

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FOURTH LEGISLATURE

Legislative Document

No. 562

H. P. 438

House of Representatives, February 4, 1969

Referred to Committee on Legal Affairs. Sent up for concurrence and ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Williams of Hodgdon.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-NINE

AN ACT to Create Hospital Administrative District No. 3 in Aroostook and Penobscot Counties.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. Incorporation; purposes. The inhabitants of and the territory within the Towns of Island Falls, Crystal, Hersey, Sherman, Benedicta, Silver Ridge Township, Dyer Brook, Oakfield, Smyrna, Merrill and Moro Plantation in Aroostook County, and the Towns of Patten, Stacyville and Mt. Chase Plantation in Penobscot County, or any combination of said towns are constituted and confirmed a body politic and corporate to be known as "Hospital Administrative District No. 3" for the benefit and welfare of the inhabitants of the district and for the following purposes: To acquire or construct, extend and improve a community general hospital, which may include extended care facilities, to be located within the district for the care of the inhabitants of said district and those persons outside the district who may require medical care; for the purpose of maintaining and operating a hospital, including extended care facilities, and providing generally for the health and medical needs of patients; for the purpose of receiving, accepting and holding gifts, grants or devises of property, real, personal or mixed, in trust or otherwise, to be used for the hospital and related hospital, medical and surgical purposes; all for the benefit of the inhabitants of said district.

Sec. 2. Directors; powers and duties; limitations. The district shall be governed by a board of directors, composed of one member from each town, except for the Towns of Island Falls, Patten, Sherman, Stacyville and Oakfield, each of which towns shall have 2 directors. These members shall be elected by popular vote at the town meeting in each town. The term of office

shall be 3 years. In the first year of organization, $\frac{1}{3}$ of the members shall be elected for one year, $\frac{1}{3}$ for 2 years and $\frac{1}{3}$ for 3 years. At the first meeting of the board of directors, the appointments of one-year, 2-year and 3-year terms shall be determined.

The board of directors shall constitute the governing body of the district. They shall be responsible for providing a hospital physical plant equipped and staffed to maintain the needed facilities and services for patients. The governing body shall adopt bylaws in accordance with legal requirements; it shall meet at regular, stated intervals; it shall appoint necessary committees as indicated for special purposes; it shall establish a formal means of liaison with the hospital medical staff by a joint conference committee; it shall appoint members of the medical staff and a qualified hospital administrator.

No section of this agreement shall be construed to restrict the right to apply for the attending staff of any individual qualified to practice medicine and surgery under the laws of the State of Maine.

Any vacancy upon the board of directors, occurring because of resignation or other loss of a member, shall be filled by appointment by the selectmen of the town involved, this appointment to be effective until the next town meeting.

Each year the board of directors shall elect a president, a treasurer and a secretary. Upon appointment of a hospital administrator, he will serve as secretary ex officio for the board.

Each member of the board of directors may be paid \$8 for each official meeting of the board that he attends, and no director shall be employed by the hospital district. The treasurer may in addition be paid an annual salary, the stipend to be determined.

Sec. 3. How financed. To procure funds for such purposes of the district as are stated in section 1 or for refunding outstanding bonds or notes of the district, but not for any expense of operation, the board of directors of said district is authorized, by a vote of not less than a majority of all of said directors, to borrow money from time to time and to issue bonds in the name and on the full faith and credit of the district; provided the district shall not incur a total bonded indebtedness at any one time outstanding in excess of \$500,000. Each bond shall have inscribed upon its face the words "Hospital Administrative District No. 3" and shall bear an impression of the district's seal. Each bond shall be dated at such time, be in such denomination, bear such rate of interest, payable semi-annually, be in such form, subject to the provisions of this Act, and be sold at not less than par and accrued interest to date of delivery in such manner, at public or private sale, as shall be determined by a majority vote of all of said directors. Each issue of bonds shall mature in annual installments, which shall be in equal or diminishing amounts or shall be so arranged that payments of principal and interest in each year in which principal payments are made, are substantially equal, or as nearly so as may be and still maintain annual principal payments in multiples of \$5,000. The first installment of any issue of bonds shall mature not later than

