Mountain Club Domestic Water Improvement District **Prescott, AZ**

Open Meeting Minutes

Date: October 08, 2026 **Time**: 5:30 p.m. **Location**: Mountain Club Clubhouse, 910 W. Clubhouse Dr. Prescott, AZ

Attendance

Board Members Present:

Chris Witham Doug Shepherd

Kent Erwin (by phone) Susan Rupe

Board Members Absent: Gary Volkenant

Volunteer Staff: Karyn Osterman, Gloria McConnell

1. **Call to Order** by C. Witham, Chair, at 5:30 p.m.
2. **Pledge of Allegiance**
3. **Board Roll Call**: See above.
4. **Attendee Introductions**:
   Volunteer staff: Karyn Osterman and Gloria McConnell
   Public: Two members of the public, K. Johnson and visitor Mary Gearhart were in attendance.
5. **Call to the Public (1 of 2)**: K. Johnson thanked the Board and volunteers for their continued dedication and hard work.
6. **Consent Agenda**:
   A. **Approval of September 24, 2026, minutes**: No corrections were noted.

   Motion: C. Witham moved to approve the 09/24/2026 minutes; D. Shepherd seconded the motion. Motion carried unanimously.

   Action: G. McConnell to post minutes to the District website.
7. **Reports and Correspondence**
   A. Chairperson's Report: None
   B. Treasurer's Report: C. Witham reported that complete financials were prepared by S. Ahlbrecht (Facilitation PLLC). C. Witham reported that as of September 26, the District had assets of $30,366.53, with ongoing administrative and professional expenses. (See the end of these minutes for the full report.)

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8. **Old Business**
   A. **District Insurance Policy Status**: D. Shepherd noted that he has been in touch with the Grundy Insurance representative, who requested additional information. He has also contacted World Insurance, but they have not yet replied.

   Action: D. Shepherd to prepare a list of specific coverages for Grundy and to continue to seek information from World Insurance.

B. **District Member Vehicle Insurance Policy**: C. Witham reported that he revised the policy according to previous Board discussions. The Board discussed the key changes: a) Coverage limits changed per Grundy recommendation. b) Volunteers added under the Scope paragraph. c) Proof of coverage changed to the insurance Declarations page. d) Renewal requirements modified. He also recommended this policy be kept separate from the District's Rules document and referenced therein.

Motion: C. Witham moved that the *Vehicle Insurance Policy* be adopted. S. Rupe seconded the motion. Motion carried unanimously.

Actions: C. Witham to finalize the document and post it on the District website. Also, when the District's *Rules and Rules of Procedure* document is revised, a reference to the Vehicle Insurance Policy will need to be added.

C. **Permanent Water Services Agreement**: C. Witham reported that the draft agreement has been approved and he and legal counsel have been authorized to proceed.

D. **Water Application Process for DWID Water Users**: C. Witham and Board discussed a proposed process for current water users in the District to complete a new District water service application. S. Rupe noted that two applications will be needed – one for the transition period (from City water service to District water service) and one for new owners.

Action: G. McConnell to update the application based on input from K. Osterman and S. Rupe as well as the City of Prescott application for water service.

E. **Resident-Facing Rules Document**: K. Osterman and K. Erwin have prepared a draft document for customers summarizing the District's rules for water service in user-friendly terms.

Action: At the next Board meeting, K. Erwin will present a full report on the document, including items needing policy decisions and/or Board approval.

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9. New Business

A. **Staff Volunteers**: C. Witham explained the need for specific information about the role of staff volunteers in the District's *Rules and Rules of Procedure* and *Bylaws* documents. The Board discussed a proposed new section for the *Rules* document.

Action: C. Witham to revise the section per discussion and send the revised *Rules and Rules of Procedure* document to the Board and staff volunteers before finalizing it.

B. **Customer Water Service Rules**: K. Osterman and K. Erwin may need to verify information with District contractors (AUBS and Fann) in order to complete the proposed *Water Service Rules*.

