

***Important Information Regarding the Future of the Recreation Area
and the Timbers Civic Association, Inc***

**Timbers Civic Association, Inc is moving forward to formally establish itself as
a Special Community Benefit District (SCBD)**

The Timbers Civic Association, Inc has recently established a Special Committee to move forward with the formal process to establish the Timbers Civic Association and its Recreation Area as a Special Community Benefits District (SCBD). This letter will serve to explain what a SCBD is and what its advantages are.

Questions regarding the process to establish the Timbers as a Special Community Benefits District can be directed to:

Hank Sengelaub 410-384-9622 TimbersCivicAssociation@gmail.com

This process is legally governed by **Anne Arundel County Code Article 4 Title 7 Subtitle 2 Sections 101-201**; is overseen by the Anne Arundel Office of Budget and Finance; and requires formal written approval of 2/3 of the property owners (or approval of 32 property owners of 48 total), within the Timbers Subdivision in the form of a formal petition approved by the Office of Budget and Finance.

This letter is a means to provide you with information to carefully consider and is a request for you to read and educate yourself with the documents posted on the Timbers Civic Association website. This letter also contains a timeline for establishing the SCBD and answers questions you might have.

Mike Corless has agreed to chair the Committee for establishing the Timbers Civic Association as a Special Community Benefits District (SCBD). There will be a Committee Meeting to establish the Timbers as a Special Community Benefits District on **Friday 07 August 2020 at 6:30 pm at the Recreation Area**. All are welcome to attend.

Please contact Mike Corless 301-461-8887 mikecor87@yahoo.com if you wish to serve on this committee.

Summary: Establishing the Timbers Civic Association, Inc as a SCBD is an alternative method to our current method of mailing out annual appeals and collecting voluntary donations each year from residents, to meet our annual financial obligations for maintenance, liability insurance and operating costs for the Timbers Civic Association, Inc.

As a SCBD, Anne Arundel County would collect the Timbers Civic Association annual dues as a part of a homeowner's property tax bill. The dues would then be redistributed by the Office of Taxation and Assessment to the Timbers Civic Association, Inc (minus a 5%

administrative fee from the County). The dues collected as a SCBD are used according to our budget (which the members agree upon and vote on each year) and which must be submitted to the County Council in December.

A SCBD, is formed voluntarily by a 2/3 majority of homeowners of a designated area that share in a mutual benefit – in our case it is the Recreation Area. As a SCBD we petition all of the homeowners within a specified area or plat, to become designated as a special taxing district within Anne Arundel County, in order to fund the maintenance and upkeep of the Recreation Area.

It is a much fairer way to share the burden of responsibility equally among all the houses that benefit in the SCBD for the cost of maintenance, upkeep, and insurance for the Recreation Area -- as well as pay for the administrative mailing and copying costs to run the Timbers Civic Association, Inc, -- the legal entity to whom the Recreation Area was deeded.

As homeowners inside this Special Community, the plat of the Timbers Subdivision defines the boundary. The deed to the Recreation Area further specifies lots 1-47 of the Timbers Subdivision. The property located at 1171 Rubert Circle that abuts the Recreation Area was added to the Timbers Civic Association in 2014 as per Timbers Civic Association Bylaws amendment. The total homes in the proposed Special Community Benefit District are currently 48 homes.

The process to form and establish a SCBD involves seeking formal written approval of 2/3 of the property owners within the Timbers Subdivision. This approval or vote, is in the form of a formal petition which states the purpose of the SCBD.

Before circulating petitions for signatures, the community must consult the County's Office of Budget for approval of the petition format. The Special Taxing District Coordinator will coordinate review of the petition by the County Office of Law and the State Department of Assessments and Taxation. The Special Taxing District Coordinator will notify the community association that the format and content of the petition have been approved. The Special Taxing District Coordinator will provide a list of property owners and mailing labels upon request during the petition process. The community association will then photocopy the final petition and provide each property owner with the opportunity to sign a petition.

Once approved, an individual petition is mailed to each property owner within the Special Community Benefits District to either approve or not approve the formation of a (SCBD) (see sample of petition).

Each property owner is given the opportunity to sign the petition even if they have expressed opposition to the formation of a SCBD. The county code allows one vote per tax account. If the property is jointly held, then both property owners must jointly sign the same petition to approve or oppose, but only one vote per tax account. The signed petitions are

collected, counted and sent back to the Office of Budget and Finance for verification of signatures.

