

INSCRIPTION CANYON RANCH SANITARY DISTRICT

Ratification Resolution No. 2011-2

WHEREAS, on November 7, 2011 the Governing Board of the Inscription Canyon Ranch Sanitary District (the "Governing Board") met in special session at 3:00 p.m. in Conference Room #1 at the Days Inn, 688 Fletcher Court, Chino Valley, Arizona 86323, with the following members present:

Bob Hill
Scott Robbins
Brian Ray

WHEREAS, those present were advised that certain members of the public believe that a violation of open meeting law may have occurred when the Board voted to go into executive session on October 19, 2011, by reason of a failure to include a specific mention of the request for indemnification made by the previous board members, through their attorney, discussed during the executive session in conjunction with the possible resolution of the litigation relating to the following matters:

1. Pending litigation with Harvard Investments et. al., Case #CV2010000036 and #P1300CV210-01855;
2. Pending litigation with Marvin L. Kaiser et. al., Case #P1300CV201100061; and
3. A claim against the District by Alfred & Nancy Moss, Claim #AZSP210040024.

WHEREAS, as part of the executive session, the Board received legal advice and gave instructions to its legal counsel on the issue of possible resolution of the above-referenced litigation and claims, as well as a request received from the prior members of the Sanitary District Governing Board, through their attorney, for indemnification as part of a proposed resolution of the litigation with Harvard Investments, et. al., Case #CV2010000036 and #P1300CV210-01855; the pending litigation by Kaiser, et. al., Case #P1300CV201100061; and the claim by Moss, Claim #AZSP210040024; and

WHEREAS, after the above-referenced executive session, the Board reconvened into public session to give instructions to legal counsel on the above-referenced issues, as recommended by legal counsel during said executive session, for legal counsel to proceed as recommended by legal counsel in regard to the possible resolution of the pending litigation with Harvard Investments, et. al., Case #CV2010000036 and #P1300CV210-01855, the pending litigation by Kaiser, et. al., Case #P1300CV201100061, and the claim by Moss, Claim #AZSP210040024 (including the request for indemnification of the previous members of the Board).

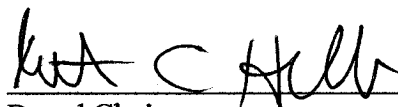
THEREAFTER, the following resolutions were introduced in written form, and pursuant to motion duly made by Bob Hill and seconded by Scott Robbins were adopted:

RESOLVED, ratifying the Governing Board's vote to go into executive session on October 19, 2011 for legal advice pursuant to A.R.S. §38-431.03(A)(3) and to give instruction to the District's legal counsel pursuant to A.R.S. §38-431.03(A)(4) regarding the district's position regarding pending or contemplated litigation or settlement discussions conducted in order to avoid or resolve litigation, including the following:

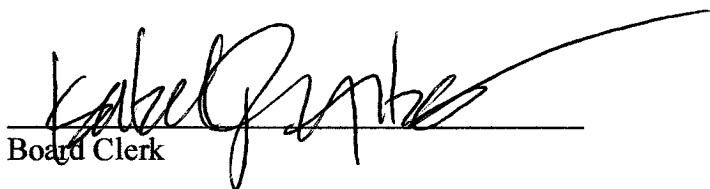
1. Pending litigation with Harvard Investments et. al., Case #CV2010000036 and #P1300CV210-01855, pending litigation with Marvin L. Kaiser et. al., Case #P1300CV201100061, a claim against the District by Alfred & Nancy Moss, Claim #AZSP210040024, and possible indemnification of the prior Board members as a part thereof;

FURTHER RESOLVED, ratifying the Governing Board's decision of October 19, 2011 to instruct its legal counsel in public session to proceed as recommended by legal counsel in executive session, in regard to the possible resolution of said pending litigation and claims, including the request for indemnification.

ADOPTED AND APPROVED this 7 day of November, 2011.


Board Chairman

ATTEST:


Board Clerk