3 years from the date of such issue and the last installment shall mature not later than 25 years therefrom. Bonds may be callable, in whole or in part, on any interest payment date, with or without premium, but no bonds shall be called for redemption unless a sum sufficient to pay on the redemption date the principal of and interest on bonds so called for redemption plus any premium due thereon, has been deposited in trust for the benefit of the holders of such bonds. The proceeds arising from the sale of bonds issued under the authority of this Act shall be delivered to the district treasurer or, in the case of refunding bonds, to any extent required, to a bank or trust company in trust for the holders of the obligations being refunded, and such proceeds shall be expended only for the purpose or purposes for which such bonds were authorized hereunder. Bonds or other obligations of the district being refunded, for the payment of which together with interest thereon to the date of redemption and premium, if any, due thereon, a sufficient sum has been deposited in trust for the benefit of the holders of such bonds or notes or other obligations as hereinbefore provided, shall not be deemed to be outstanding for the purpose of the limitation contained in the first sentence of this section. No purchaser of any bonds issued under the authority of this Act shall be in any way responsible for the proper application of the proceeds derived from the sale thereof. All bonds and notes issued by the district shall be signed by the treasurer and countersigned by the president and the coupons appended to bonds shall be attested by the facsimile signature of the treasurer printed thereon. Whenever the district has authorized the issuance of bonds under this Act, it may authorize the issuance of temporary notes in anticipation of the receipt of the proceeds from the sale of such bonds. Such notes may be issued for a period of not more than 2 years, but notes issued for a shorter period of time may be renewed by the issuance of other notes, provided that the period from the date of the original note to the maturity of the last note issued in renewal shall not exceed 2 years. The term of such note shall not be included in computing the time within which such bonds must mature. The proceeds of such temporary notes shall not be invested pending their use.

Said bonds, or any notes issued in anticipation of the issuance thereof, or in anticipation of any taxes levied hereunder, shall be legal obligations of said district, which is hereby declared to be a quasi-municipal corporation within the meaning of the Revised Statutes, Title 30, section 5053, and all the provisions of said section shall be applicable thereto. Said bonds and notes shall be legal investments for savings banks.

Sec. 4. Referendum on bond issues. When the directors shall have authorized the issue of any bonds, an attested copy of the vote of the directors shall be forthwith filed with the municipal officers of each of the towns within the district and published in a newspaper, having a circulation in the district, not later than 10 days following the day on which the vote was adopted by the directors, together with a statement indicating that such vote will become effective, unless before the expiration of 7 days from the date on which a copy of the vote was first published, the president or the secretary of the board of directors shall have received a petition signed by at least 10% of the residents in the district eligible to vote on the date the directors' vote was adopted,

requesting that the question of whether bonds be issued by the district be submitted to the voters of the district. Said statement shall also state the name and address of the president and secretary of the board of directors. A vote of the directors authorizing an issue of bonds under this Act shall not become effective before the expiration of 7 days from the date upon which the vote and statement are published. If within said period, a petition, signed by at least 10% of the residents in the district eligible to vote on the date that the issuance of bonds by the directors was adopted as shown by the district's voting list, shall be filed with the president or the secretary of the board of directors, asking that the question of whether such bonds to be issued be submitted to the voters of the district, such vote of the directors shall be further suspended from becoming effective and the directors shall immediately reconsider such vote. If such vote is not rescinded by the directors, the question of whether such bonds shall be issued shall be submitted by the directors to the voters of the district at a special meeting of the qualified voters in the district to be held in said district within 60 days of the receipt of the aforementioned petition. Said special meeting shall be called and held as provided in section 10, except that the notice shall set forth the vote of the directors authorizing said bonds the approval or disapproval of the issue of which is to be submitted to the voters of the district, together with the proposed form of the ballot to be used at such special meeting. At such special meeting a vote on the question of whether such bonds shall be issued shall be voted on by ballot, the form of which shall be substantially as follows:

OFFICIAL BALLOT

HOSPITAL ADMINISTRATIVE DISTRICT NO. 3

Shall bonds of Hospital Administrative District No. 3 be issued in the amount of \$ _____, bearing interest not to exceed _____ per cent for the purpose of procuring funds for the following purposes, viz: (Insert brief description of purpose for which bonds are to be sold)?

If in favor of bond issue, make a cross (X) or check mark (✓) in this square Yes

If opposed to the bond issue, make a cross (X) or check mark (✓) in this square No

If a majority of the qualified voters voting at such meeting approve the issue of said bonds, the vote of the directors authorizing said bonds shall become effective; if not so approved, said vote shall be null and void. The voters qualified to vote at said special meeting shall be determined by use of the district voting list.