If 2/3 of the homeowners agree to establish the SCBD, then at each September annual meeting, the homeowners within the SCBD would vote to approve and submit our annual operating budget to the County Council each year. The submitted budget determines, the amount of the annual self-imposed “tax” to be collected by the County Office of Taxation and Assessments each year.

The benefit of being organized this way, is that everyone within the defined district pays an equal share AND the County collects these dues as part of each homeowner’s annual tax bill. The dues are then redistributed by the county back to the Timbers Civic Association, Inc. to be used in strict accordance with our annual budget for the Recreation Area.

To be clear, forming a SCBD is **NOT** to establish a homeowner’s association, but rather to define a special community where there is some mutual benefit derived by all residents and for which there is also a shared responsibility (such as for maintenance, insurance and upkeep) among the residents.

As a SCBD, the County Office of Taxation and Assessments collects the new, self-imposed fee from all of the homeowners in the SCDB as part of the annual homeowner’s property tax bill. The County then sends the SCBD fee, minus 5% of the total collected (administrative charge by the county) -- directly to the Timbers Civic Association, Inc., to be spent in strict accordance with the SCBDs submitted annual budget developed by the Timbers Civic Association’s each year.

What Maryland laws govern forming a SCBD?

Article 4 Title 7 Subtitles 101-201 of the Anne Arundel County Code contains the laws governing the formation and governance of a Special Community Benefits District. The laws governing a Special Community Benefits District can be found on the link:

[http://www.amlegal.com/nxt/gateway.dll/Maryland/annearundelco_md/article1generalprovisions/title4recordsmanagement?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:annearundelco_md](http://www.amlegal.com/nxt/gateway.dll/Maryland/annearundelco_md/article1generalprovisions/title4recordsmanagement?f=templates$fn=default.htm$3.0$vid=amlegal:annearundelco_md)

Where can I find the documents governing how a community forms a SCBD?

Detailed information regarding how to form a Special Community Benefit District is provided in the *Special Community Benefits District County Guidelines* 2019 document published by the Anne Arundel County Office of Budget and Finance.

The *Special Community Benefits District County Guidelines* document is located on the Timbers Civic Association website and can be downloaded for additional information

If 2/3 of the petitions received are in favor of, all the petitions are sent to the County Special Taxing District Coordinator at the Anne Arundel County Office of Budget and Finance. The Special Community Benefits District tab to read and download the County Guidelines document as well as additional detailed information regarding a SCBD.

What are the benefits of forming a SCBD?

The advantages are that The Timbers Civic Association, Inc will have a known income source each year to budget maintenance and upkeep of the Recreation Area, as well as liability insurance, and administrative costs (post office box, stamps, envelopes, etc) for the Timbers Civic Association. In our case with 48 homes and \$100 per home, we will have an incoming revenue stream of \$4800 to operate each year.

Becoming a SCBD requires that the Association plan ahead and submit an annual budget to the County Council for operating costs each year. This also requires that we have an internal audit every year (as per our current bylaws) and financial statement submitted to the Office of Budget and Finance; an outside CPA audit our financial records every four years; and a 5% fee paid to the county each year of the total amount collected.

The County collects the fees for us and enforces collection. As a result, all homeowners share equally in the benefits and the responsibilities for funding the operating costs of the Timbers Civic Association and for the maintenance of the Recreation Area.

Will an SCBD help us collect any unpaid dues?

No. Unpaid dues from previous years will not be collected by the County Office of Taxation.

What if I sell my house? What if I move and rent my house?

The SCBD payment is paid according to the tax account and transfers to the new owner if the property were sold. Said another way, whoever is named on the property tax account will be responsible for paying the amount designated on the annual tax bill to Anne Arundel County. If the house is rented, the owner is still responsible for all of the tax bill which includes payment for the SCBD.

Is there any protection to prevent loss or fraudulent spending of the money on items outside our approved budget?

Yes, there are both internal controls (required as per Bylaws of the Timbers Civic

Association) and external controls (required by the County Office of Budget and Finance).

- An internal audit conducted by the finance committee each year and an audit conducted by a CPA once every four years;
- An annual financial statement required to be sent to the Office of Budget and Finance;
- Budget is voted on and approved each year in September by the members of the Timbers Civic Association.
- The money held in our bank account is required to be bonded (insured) from loss or fraud.

What is a bond for establishing a SCBD each year?

