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CHAPTER 503

SCHOOL BUILDING AUTHORITY

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§ 3501. Short title

Sections 3501 to 3517 shall be known and may be cited as the "Maine School Building Authority Act."

R.S.1954, c. 41, § 243.

§ 3502. Purpose

A general diffusion of the advantages of education being essential to the preservation of the rights and liberties of the people; to aid in the provision of public school buildings in the State, the "Maine School Building Authority," as heretofore created, is authorized and empowered to construct, acquire, alter or improve public school buildings and to issue revenue bonds of the authority, payable from rentals to finance such buildings and when paid for by said rentals to convey them to the lessee towns or other administrative units.

R.S.1954, c. 41, § 244; 1957, c. 364, § 100.

§ 3503. State credit not pledged

Revenue bonds issued under sections 3501 to 3517 shall not be deemed to constitute a debt of the State of Maine nor a pledge of the credit of the State, but such bonds shall be payable solely from the funds provided therefor, and a statement to that effect shall be recited on the face of the bonds.

R.S.1954, c. 41, § 245.

§ 3504. Organization of authority

The "Maine School Building Authority," heretofore created and established a body corporate and politic, is constituted a public instrumentality of the State, and the exercise by the authority of the powers conferred by sections 3501 to 3517 shall be deemed and held to be the performance of essential governmental functions. The Maine School Building Authority shall consist of 8 members, including the Governor, the Commissioner of Education, one member of the committee on education to be appointed by the President of the Senate, and one member of the State Board of Education to be appointed by the Governor, to serve during their incumbency in said offices, and 4 members at large appointed by the Governor for a period of 5 years, and said authority shall constitute a body corporate and politic. The appointment by the President of the Senate shall be in writing and it shall be filed in the office of the Secretary of State. A vacancy in the office of an appointive member, other than by expiration, shall be filled in like manner as an original appointment, but only for the remainder of the term of the retiring member. Appointive members may be removed by the Governor and Council for cause. Members of the authority appointed by the Governor shall hold their respective offices until their successor is appointed and qualified. All members appointed by the Governor and the member appointed by the President of the Senate shall take the oath required of civil officers by the Constitution and make return of same to the office of the Secretary of State. The commissioner shall be chairman of the authority. The authority shall elect one of its members as vice-chairman, and shall also elect a secretary and treasurer who need not be a member of the authority, to serve at the pleasure of the authority. The secretary and treasurer shall be bonded as the authority shall direct. Five members of the authority shall constitute a quorum and the affirmative vote of 4 members shall be necessary for any action taken by the authority. No vacancy in the membership of the authority shall

impair the right of the quorum to exercise all rights and perform all the duties of the authority.

All members of the authority shall be reimbursed for their actual expenses necessarily incurred in the performance of their duties and all members, except the Governor and the Commissioner of Education, shall receive, in addition, \$10 per day for services actually rendered.

R.S.1954, c. 41, § 246; 1957, c. 362, § 1.

§ 3505. Definitions

As used in sections 3501 to 3517, the following words and terms shall have the following meanings, unless the context shall indicate another or different meaning or intent:

1. Authority. "Authority" shall mean the Maine School Building Authority created by sections 3501 to 3517.

2. Cost. "Cost" as applied to a project shall embrace the cost of construction or acquisition, the cost of the acquisition of all land, rights-of-way, property, rights, easements and interests acquired by the authority for such construction or acquisition, the cost of demolition or removing any buildings or structures on lands so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all furnishings and equipment, financing charges, insurance, interest prior to and during construction and, if deemed advisable by the authority, for one year after completion of construction, cost of architectural and legal expenses, plans, specifications, estimates of cost, administrative expense and such other expense as may be necessary or incident to the construction or acquisition of the project, the financing of such construction or acquisition and the placing of the project in operation. Any obligation or expense hereafter incurred in connection with the construction or acquisition of a project may be regarded as a part of the cost of such project.

3. Project or school project. "Project" or the words "school project" shall mean a public school building or buildings or any extension or enlargement of the same, including land, furniture and equipment for use as a public school or public schools, together with all property, rights, easements and interests which may be acquired by the authority for the construction or the operation of such project.

