

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND SIXTH LEGISLATURE

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**Legislative Document**

**No. 681**

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H. P. 515

House of Representatives, February 7, 1973

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

E. LOUISE LINCOLN, Clerk

Presented by Mrs. White of Guilford.

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## STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-THREE

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**AN ACT to Create Hospital Administrative District No. 1 in Piscataquis,  
Somerset and Penobscot Counties.**

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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 Wellington, Monson, Abbot, Parkman, Willimantic, Guilford, Sangerville, Bowerbank, Dover-Foxcroft, Sebec, Atkinson, Brownville and Milo and the Plantations of Kingsbury, Blanchard and Barnard, all in the County of Piscataquis, the Towns of Cambridge and Ripley in the County of Somerset, and the Towns of Dexter, Garland, Charleston, Bradford and LaGrange, all in the County of Penobscot, or any combination of said towns and plantations are constituted and confirmed a body politic and corporate to be known as "Hospital Administrative District No. 1" 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 or plantation, which members shall be elected by popular vote at the annual

meeting in each such town or plantation. The term of office shall be 3 years. In the first year of organization, such election may be held at the annual or special meeting at which such towns or plantations shall elect to join the district, and  $\frac{1}{3}$  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 by lot, and the clerk of each town or plantation shall be advised as to the result.

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 may provide for an executive committee from its membership who may exercise all the powers of the governing body of the district between regular meetings of the board. 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 or assessors of the plantation involved, this appointment to be effective until the next town meeting or plantation 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 \$10 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 by the board.

**Sec. 3. How financed.** To procure funds to carry out the purpose of this agreement the district may, through its board of directors, borrow money and issue bonds and notes therefor to an indebtedness not to exceed \$4,000,000. Each bond shall bear interest at such rates as the board of directors may determine, payable annually or semiannually and subject to other provisions as determined by the directors. Said bonds and notes may be issued to mature serially or to run for such periods as said directors determine.

All bonds may, at the discretion of the board of directors, be made callable and the amount of premium to be paid on call and the period for which said callable bonds shall not be redeemable shall be left to the discretion of the board of directors. Said discretion as herein given may be manifested by a vote of the majority of the board of directors.

All bonds and notes issued by said district shall be signed by the treasurer and countersigned by the president of the district, and if coupon bonds be issued, each coupon shall be attested by the facsimile signatures of the president and treasurer printed thereon. Said bonds and notes 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. The said bonds and notes shall be legal investments for savings banks.

**Sec. 4. Sinking fund; refunding bonds.** In case any bonds or notes at any time issued are made to run for a period of years, as distinguished from serial maturity, the directors shall establish a sinking fund for such bonds or notes for the purpose of redeeming the same when they become due. The amount to be paid annually into such sinking fund shall not be less than 4% of the total principal amount of such bonds or notes originally issued. In addition to such annual sinking fund payment, the directors shall have authority from time to time to add to any such sinking fund any funds of the district not required for other purposes. Funds in any sinking fund may be deposited in any national bank, savings bank or trust company within the State or may be invested in whole or in part in any bonds of the United States, of the State of Maine or of any political subdivision thereof, as the directors may determine. Interest received on any funds so invested shall be added to the sinking fund. When and if the amount accumulated in any sinking fund, together with interest received or to be received thereon, shall be sufficient to pay at maturity or, at the option of the directors, to redeem the bonds or notes for the benefit of which such sinking fund was established, all further payments to such sinking fund shall cease.

Whenever any bonds or notes issued by said district may become due or can be purchased or called for redemption by said district on favorable terms, said directors, if sufficient funds have accumulated in the sinking fund provided therefor, may pay, purchase or redeem said bonds or notes from the sinking fund, and cancel them. In no case shall bonds or notes so paid, purchased or redeemed and cancelled, be reissued.

In case the amount in any sinking fund shall not be sufficient to pay the total amount, when due, of the bonds and notes for which such sinking fund was provided, or in case it shall become desirable in the opinion of the directors to call for redemption any outstanding bonds or notes and to issue new bonds or notes in their stead, authority is granted to refund so many of said original bonds or notes as cannot be paid or redeemed from the sinking fund provided therefor, if any, but in no case shall such new bonds or notes mature more than 40 years from the original date of issue of the original bonds or notes so refunded.

**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 and plantations 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 of 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. .