The Timbers Civic Association is required to establish a budget and must be bonded (insured) equal to the total of the budget for that year plus any additional funds in the Timbers bank account. For example, if the total projected budget were \$4800, the Timbers must be bonded for \$4800 plus the \$12,174.05 currently in the account to protect and insure the Association's fund from fraud or loss.

The most recent quote is a premium of \$234 which covers a three-year period or \$78 per year to protect the funds from fraud or loss.

I don't like the idea of the County government involved in our community affairs. What power would they have over us?

Before the annual September meeting, each homeowner has an opportunity to review and comment on the proposed budget. At the September meeting each homeowner has the opportunity to vote to approve the on the Timbers Civic Association annual budget. The budget is then submitted to the County Council votes to approve the final budget. Without their approval, they cannot levy homeowners' fees as "taxes" on an individual's tax bill. The County's involvement also provides an extra layer of protection for the homeowners – the Executive Board of the Timbers Civic Association cannot spend beyond the budget or outside the purposes set forth in the budget.

How much do we have to pay the County for their services?

We would pay the County a maximum of 5% of the total collected per year for the collection, monitoring, and tax sale services. For example, if 48 homes were charged \$100 = \$4800, the county would assess the Timbers Civic Association 5% of \$4700 or \$240 to collect the fees each year.

How do we establish a Special Community Benefits District (SCBD)?

The first step is to create a draft petition for owners of the area that is to be designated as a SCBD and submit that draft to the Anne Arundel Budget Office for approval – see attached example. In this case, the deed to the Recreation Area designates lot owners 1-47 (48 as an amendment to our Bylaws) of the Timbers Subdivision or plat.

The petition describes the geographical limits of our district and identifies the purposes for which our district was formed. The petition also limits how we can spend the SCBD taxes collected. (Please see the draft sample petition, attached to this newsletter.) Once the draft of the petition is approved by the Budget Office, each property owner within the designated district is mailed approved ballot/petition. One vote per household, but must be signed by joint property owners. Once the petitions are collected, the signatures and names are verified by the County Office of the Budget.

If 2/3 of the 48 property owners (or 32 property owners within the Timbers Subdivision) approve and their signatures verified by the Office of Budget and Finance, then the County Council can write legislation to establish the Special Community Benefits District.

Before legislation is passed, a hearing is held by County Council. After the hearing, the County Council prepares a bill establishing the Special Community Benefits District. The County Council votes on the bill, and once approved and signed by the Governor, 45 days later, our community becomes a SCBD. From that point on, the money is collected per tax account number, by the County Office of Taxation and Assessments.

What happens then?

We submit our budget to be included with the County's overall budget. The County Council votes on the budget, legislation is passed to establish the Special Community Benefits District and our new tax year begins July 1.

What is our timeline for establishing the SCBD?

July 2020 – The Board mails newsletter with updated SCBD information. Downloadable information is posted on the Timbers Civic Association website:
<https://timberscivicassn.wixsite.com/timbers-civic-assn/special-community-benefits-district>

July 30, 2020 – An informational meeting was held at the Recreation Area for all residents to discuss. A team and committee was formed to move forward and is tasked with creating a petition and completing the process to establish a SCBD. All homeowners input on this committee is encouraged. All homeowners are welcome to serve on this committee.

August 12, 2020 - The SCBD committee creates a draft petition in accordance with the document entitled “Anne Arundel County Guidelines for Establishing a Special

Community Benefits District”. The draft petition will be submitted to the Timbers Civic Association Executive Board for approval before being submitted to the Office of the Budget for content and legal sufficiency and approval.

August 14 - Executive Board reviews and approves draft petition and submits it to the County Office of Budget and Finance for approval or revision. Executive Board receives input from maintenance committee to draft annual Budget for fiscal year 30 June 2021 - 01 July 2022.

Between August 14 – Sept 10 – Executive Board receives reviewed/approved petition from the Office of the Budget. The Special District Tax Coordinator from the Office of the Budget, coordinates a review of the submitted petition with the County Office of Law and the State Department of Assessment and Taxation for content and legal sufficiency.

September 10, 2020 – Once the petition has been reviewed for content and legal sufficiency by the Office of Budget, the Timbers Special Community Benefits District Special Committee photocopies the petition and mails out the approved petition to each property owner within the Timbers Subdivision lots 1-47 and the property located at 1171 Rubert Circle, via registered mail with an enclosed self-addressed stamped envelope to ensure each homeowner in the proposed district has a vote “for” or “opposed” to establish a Special Community Benefits District.