4. **School building.** "School building" shall mean, but shall not be limited to, any structure used or useful for schools and playgrounds, including facilities for physical education.

5. **Town.** "Town" or "towns" include cities and plantations.

R.S.1954, c. 41, § 247.

§ 3506. Powers

The authority is authorized and empowered:

1. **Bylaws.** To adopt bylaws for the regulation of its affairs and the conduct of its business;

2. **Seal.** To adopt an official seal and alter the same at pleasure;

3. **Office.** To maintain an office at such place or places within the State as it may designate;

4. **Sue and be sued.** To sue and be sued in its own name, plead and be impleaded; any and all civil actions against the authority shall be brought only in the county in which the principal office of the authority shall be located;

1961, c. 317, § 88.

5. **Construct, repair, or alter school projects.** To construct or acquire, extend, enlarge, repair or improve school projects at such locations within the State as may be determined by the authority, when the school directors of any school administrative district have certified the need therefor to the authority, or the superintending school committee of any administrative unit or the community school committee of a community school district has certified the need therefor to the municipal officers of such administrative unit or the trustees of such community school district, respectively, together with their recommendation for the procurement of new, additional or different public school buildings, and such recommendation has been approved by such municipal officers or trustees, respectively, and by the state board;

1957, c. 364, § 101; c. 443, § 34; 1961, c. 366, § 16.

6. **Revenue bonds.** To issue revenue bonds of the authority for any of its corporate purposes, payable solely from the rentals and revenues pledged for their payment, and to refund its bonds, all as provided in sections 3501 to 3517; and to secure any issue of such bonds by a trust agreement by and between the authority

and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State;

7. Temporary loans. To make temporary loans to finance individual projects until such time as the authority may deem it advantageous to issue revenue bonds on said projects;

8. Rentals and charges. To fix, alter, charge and collect rentals and other charges for use of school projects financed under sections 3501 to 3517 at reasonable rates to be determined by it for the purpose of providing for the payment of the expenses of the authority, the improvement, repair and maintenance of such projects, the payment of the principal of and the interest on its revenue bonds, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such bonds;

9. Acquire and dispose of property. To acquire, hold and dispose of real and personal property in the exercise of its powers and the performance of its duties under sections 3501 to 3517;

10. Acquire land; eminent domain. To acquire in the name of the authority, by purchase or otherwise, on such terms and conditions and in such manner as it may deem proper, or by the exercise of the power of eminent domain, such lands or rights therein as it may deem necessary for carrying out sections 3501 to 3517. The power of eminent domain conferred on the authority is restricted to 25 acres for any one project and the authority in exercising its right of eminent domain shall be governed by Title 35, chapter 263;

11. Contracts, leases and agreements. To make and enter into all contracts, leases and agreements necessary or incidental to the performance of its duties and the execution of its powers under sections 3501 to 3517;

12. Utilize services of other departments; employees. To utilize the services of agencies and departments of the State whenever feasible, and to employ such other persons and agents as may be necessary in its judgment, and to fix compensations;

13. Supplement lease agreements. As funds are appropriated, the authority may make a grant to an administrative unit where the borrowing capacity of the unit, the lease rental policies of the authority, and any other available funds are not sufficient in total to finance the minimum classroom facilities needed. Determination of eligibility shall be pursuant to such reasonable rules and regulations as the authority shall make and its de-

termination shall become final upon approval of the Governor and the Executive Council. Any grant of state appropriated funds made under this section shall be considered as matching funds for any federal law requiring matching funds for school construction assistance. The authority is empowered to make an additional grant to administrative units extending school opportunities to children living in unorganized territory by adding to the grant as determined above the percentage thereof ascertained by dividing the number of pupils enrolled from unorganized territory on April 1st preceding by the total enrollment reported in the latest annual report required under section 966.

It is the intent of the Legislature that grants of funds to administrative units under this subsection shall be made only as supplementary financial aid to those administrative units which cannot finance minimum needed classroom facilities within the maximum loan limit policy of the authority. Aid granted hereunder is not to be considered as establishing a precedent for granting general capital outlay funds for school construction.

1955, c. 474, § 1; 1957, c. 364, § 102; 1961, c. 264, § 3.

14. Other acts. To do all acts and things necessary or convenient to carry out the powers expressly granted in sections 3501 to 3517.