Sec. 5. District voting list. The board of directors of the district shall appoint a resident of said district to make and keep a voting list of all residents in the district eligible to vote. This person shall be known as the registration clerk. The registration clerk shall compile his voting list from the voting list of all municipalities lying within the district. At least 2 days before any meeting at which the inhabitants of the district are called upon to vote, the registration clerk shall bring this voting list up to date by com-

paring his list with those voting lists found in the towns of the district by making such additions and deletions as he finds necessary. No additions or deletions shall be made in the 2-day period prior to said meeting.

Sec. 6. Authority to issue temporary notes in anticipation of taxes. In any fiscal year, in anticipation of taxes assessed or to be assessed for such year, the board of directors of the district may, by a vote of a majority of its members, authorize the borrowing of money by the issuance and sale of temporary notes of the district. If taxes have not been levied in such year, the amount of borrowing shall not exceed 50% of the approved budget in the preceding year. If taxes have been levied in such year, the amount of such borrowing shall not exceed in the aggregate the total amount of the approved budget in the current fiscal year less the amount thereof collected in the participating towns and paid to the treasurer of the board of directors. Such temporary notes of the district may be issued for a period of not more than one year and any such temporary notes may be renewed from time to time by the issue of other temporary notes, provided the period from the date of issue of the original note to date of maturity or last renewal thereof shall not be more than one year. Notes in anticipation of taxes which are not paid at the end of the year shall be included in the following year's budget as an expenditure and an amount sufficient to pay said notes shall be assessed and collected as provided in section 9. Notwithstanding any provision in section 9 to the contrary, said amount shall not be reduced. The board of directors of the district may, by vote of a majority of its members, authorize the borrowing of money by the issuance and sale of temporary notes of the district in anticipation of revenues. Such notes, issued during the first year of operation as a Hospital Administrative District, shall not exceed, in the aggregate, the sum of \$100,000. In any subsequent year, the board of directors of the district may, by vote of a majority of its members, authorize the borrowing of money by the issuance and sale of temporary notes of the district in anticipation of revenues but said notes shall not exceed, in the aggregate, the total amount of the accounts receivable of the district and shall not be issued to exceed a period of one year.

Sec. 7. Agreements for financial assistance authorized. Said district is authorized, by vote of at least a majority of all the directors, to enter into an agreement with the State or Federal Government or any agency thereof or of any corporation or board authorized by the Federal Government or the State of Maine to loan money to or to otherwise assist in the financing of such projects as the district is authorized to finance by the issue of bonds as may be necessary or desirable to accomplish such purposes. The right to enter into such agreement shall be subject to the right of referendum preserved to the voters in section 4, if the district incurs liability under any such agreement, and the provisions of section 4 shall apply so far as apt to a special meeting called and held for the purpose of such referendum.

Sec. 8. Hospital rates; sinking fund. The board of directors shall require all persons hospitalized in any hospital or hospitals of the district to pay to the treasurer of said district the rates established by said board of directors for hospital care. The directors may set rates that are lower for inhabitants

of the district than for those hospitalized persons who reside outside the district. Such rates shall be so established, subject to other provisions of this Act, so as to provide revenue for the following purposes :

1. **Expenses.** To pay the current expenses of operating and maintaining the hospital owned by said district and to provide for any necessary equipment or facilities and for additions or renewals of same. The directors, in their discretion, may establish depreciation reserves as well.

2. **Interest.** To provide for the payment of the interest on the indebtedness created or assumed by the district.

3. **Principal.** To provide each year a sum equal to pay the principal payable in such year on any outstanding obligations issued by the district or to pay the principal obligations payable in such year under any contract entered into pursuant to section 7.

4. **Surplus.** If any surplus remains at the end of the year, it may be transferred to an account for the purpose of paying off the principal or interest on any outstanding obligation or it may be set aside in a surplus account.

Sec. 9. Annual reports and budget; levy of taxes. The fiscal year of the district shall be the calendar year. At the close of the fiscal year and not later than January 31st, the directors shall annually make a report of their doings, showing the financial condition of the district and other matters pertaining to the district as shall show the inhabitants of the district how said directors are fulfilling the duties and obligations of the respective trusts. The report shall also include the amount of income from patients and other sources during that fiscal year and also the sum required each year to meet the bonds or notes falling due and what further sum is necessary to meet the interest on said bonds or notes or other obligations of the district and all other expenses necessary for the operation of the district, including temporary loans. Copies of said report shall be filed with the municipal officers of each town within the district and may be distributed to the voters of the district by the respective towns in the same manner as is provided for town reports. The cost of printing such reports shall be included in the operating budget of the district.