Motion: C. Witham moved to allow K. Osterman and/or K. Erwin to contact AUBS and/or Fann as needed regarding the *Water Service Rules* document. D. Shepherd seconded the motion. Motion carried unanimously.

Action: K. Osterman and/or K. Erwin to contact AUBS and/or Fann if needed.

10. Call to the Public (2 of 2): K. Johnson reiterated his appreciation for the Board members and staff. He also asked if the Board members up for election (C. Witham and D. Shepherd) would be on the upcoming ballot.

Action: C. Witham will verify the status of the election of Board members.

11. **Future Agenda Items**:

A. **Proposed Agenda Items for the Next Open Meeting**: K. Osterman mentioned the need for policies related to the "Rules" document; this will be in "Old Business" in the next agenda.

B. **Next Regular Board Meeting Date and Time**: The next meeting will be **October 22 at 5:30 p.m.**at the clubhouse. C. Witham noted that he will be out of town; S. Rupe will chair the meeting.

12. Adjournment: With no further business, the meeting adjourned at 6:14 p.m.

Respectfully submitted,

Gloria McConnell
Volunteer
Mountain Club Domestic Water Improvement District

Posted:

_____ Draft: Date: _____ Time:_____

/s/Gloria McConnell Approved: Date: 10/26/2026 Time 1:10 p.m.

Mountain Club Domestic Water Improvement District
Profit & Loss YTD Comparison
September 2026

	Sep 26	Jul - Sep 26
Ordinary Income/Expense		
Income		
Bank Dividends Earned	33.94	104.19
Total Income	33.94	104.19
Expense		
Administration Expenses		
Meeting Expenses	0.00	260.80
Printing & Office Supplies	0.00	98.92
Website, Email, File Manage...	0.00	403.98
Total Administration Expenses	0.00	763.70
Professional Services		
Legal Fees	0.00	2,909.00
Total Professional Services	0.00	2,909.00
Total Expense	0.00	3,672.70
Net Ordinary Income	33.94	-3,568.51
Net Income	**33.94**	**-3,568.51**

Mountain Club Domestic Water Improvement District
Profit & Loss Budget vs. Actual
September 2026

	Sep 26	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Water Service Charges	0.00	41,666.66	-41,666.66	0.0%
Sales Tax Revenue	0.00	3,875.00	-3,875.00	0.0%
New Service Installations	0.00	1,666.66	-1,666.66	0.0%
Transfers from Mt Club LLC	0.00	16,666.66	-16,666.66	0.0%
Customer Penalties & Interest	0.00	41.66	-41.66	0.0%
Bank Dividends Earned	33.94	10.41	23.53	326.0%
Interest Earned - Warrant Acct	0.00	4.16	-4.16	0.0%
Total Income	33.94	63,931.21	-63,897.27	0.1%
Expense				
Administration Expenses				
Bank Service Charges	0.00	166.66	-166.66	0.0%
Consulting Fees	0.00	416.66	-416.66	0.0%
Customer Collection Costs	0.00	41.66	-41.66	0.0%
Election Expenses	0.00	291.66	-291.66	0.0%
Legal Notices/Other Publicati...	0.00	83.33	-83.33	0.0%
Liability Insurance	0.00	1,775.00	-1,775.00	0.0%
Meeting Expenses	0.00	41.66	-41.66	0.0%
Organization Dues	0.00	41.66	-41.66	0.0%
Postage & PO Box Rental	0.00	483.33	-483.33	0.0%
Printing & Office Supplies	0.00	56.66	-56.66	0.0%
Sales Tax Expense	0.00	3,875.00	-3,875.00	0.0%
Travel Expenses	0.00	8.33	-8.33	0.0%
Website, Email, File Manage...	0.00	485.41	-485.41	0.0%
Total Administration Expenses	0.00	7,767.02	-7,767.02	0.0%
Professional Services				
Accounting/Financial Services	0.00	1,750.00	-1,750.00	0.0%
Auditing Fees	0.00	250.00	-250.00	0.0%
Billing Services	0.00	2,500.00	-2,500.00	0.0%
Engineering Fees	0.00	8.33	-8.33	0.0%
Legal Fees	0.00	4,166.66	-4,166.66	0.0%
Water Testing/Lab Expenses	0.00	208.33	-208.33	0.0%
Total Professional Services	0.00	8,883.32	-8,883.32	0.0%
System Operation Expenses				
New Service Installations	0.00	1,666.66	-1,666.66	0.0%
Purchased Water - Prescott	0.00	15,000.00	-15,000.00	0.0%
Registrations & Blue Stake	0.00	416.66	-416.66	0.0%
Repairs and Maintenance	0.00	12,500.00	-12,500.00	0.0%
Water Operations	0.00	2,500.00	-2,500.00	0.0%
Total System Operation Expen...	0.00	32,083.32	-32,083.32	0.0%
Miscellaneous Expenses	0.00	83.33	-83.33	0.0%
Reimbursements	0.00	83.33	-83.33	0.0%
Total Expense	0.00	48,900.32	-48,900.32	0.0%
Net Ordinary Income	33.94	15,030.89	-14,996.95	0.2%
Net Income	**33.94**	**15,030.89**	**-14,996.95**	**0.2%**