R.S.1954, c. 41, § 248; 1955, c. 474, § 1; 1957, c. 364, §§ 101, 102; c. 443, § 34; 1961, c. 264, §§ 2, 3; c. 317, § 88; c. 366, § 16.

§ 3507. Contracts with administrative units

The authority may authorize any administrative unit, subject to the supervision and approval of the authority, to design and construct any project and to acquire necessary land, furnishings and equipment therefor. Any administrative unit is authorized to convey to the authority property, rights, easements and any other interests, which may be necessary or convenient for the construction and operation of any project and upon such terms as may be agreed upon between the authority and administrative unit. Any administrative unit, notwithstanding the prior creation of a school district coterminous with said administrative unit may contract with the authority for the lease or use of any project financed under sections 3501 to 3517 for such period and for such consideration and on such terms and conditions as such administrative unit and the authority shall determine to be in the public interest, and all rentals or other charges provided by any such contract to be paid for the lease or use of such project shall be

deemed to be current operating expenses of the administrative unit, but shall be excluded in the computation for state school subsidy. If an administrative unit shall be delinquent in its payments to the authority, the department shall make payment to the authority in lieu of such administrative unit from any amounts properly payable to such administrative unit by such department, not exceeding the amount then presently due to the authority from such administrative unit. If the amounts properly payable to such administrative unit shall be less than the amount then presently due to the authority from such community school district, the department shall make payment of the balance to the authority from the amounts properly payable to the participating towns in such community school district, the amount to be withheld from each of said towns to be such portion of the balance as that town's state valuation bears to the total state valuation of all the participating towns.

No contract, lease or agreement between an administrative unit and the authority shall be valid unless first approved by the vote of a majority of the residents of a town voting on this question, or of each town involved in the case of a community school district voting on this question, or by the residents of a School Administrative District in the manner provided in section 225. Notwithstanding any other law, any delay in the actual completion of a project beyond the date as estimated by the authority for such completion or any damage to or destruction of the whole or any portion of any project shall not operate to relieve the administrative unit of its obligation to pay the rentals and other charges as provided in such contract, lease or agreement. Any such contract, lease or agreement heretofore entered into in accordance with this section is ratified and confirmed.

R.S.1954, c. 41, § 249; 1957, c. 364, § 103; c. 443, § 35; 1959, c. 353, § 22.

§ 3508. Revenue bonds

The authority is authorized to provide by resolution, at one time or from time to time, for the issuance of revenue bonds of the authority but not to exceed \$25,000,000 outstanding at any one time for the purpose of paying all or any part of the cost of any project or projects and for any purpose authorized in sections 3501 to 3517. The principal of and the interest on such bonds shall be payable solely from the funds provided for such payment. The bonds of each issue shall be dated, and shall bear interest at such rate or rates, not exceeding 5% per year, shall mature at

such time or times not exceeding 40 years from their date or dates, as may be determined by the authority and may be made redeemable before maturity, at the option of the authority, at such price or prices and under such terms and conditions as may be fixed by the authority prior to the issuance of the bonds. The authority shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. The bonds shall be signed by the chairman of the authority or shall bear his facsimile signature, and the official seal of the authority shall be impressed thereon and attested by the secretary and treasurer of the authority, and any coupons attached thereto shall bear the facsimile signature of the chairman of the authority. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. All bonds issued under sections 3501 to 3517 shall have and are declared to have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State. The bonds may be issued in coupon or in registered form, or both, as the authority may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The authority may sell such bonds in such manner, either at public or at private sale and for such price as it may determine to be for the best interests of the authority, but no such sale shall be made at a price so low as to require the payment of interest on the money received therefor at more than 5% per year, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values; excluding from such computation the amount of any premium to be paid on redemption of any bonds prior to maturity.

The proceeds of the bonds shall be used solely for the payment of the cost of the projects and shall be disbursed in such manner and under such restrictions, if any, as the authority may provide in the resolution authorizing the issuance of such bonds or in any trust agreement securing the same.