Mid-September 2020 - Fall Annual Meeting of Timbers Civic Association Meeting to vote on proposed budget for fiscal year 30 June 2021 – 01 July 2022.

Between October 10 - October 22, 2020 – The Executive Board and SCBD Committee counts and collects the SCBD petitions from all property owners as they are mailed back. All received and signed petitions are counted in favor of or not in favor of.

October 2020 –SCBD Special Committee Benefits District team follows-up on SCBD petitions, via mail or phone, assisted by Executive Board members to collect any outstanding petitions. One vote per property, but two signatures of both property owners required, if the property is jointly held.

If 2/3 of the petitions received are in favor of, all the petitions are sent to the County Special Taxing District Coordinator at the Anne Arundel County Office of Budget and Finance.

No later than October 31, 2020 – The Executive Board submits signed SCBD petitions to County Special Taxing District Coordinator at the Anne Arundel County Office of Budget.

November 1, 2020 – The County Office of Budget receives and verifies the signatures on the petitions and that it has received 2/3 majority approval from the residents of the SCBD petitions. Sometime in November the Special Taxing District Coordinator at the Office of Budget submits request for draft legislation to the County Executive. The County Auditor's will review the petitions to ensure valid signatures, majority of votes, and determination if community association meets requirements of law and will submit their findings along with the petitions to the Council for their review and action.

December 15, 2020 – County Council advertises weeks beforehand in the local newspaper and holds a public hearing to hear proponents and opponents to establish the SCBD within the proposed Timbers SCBD. The County Council votes on SCBD legislation to re-designate the Timbers Civic Association as a Special Community Benefits District.

Before December 31, 2020 but NLT 14 January 2021 – The Executive Board of the Timbers Civic Association submits the July 1, 2021 – June 30, 2022 Timbers Civic Association SCBD budget to the County Office of the Budget.

NLT April 15 2021 - The Timbers Civic Association Treasurer files an annual Form 1, in order for the Timbers Civic Association to be considered a Corporation in good standing with the State of Maryland.

May 2021 – The County Executive will include approved SCBD budgets in the proposed County budget presented to the County Council annually on the first working day of May. The County Council will hold two public hearings on the Operating Budget, at which time these budgets are subject to discussion and comment by the public. The County Council will enact all special tax rates during May, as it does the County property tax rate and certain other rates. The County Executive submits the County's proposed budget to the County Council which now includes the Timbers Civic Association SCBD budget.

NLT 31 May 2021 -The County Council votes on the County's Budget, which includes the Timbers Civic Association Budget.

July 1, 2021 – The County begins billing and collecting Timbers Civic Association SCBD taxes in the property tax bill of each property owner within the designated Special Community Benefits District.

The County's disbursement schedule for SCBD assessments to the association does not generally occur until 30 days following the closing of the tax payment period. SCBD Taxes are not overdue until after September 30, second semi-annual amounts are due December 31. All disbursement checks are forwarded to the association treasurer or other designated officer. Typically, the Office of Finance disburses in November, February and June. Disbursements may be held by the Office of Finance if the District has not filed their financial statements, is

not in good standing with the State Department of Assessments or does not have a sufficient bond with the County.

Can we change and expand our SCBD area and purpose?

Yes, but we must follow the same petition and County Council approval process.

So it sounds like the SCBD is part of the County taxes. If that is the case, can we include them as property taxes on our personal tax returns?

You should discuss that with your tax preparer.

Are there other Special Community Benefits Districts in the Annapolis, Arnold, Severna Park Areas? Yes. There are approximately 80 Civic Associations (NOT Homeowners Associations) in the area that have formed to become Special Community Benefit Districts. Some of these organizations you may recognize: Amberley, Avondale, Annapolis Roads, Arundel on the Bay, Bay Ridge, Cape Anne, Pines on the Severn, Cape St Claire, Crofton, Indian Hills and Glen Eden, Magothy Beach, Franklin Manor, Hillsmere, Chartwell, Herald Harbor, Heritage Harbor, Epping Forest, Sherwood Forest, Snug Harbor, Oyster Harbor, Selby on the Bay, Fairwinds on the Severn.

A complete list of the organizations that have formed as Special Community Benefits Districts can be found in the Anne Arundel County Code website:

Article 4 Title 7 Subtitle 2 under section 4-7-204 Districts Established.

