have been properly placed on the agenda for approval; and

WHEREAS, those present were further advised that the approval of an agenda item for legal advice at the next board meeting, approved during the meeting of July 8, 2011, may not have been properly placed on the agenda; and

WHEREAS, those present were further advised that the use of Act III Investments, LLC, for consulting services to the District, approved during the meeting of June 23, 2011 may have been tainted because the matter was inappropriately discussed in an executive session on June 8, 2011; and

WHEREAS, those present were further advised that the use of MDI Taxes & Accounting, for accounting and billing services, approved during the meeting of July 12, 2011; may have been tainted because this matter was inappropriately discussed in an executive session on June 8, 2011; July 12, 2011; and August 12, 2011; and

WHEREAS, those present were further advised that the use of Northern Arizona Websites for website design, hosting and maintenance, approved during the meeting of July 8, 2011; may have been tainted because the matter was inappropriately discussed in an executive session on June 8, 2011; and

WHEREAS, those present were further advised that the District approved a contract with AQuality Water Co. for a sanitary system operator in 2008, as thereafter extended, and the District would like to renegotiate said contract; and

WHEREAS, those present were further advised that the Board's decision to discuss a potential settlement agreement with Harvard, during the meeting of June 23, 2011, may not have been properly placed on the agenda for discussion.

THEREAFTER, the following resolutions were introduced in written form, read in full, and pursuant to motion duly made by Bob Hills and seconded by Scott Robbins were adopted:

RESOLVED, ratifying the Governing Board's decision of June 29, 2011 to use Isabel Yribe as clerk to the Board.

FURTHER RESOLVED, ratifying the Governing Board's decision of August 1, 2011 to hire the law firm of Boyle, Pecharich, Cline, Whittington & Stallings, P.L.L.C., as general counsel for the District.

FURTHER RESOLVED, ratifying the Governing Board's decision of August 12, 2011 to hire J. Jeffrey Coughlin as special legal counsel for the mandamus/attorneys' fees litigation matter.

FURTHER RESOLVED, ratifying the Governing Board's decision of June 23, 2011 to hire E.J. Kotalik as special counsel for the litigation matter involving Harvard Simon I, LLC; The Preserve at the Ranch LLC; Old Capitol Investments LLC; and Whispering Canyon Development.

FURTHER RESOLVED, authorizing the Governing Board to use Jim Evans as legal counsel for the 207 litigation matter.

FURTHER RESOLVED, ratifying the Governing Board's decision of July 12, 2011 to contact the County Attorney regarding possible open meeting violations in regard to the previous board, and the direction to work with the County Attorney for document recovery from that board.

FURTHER RESOLVED, authorizing the Governing Board to hire Bob Busch as Manager for the Sanitary District.

FURTHER RESOLVED, ratifying the Governing Board's decision of August 1, 2011 to terminate Mr. Nelson as general counsel for the Board.

FURTHER RESOLVED, ratifying the Governing Board's decision of August 25, 2011 to discuss and adopt a fee schedule for the District. Said fee schedule, to the extent different than the Ordinance previously approved in 2008, and as thereafter amended, shall serve to amend said Ordinance to comply with the fee schedule herein approved.

FURTHER RESOLVED, ratifying the Governing Board's decision of January 24, 2008 to approve Ordinance 2008.

FURTHER RESOLVED, ratifying the Governing Board's decision of June 30, 2011 to adopt the budget for fiscal year 2011-2012.

FURTHER RESOLVED, ratifying the Governing Board's decision of July 8, 2011 to approve an agenda item for the subsequent board meeting for legal advice regarding the litigation matter.

FURTHER RESOLVED, ratifying the Governing Board's decision of June 23, 2011 to use Act III Investments, LLC, for consulting services to

the District, and hereby authorizing the negotiation of a contract for services.

FURTHER RESOLVED, ratifying the Governing Board's decision of July 12, 2011 for the use of MDI Taxes & Accounting for accounting and billing services to the District, and hereby authorizing the negotiation of a contract for services.

FURTHER RESOLVED, ratifying the Governing Board's decision of July 8, 2011 for the use of Northern Arizona Websites for website design, hosting and maintenance, and hereby authorizing the negotiation of a contract for that purpose.

FURTHER RESOLVED, ratifying the Governing Board's decision in 2008, as later modified, for the use of AQuality Water Co. for a sanitary system operator, and further authorizing the renegotiation of said contract.

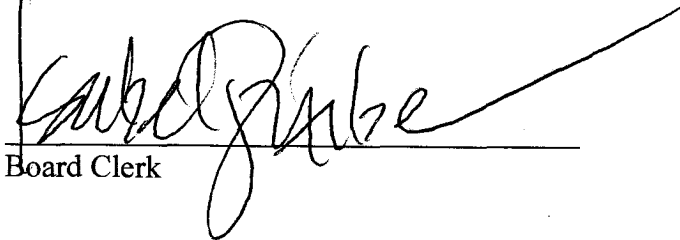
FURTHER RESOLVED, ratifying the Governing Board's decision of June 23, 2011 to discuss a potential settlement agreement with Harvard.

ADOPTED AND APPROVED this 16 day of September, 2011.



Board Chairman

ATTEST:



Board Clerk