Prior to the preparation of definitive bonds, the authority may, under like restrictions, issue interim receipts, notes or tem-

porary bonds, with or without coupons, which may be exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The authority may provide for the replacement of any bonds which shall become mutilated or shall be destroyed or lost. Bonds may be issued under sections 3501 to 3517 without obtaining the consent of any department, division, commission, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by sections 3501 to 3517.

R.S.1954, c. 41, § 250.

§ 3509. Trust funds

Notwithstanding any other law, all moneys received pursuant to the authority of sections 3501 to 3517, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in sections 3501 to 3517. The resolution authorizing the bonds of any issue or any trust agreement securing such bonds shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as sections 3501 to 3517, and such resolution or trust agreement may provide.

R.S.1954, c. 41, § 251.

§ 3510. Remedies

Any holder of bonds issued under sections 3501 to 3517, or any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent the rights herein given may be restricted by such trust agreement, may, by civil action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State or granted hereunder or under such trust agreement or the resolution authorizing the issuance of such bonds, and may enforce and compel the performance of all duties required by sections 3501 to 3517, or by such trust agreement or resolution to be performed by the authority or by any officer thereof.

R.S.1954, c. 41, § 252; 1961, c. 317, § 89.

§ 3511. Revenue refunding bonds

The authority is authorized to provide by resolution for the issuance of revenue refunding bonds of the authority for the purpose of refunding any bonds then outstanding which shall have been issued under sections 3501 to 3517, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds; and, if deemed advisable by the authority, for the additional purpose of constructing enlargements, extensions or improvements of the project or projects in connection with which the bonds to be refunded shall have been issued or constructing or acquiring any additional project or projects. The issuance of such bonds, the maturities and other details thereof, the rights of the holders thereof and the rights, duties and obligations of the authority in respect of the same shall be governed by sections 3501 to 3517, insofar as the same may be applicable.

R.S.1954, c. 41, § 253.

§ 3512. Transfer to administrative units

When the bonds issued under sections 3501 to 3517 in connection with any project and the interest thereon shall have been paid or a sufficient amount for the payment of such bonds and the interest thereon to the maturity thereof shall have been set aside in trust for the benefit of the bondholders, such project shall be conveyed by the authority to the lessee administrative unit.

R.S.1954, c. 41, § 254; 1957, c. 364, § 104.

§ 3513. Preliminary expenses

The board is authorized in its discretion and with the approval of the authority to expend out of any funds available for the purpose, such moneys as may be necessary for any preliminary expenses of the authority, including architectural and other services, and all such expenses incurred by the board prior to the issuance of revenue bonds under sections 3501 to 3517 shall be paid by the board and charged to the appropriate project or projects and the board shall keep proper records of accounts showing each amount so charged. Upon the issuance of revenue bonds for any project or projects, the funds so expended by the board in connection with such project or projects shall be reimbursed to the board from the proceeds of such bonds.

R.S.1954, c. 41, § 255.

§ 3514. Bonds eligible for investment

Revenue bonds and revenue refunding bonds issued under sections 3501 to 3517 are made securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, trust companies and their commercial departments, banking associations, investment companies, savings banks, executors, trustees and other fiduciaries, and all other persons who are now or may hereafter be authorized to invest in bonds or other obligations of a similar nature, may properly and legally invest funds, including pension and retirement funds or capital under their control or belonging to them. Such bonds are made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds may be authorized by law.

R.S.1954, c. 41, § 256.

§ 3515. Additional method

Sections 3501 to 3514 shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing. The issuance of revenue bonds or revenue refunding bonds under sections 3501 to 3517 need not comply with the requirements of any other law applicable to the issuance of bonds.

R.S.1954, c. 41, § 257.

§ 3516. Liberal construction

Sections 3501 to 3517, being necessary for the welfare of the State and its inhabitants, shall be liberally construed to effect the purposes thereof.

R.S.1954, c. 41, § 258.

§ 3517. Exemption from taxation

As the exercise of the powers granted by sections 3501 to 3517 will be in all respects for the benefit of the people of the State and for the improvement of their educational facilities, and as projects constructed under said sections constitute public property, the authority shall not be required to pay any taxes or assessments upon any of its property or any project or any part

thereof, or upon the income therefrom, and any bonds issued under sections 3501 to 3517, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation within the State.

R.S.1954, c. 41, § 259.