To the extent that the directors may decide that the district cannot operate within its income according to the hospital rates set by it, the directors shall determine what sum of money should be raised by taxation for (a) payment of principal payable in such year on outstanding bonds or notes or other obligations of the district; (b) payment of interest on the indebtedness created or assumed by the district; and (c) other specified expenses of the district, and, if the sum to be raised by taxation exceeds the total of (a) and (b), before the first day of March of each year the directors shall hold a district budget meeting. At this meeting the budget shall be thoroughly explained and the voters of the district shall be given an opportunity to be heard. If a budget is presented in any given year, it shall be deemed approved except to the extent that it shall have been disapproved by the voters of the district at the district budget meeting. The voters of the district shall have the right to disapprove all or any part of the budget presented by

the board of directors, except provision for the payment of interest on or the principal of notes or bonds or other obligations of the district. The amount over and above the estimated income of the district required to meet the expenses in the approved budget and the sums included in any budget for the payment of interest on or the principal of notes or bonds or other obligations of the district, shall be apportioned to the participating towns in the same ratio that each participating town's latest state valuation is to the total state valuation of all participating towns. The directors shall thereupon issue their warrants in substantially the same form as the warrant of the Treasurer of State for taxes, to the assessors of each participating town, requiring them to assess upon the taxable polls and estates in said town the amount as approved and to commit the assessment to the constable or collector of said town, who shall have all authority and power to collect said taxes as is in him vested by law to collect state, county and municipal taxes. Any participating town may use the proceeds from gifts or trust funds allocated for hospital or medical purposes to reduce the actual amount of assessment to the local taxpayers. In the year in which the tax is so levied, the treasurer of each municipality shall pay the amount of the tax in 2 equal installments to the treasurer of the district. The first installment shall be paid on or before August 15th and the 2nd installment on or before December 15th. In case of the failure of the treasurer of any participating town to pay any installment or part thereof on or before the date set forth above in the year in which the said tax is levied, the treasurer of the district shall issue his warrant for the amount of said tax or so much thereof as shall then remain unpaid to the county sheriff, requiring him to levy by distress and sale on the real and personal property of any of the residents of said district living in the town where such default takes place, and the sheriff or any of his deputies shall execute said warrant, except as otherwise provided. The same authority as is vested in county officials for the collection of county taxes under the Revised Statutes is vested in the directors of said district in relation to the collection of taxes within such participating town.

Sec. 10. District budget meeting. When a district budget meeting is called to approve the hospital budget as prepared by the directors, the directors shall cause such a meeting as follows:

1. **Each district meeting shall be called by a warrant.** The warrant shall be signed by a majority of the directors.
2. The warrant calling for the district meeting shall be as follows:
 - A. It shall specify the time and place of the meeting.
 - B. It shall set forth the proposed hospital budget in a manner to be decided by the directors, and no other business may be acted upon.
 - C. It shall be directed to any resident of the district by name, ordering him to notify the voters within said district to assemble at the time and place appointed.
 - D. An attested copy of the warrant shall be posted by the person to whom it is directed in some conspicuous public place in each of the municipalities within the district, at least 7 days before the meeting.

E. The person who gives notice of the meeting shall make his return on the warrant, stating the manner of notice in each municipality and the time when it was given.

3. The following provisions apply to the budget meeting:

A. Each person whose name appears on the district voting list may attend and vote at a district budget meeting.

B. The president of the directors shall open the meeting by call for the election of a moderator, receiving and counting votes for a moderator and swearing in the moderator.

C. As soon as he has been elected and sworn, the moderator shall preside at the meeting and he shall have all the powers granted to the moderator of a town meeting under the Revised Statutes.

D. The secretary of the directors of the district shall record accurately all the votes of the district meeting.

E. A majority vote of the legal voters present and voting shall be determinative of any vote or motion placed before said district meeting.

Sec. 11. Dissolution. The district may be dissolved only if all member towns agree to dissolve it by vote of legally constituted town meetings, in each town. If the district has any outstanding indebtedness, it may not be dissolved.

If the district is dissolved, any property, real or personal or mixed, shall be liquidated and the net proceeds distributed among the respective towns in proportion to their state valuations as set out in this Act.

Sec. 12. Other towns may join. After the formation of the district, the inhabitants and territory within any town or plantation not originally in the district or within any town or plantation named in section 1 which failed to join the district as provided in this Act, may be included in the district by majority vote at a town meeting in said town or plantation, plus the acceptance by a majority vote at the district meeting. Such town, if admitted as a new member, must assume and pay its current share of any outstanding indebtedness.