[http://www.amlegal.com/nxt/gateway.dll/Maryland/annearundelco_md/article1generalprovisions/title4recordsmanagement?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:annearundelco_md](http://www.amlegal.com/nxt/gateway.dll/Maryland/annearundelco_md/article1generalprovisions/title4recordsmanagement?f=templates$fn=default.htm$3.0$vid=amlegal:annearundelco_md)

SUMMARY OF ESTABLISHING A SCBD IN ANNE ARUNDEL COUNTY

If a community decides to proceed with the formation of a special taxing district, there are certain basic steps in the procedure.

- The community determines the specific purposes for which the district will be formed. Taxes may be collected only for purposes stated in the original petition and in the legislation creating the district.
- The association drafts a petition that defines: the properties that will be included in the district; the purposes for which the district is being formed; the method by which the taxes will be levied; and, the community association that will administer the expenditure of the SCBD assessments.
- The association sends the petition to the Special Taxing District Coordinator, who coordinates review of the petition for content and legal sufficiency.
- The County provides a listing of property owners along with the approved petition. The community association photocopies the final petition and offers each property owner in the proposed district the opportunity to sign a petition.
- When at least the required minimum percentage of property owners has signed petitions, the association submits the petitions to the Special Taxing District Coordinator and requests that legislation be prepared to create the district. For Special Community Benefit Districts, at least Two-Thirds of the properties.
- After the County administration reviews the petitions and approves the submission of legislation, the legislation is prepared. It is introduced at a County Council meeting and a public hearing is scheduled. The Council advertises the public hearing for four consecutive weeks in a newspaper of general circulation. The community pays for the advertisements. The County Auditor's Office will review the petitions and provide findings and petitions to the County Council for their review.
- The public hearing is held and proponents and opponents of the proposed district are offered the opportunity to share their views with the County Council. The County Council then votes on the legislation.
- If the legislation is approved, the district is officially established. The responsible association can then prepare a budget to be included in the County's next budget cycle. Taxes will be due and payable on July 1 of the fiscal year.
- SCBD assessments collected will be available for use by the association in November.

**SAMPLE Petition to Establish Timbers Civic Association, Inc. as a
Special Community Benefit District (SCBD)**

I (We), the undersigned, property owner(s) of Timbers Civic Association, hereby petition the County Council of Anne Arundel County to establish the Timbers Civic Association Special Community Benefit District, in accordance with the Anne Arundel County Code, § 4-7-202.

The limits of the proposed Timbers Civic Association Special Community Benefit District are the tax accounts recorded as plat 2285 - plat book 42 - page 10 - lots 1-47; and the property located at 1171 Rubert Circle with tax account **District - 03 Subdivision - 000 Account Number - 2128140**. Note: The property located at 1171 Rubert Circle is included as part of the Timbers Civic Association, as per amendment to 2014 Timber Civic Association Bylaws. The properties are shown on the tax maps of the Maryland State Department of Assessments and Taxation.

The purposes of the district are to maintain and improve community property, including utilities for the Timbers Recreation Area. Maintenance and improvement include, but are not limited to providing:

- Recreation Area maintenance
- Recreation Area development and improvement
- Community activities;
- Liability Insurance
- Crime Bond Insurance (to protect funds from loss)
- Administrative expenses incidental to carrying out the above activities, including, postage and mailing, auditing, legal fees.
- Emergent needs such as legal costs or emergency tree removal at the Recreation Area.

It is requested that the method of taxation be a uniform assessment per tax account.

The Timbers Civic Association, Inc., a civic or community association that meets the criteria set forth in the Anne Arundel County Code, § 4-7-101(d), shall be responsible for administering the special community benefit district assessments in furtherance of the purposes of the Timbers Civic Association Special Community Benefit District.

I (We), the undersigned, affirm under the penalties of perjury that I am (we are) the owner(s) of the property whose address is _____ within the proposed Timbers Civic Association Special Community Benefit District.

**PLEASE SIGN YOUR FULL NAME AS IT APPEARS ON YOUR DEED.
IF YOU ARE UNSURE, SPELL OUT YOUR FIRST, MIDDLE AND LAST NAMES. ALL OWNERS OF
RECORD MUST SIGN.**

Signature and Printed Name **Date**

Signature and Printed Name **Date**

YES _____ in favor of establishing a SCBD

NO _____ not in favor of establishing a SCBD