Mountain Club Domestic Water Improvement District
Balance Sheet
As of September 30, 2026

	Sep 30, 26
ASSETS	
Current Assets	
Checking/Savings	
OneAZ General Checking **8456	1,656.59
OneAZ General Savings **8438	5.00
OneAZ Money Market **8465	25,704.94
Yavapai Warrant Account	3,000.00
Total Checking/Savings	30,366.53
Total Current Assets	30,366.53
TOTAL ASSETS	**30,366.53**
LIABILITIES & EQUITY	
Equity	
Funds from MC Association	49,033.92
Unrestricted Net Assets	-15,098.88
Net Income	-3,568.51
Total Equity	30,366.53
TOTAL LIABILITIES & EQUITY	**30,366.53**

Mountain Club Domestic Water Improvement District
Reconciliation Detail
OneAZ General Checking **8456, Period Ending 09/30/2026

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						4,565.49
Cleared Transactions						
Checks and Payments - 1 item						
Check	08/27/2026	9009	Boyle, Pecharich,...	X	-2,909.00	-2,909.00
Total Checks and Payments					-2,909.00	-2,909.00
Deposits and Credits - 1 item						
Deposit	09/30/2026			X	0.10	0.10
Total Deposits and Credits					0.10	0.10
Total Cleared Transactions					-2,908.90	-2,908.90
Cleared Balance					-2,908.90	1,656.59
Register Balance as of 09/30/2026					-2,908.90	1,656.59
Ending Balance					**-2,908.90**	**1,656.59**

Mountain Club Domestic Water Improvement District
Reconciliation Detail
OneAZ Money Market **8465, Period Ending 09/30/2026

Type	Date	Num	Name	Clr	Amount	Balance
Beginning Balance						25,671.10
Cleared Transactions						
Deposits and Credits - 1 item						
Deposit	09/30/2026			X	33.84	33.84
Total Deposits and Credits					33.84	33.84
Total Cleared Transactions					33.84	33.84
Cleared Balance					33.84	25,704.94
Register Balance as of 09/30/2026					33.84	25,704.94
Ending Balance					**33.84**	**25,704.94**

Mountain Club Domestic Water Improvement District
General Ledger
As of September 30, 2026