§ 3518. State aid for school construction

To provide further incentive for the establishment of larger School Administrative Districts, the commissioner shall allocate state financial assistance to School Administrative Districts on school construction approved subsequent to the formation of such districts, and on school debts, and Maine School Building Authority leases assumed by the district. The state obligation on assumed debts and Maine School Building Authority leases shall not extend beyond 25 years from the original date of the unit's obligation and shall not apply to obligations made prior to August 28, 1957. No financial assistance shall be paid until the school construction has been completed and a full report of the cost of said construction and other expenses for capital outlay purposes is made to the commissioner. The report shall be in such form as the commissioner shall determine and shall include, but not be limited to, the following: The amount of money contributed by the district, the amount of money borrowed for capital outlay purposes, the time within which said borrowed funds are to be repaid and the total amount to be repaid and the amount to be repaid each year, the amount of interest to be paid each year and the rate of interest, the amount of rental due the Maine School Building Authority under lease agreement between the Maine School Building Authority and the district. On the basis of all the reports on file in the office of the commissioner on November 1st of each year, the commissioner shall determine the total amount to be paid to all of the School Administrative Districts and other eligible administrative units in that year, for capital outlay purposes, and shall apportion out of moneys appropriated for this purpose, in December of that year, to the School Administrative Districts and other eligible administrative units, the same percentage of each administrative unit's expenditures for capital outlay purposes including principal and interest payments and any rental payments under lease agreements between the administrative units and the Maine School Building Authority as each administrative unit would be entitled to receive in that year based on Table II of section 3723. In addition to the foregoing, if the district has contributed money to defray all or part of the

cost of capital outlay construction, the commissioner shall determine the amount payable to the district for this expenditure; but the commissioner shall have the discretion to pay the entire amount due in one year or he may determine that payment shall be made over a period not to exceed 5 years. The commissioner, after making a determination as to the payment period, may change the payment period to a shorter period than his original determination, but shall not have the power to extend the payment period after his original determination.

Said apportionment shall apply similarly to payments made for capital outlay purposes on school construction, approved by the commissioner after August 28, 1957, in single municipality administrative units where the April 1st enrollment of resident and tuition pupils in grades 9 through 12 for that year is over 700 pupils and in smaller administrative units when in the judgment of the Legislature, on recommendation of the board, the formation of a School Administrative District by consolidation is not geographically or educationally practical. Any municipality qualifying for school construction aid under this section by virtue of receiving tuition students from surrounding municipalities must render at least 2 years' notice to the sending municipalities before discontinuing such acceptance.

When a municipality having more than 100 resident pupils educated at public expense in grades 9 through 12 has contracted with a School Administrative District to educate all of the pupils in said district in grades 9 through 12, for a period of from 5 to 20 years, said municipality shall, during the life of said contract, be paid out of moneys appropriated and apportioned for the purposes of this section, the percentage of said municipality's expenditures for capital outlay purposes as it would be entitled to receive in that year based on Table II of section 3723.

"Capital outlay purposes" as the term is used in this Title shall mean the cost of new construction, expansion, acquisition or major alteration of a public school building, the cost of acquisition of all land or interest therein of any nature or description for such construction, expansion, acquisition or major alteration, and any legal appraisal or surveyors' fees or services with relation thereto, the cost of demolition, of removing any buildings or structures on land so acquired, the cost of furnishings and equipment, financing charges, insurance during construction, cost of architectural, engineering and other legal expenses, plans, specifications, estimates of costs, and such other expense as may be necessary and incidental to any construction, expansion, acquisi-

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tion or major alteration of a public school building and the placing of such a building in operation.

The term "school building" as used in this section shall mean, but not be limited to, any structure used or useful for schools and playgrounds, including facilities for physical education.

The term "major alteration" as used in this section shall mean the cost of converting an existing public school building to the housing of another or additional grade level group, or providing additional school facilities in an existing public school building but shall not include the restoration of an existing public school building or piece of equipment within it, to a new condition of completeness or efficiency from a worn, damaged or deteriorated condition.

1957, c. 364, § 1; c. 443, § 1; 1959, c. 353, § 21; 1961, c. 215, §§ 1, 2; c. 294; c. 363; c. 417, § 131.