Shall bonds of Hospital Administrative District No.            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 comparing his list with those voting lists found in the towns and plantations 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 plantations 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 reserved to

the voters in section 4, if the district incurs liability under any such agreement, and the provisions of sections 4 and 10 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 from time to time 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, 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 their 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 and plantation within the district and may be distributed to the voters of the district by the respective towns and plantation 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 incurred 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 and plantations, in the same ratio that each participating town's or plantation's latest State valuation is to the total State valuation of all participating towns and plantations. 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 and plantation, requiring them to assess upon the taxable polls and estates in said town or plantation the amount as approved and to commit the assessments to the constable or collector of said town or plantation, 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 or plantation 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 second installment on or before December 15th. In case of the failure of the treasurer of any participating town or plantation 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 or plantation 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 towns and plantations.

**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 to be held as follows:

1. **Each district meeting shall be called by a warrant.** The warrant shall be signed by a majority of the directors.
2. **Form of warrant.** 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 towns and plantations within the district, at least 7 days before the meeting.
- E.** The person who gives notice of the meeting shall make his return on on the warrant stating the manner of notice in each municipality and the time when it was given.

**3. Budget meetings.** The following provisions apply to the budget meeting:

- A.** Each person whose name appears on the voting list in each of the municipalities of the district may attend and vote at a district budget meeting.
- B.** The chairman of the board of directors shall open the meeting by calling for the election of a moderator, receiving 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 or plantation meeting under the Maine Revised Statutes.
- D.** The secretary of the board of directors 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 and plantations agree to dissolve it by vote at legally constituted town or plantation meetings in said such towns or plantations. If the hospital district has any outstanding indebtedness, it may not be dissolved.

In the event of dissolution of the hospital district, all property, real, personal or mixed, shall be marshaled and converted into cash in a manner to be determined by a majority vote of the board of directors and distribution shall then be made among the respective towns and plantations in proportion to their state valuations as herein set forth in this chapter.

**Sec. 12. Other towns may join.** Towns and plantations not now belonging to, or not now a part of, said district as enumerated in section I, may be included within the district provided that the town or plantation seeking to join votes by a majority vote at a meeting legally called and held, to join said district and the voters of the district by majority vote at a district meet-

ing called and held for that purpose shall vote to authorize the addition of the requesting town or plantation. The provisions of Section 10, insofar as apt, shall apply to any such district meeting. Said town or plantation must assume a proportionate share of any outstanding indebtedness of the district then existing.

**Sec. 13. Acceptance subject to referendum.** This Act shall take effect only for the purpose of permitting its submission to the legal voters of the towns and plantations enumerated in Section 1 hereof at regular or special meetings called and held for that purpose before January 1, 1975. Such town and plantation meetings shall be called, advertised and conducted according to the law relating to municipal elections; provided that the registrars of voters shall not be required to prepare, nor the clerks to post, new lists of voters, and for the purpose of registration of voters said registrars of voters shall be in session on the secular day next preceding said regular or special meetings.

The municipal clerks shall reduce the subject matter of this Act to the following question: "Shall the Act Creating Hospital Administrative District No. 1, passed by the 106th Legislature, be accepted?" The voters shall indicate by a cross or check mark placed against the words "Yes" or "No" their opinion of the same.

This Act shall take effect for all the purposes hereof immediately upon acceptance by any 2 of the towns and plantations enumerated in Section 1 hereof; but only if the total number of votes cast for and against the acceptance of this Act at each of said town or plantation meetings so accepting equaled or exceeded 15% of the total votes for all candidates for Governor cast in said town or plantation at the next preceding gubernatorial election, but failure of approval by the necessary percentage of voters at any such meetings shall not prevent a subsequent meeting or meetings to be held for said purpose on or before January 1, 1975. The result of the vote shall be declared by the municipal officers of the towns or plantations and due certificate thereof shall be filed by the town or plantation clerks with the Secretary of State.

If this Act takes effect by the acceptance of two or more of the towns and plantations enumerated in Section 1 hereof, and one or more of the other towns or plantations fails to accept the same, the district shall not include the territory and inhabitants of such other town or plantation and such town or plantation shall have no right to be represented by a director on the board nor be entitled to the benefits hereof. It shall, however, have all the rights as though it had originally accepted this Act, if it does so accept this Act before January 1, 1975.

#### STATEMENT OF FACT

The purpose of this bill is reflected in the title.