Type	Date	Num	Name	Memo	Debit	Credit	Balance
OneAZ General Checking **8456							1,656.49
Deposit	09/30/2026			Deposit	0.10		1,656.59
Total OneAZ General Checking **8456					0.10	0.00	1,656.59
OneAZ General Savings **8438							5.00
Total OneAZ General Savings **8438							5.00
OneAZ Money Market **8465							25,671.10
Deposit	09/30/2026			Deposit	33.84		25,704.94
Total OneAZ Money Market **8465					33.84	0.00	25,704.94
Yavapai Warrant Account							3,000.00
Total Yavapai Warrant Account							3,000.00
Funds from MC Association							-49,033.92
Total Funds from MC Association							-49,033.92
Unrestricted Net Assets							15,098.88
Total Unrestricted Net Assets							15,098.88
Bank Dividends Earned							-70.25
Deposit	09/30/2026			sept dividends mone...		33.84	-104.09
Deposit	09/30/2026			checking sept divide...		0.10	-104.19
Total Bank Dividends Earned					0.00	33.94	-104.19
Administration Expenses							763.70
Meeting Expenses							260.80
Total Meeting Expenses							260.80
Printing & Office Supplies							98.92
Total Printing & Office Supplies							98.92
Website, Email, File Management							403.98
Total Website, Email, File Management							403.98
Total Administration Expenses							763.70
Professional Services							2,909.00
Legal Fees							2,909.00
Total Legal Fees							2,909.00
Total Professional Services							2,909.00
TOTAL					**33.94**	**33.94**	**0.00**

TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

Arizona Department of Revenue
PO Box 29010 - Phoenix, AZ 85038-9010
For assistance out of state or in the Phoenix area: (602) 255-3381 or
Statewide, toll free area codes 520 and 928: (800) 352-4090

Form TPT-2 is for filing periods beginning on or after June 1, 2016.

TPT-2 return is due the 20th day of the month following the month in which the transactions were conducted.

TAXPAYER IDENTIFICATION NUMBER ☐ SSN ☒ EIN: 412731320

LICENSE NUMBER: 21655620

PERIOD BEGINNING: 08/01/2026 | PERIOD ENDING: 08/31/2026

REVENUE USE ONLY. DO NOT MARK IN THIS AREA

Confirmation #: 26Z2733620074

POSTMARK DATE: 09/30/2026 | RECEIVED DATE: 9/30/2026 12:00:00 AM

TAXPAYER INFORMATION

☐ AMENDED RETURN ☐ FINAL RETURN (Cancel License) ☒ CHECK HERE AND SIGN BELOW IF YOU HAVE NO GROSS RECEIPTS TO REPORT

BUSINESS NAME: MOUNTAIN CLUB DOMESTIC WATER IMPROVEMENT DISTRICT

C/O:

MAILING ADDRESS: PO BOX 3879

CITY: PRESCOTT | STATE: AZ | ZIP CODE: 86303

☐ ADDRESS CHANGED (MAILING ADDRESS ONLY) | BUSINESS PHONE NUMBER:

☐ RS (Remote Seller) ☐ MPF (Out-of-State Marketplace Facilitator) ☐ MPFAZ (Marketplace Facilitator in Arizona)

AA	NET AZ/COUNTY TAX (PAGE 2, LINE MM, COLUMN (M))	0.00
BB	NET CITY TAX (PAGE 3, LINE RR, COLUMN (M))	0.00
CC	NET TAX DUE ON THIS RETURN (LINE AA + LINE BB = LINE CC)	0.00
DD	TPT ESTIMATED PAYMENTS TO BE USED ON THIS RETURN (JUNE RETURN ONLY, DUE IN JULY)	0.00
EE	TAX DUE NET OF TPT ESTIMATED PAYMENTS (LINE CC - LINE DD = LINE EE)	0.00
FF	TOTAL AMOUNT REMITTED WITH THIS RETURN	$ 0.00

NOTE: A TRANSACTION DETAIL PAGE IS REQUIRED OR THE RETURN WILL NOT PROCESS CORRECTLY AND PENALTIES MAY APPLY.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

☐ The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorizes the disclosure of confidential information to this individual.

Sonn Ahlbrecht
TAXPAYER PRINTED NAME

PAID PREPARER'S PRINTED NAME (OTHER THAN TAXPAYER) | PAID PREPARER'S TIN

TAXPAYER SIGNATURE | DATE

TAXPAYER PHONE NO. | TITLE | PAID PREPARER'S SIGNATURE (OTHER THAN TAXPAYER) | PAID PREPARER'S PHONE

PLEASE MAKE CHECK PAYABLE TO ARIZONA DEPARTMENT OF REVENUE

ADOR 11249 (9/19)

Electronically filed