

# MAINE STATE LEGISLATURE

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(EMERGENCY)  
FIRST SPECIAL SESSION

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ONE HUNDRED AND SEVENTH LEGISLATURE

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**Legislative Document**

**No. 2184**

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H. P. 2005 House of Representatives, February 5, 1976  
Approved for Introduction by a Majority of the Committee on Reference  
of Bills pursuant to Joint Order S. P. 635 as amended. Referred to the Com-  
mittee on Legal Affairs. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Peterson of Caribou.

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**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SIX

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**AN ACT Amending the Charter of the Caribou Hospital District.**

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**Emergency preamble.** Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, improvements to area health care facilities are vitally necessary to the people of Caribou; and

Whereas, there is currently an application of the Caribou Hospital District before the Maine Municipal Bond Bank to provide funding to help finance these improvements; and

Whereas, legal counsel for the Caribou Hospital District has recommended certain changes to the charter of the Caribou Hospital District which would remove obstacles to Bond Bank approval of the district's application; and

Whereas, this legislation implements those recommendations and thus is immediately necessary to aid improved health care facilities in Caribou; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. P & SL 1953, c. 12, § 4, as last repealed and replaced by PL 1973, c. 788, § A, is amended to read:

**Sec. 4. How financed.** To procure funds for the purposes of Section A of this Act and for such other expenses as may be necessary to carry out said purposes, the said district, by its trustees, is hereby authorized from time to time to borrow money and to issue its bonds and notes therefor, but shall not incur a total indebtedness exceeding the sum of \$8,000,000. Each bond and note shall have inscribed upon its face the words "Caribou Hospital District," shall bear interest at such rate or rates as the trustees shall determine, payable at maturity, annually or semiannually, and shall be subject to such other provisions as the trustees shall determine. Said bonds and notes may be issued to mature serially or made to run for such periods as said trustees may determine. In the event serial bonds or notes are issued, the first maturity thereof shall be not later than 3 years from the date of said bonds or notes. ~~All bonds shall be made callable.~~ Any bonds or notes may be made callable, with or without premium, at the option of the trustees. All bonds and notes issued by said district shall be signed by the treasurer and countersigned by the president of said district, and if coupon bonds be issued, each coupon shall be attested by the manual or 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. Notwithstanding any other provisions of this chapter, the district, by its trustees, is not empowered to issue any bonds or notes for the purpose of financing the erecting, enlarging, repairing, equipping or maintaining of a hospital building or hospital buildings and related hospital, medical and surgical equipment until the project which is the subject matter of the issuance of bonds or notes has been reviewed and approved by the appropriate regional and state health planning agencies as organized pursuant to the Revised Statutes, Title 22, section 253.

Whenever the trustees shall have authorized the issuance of bonds or notes, they may, in the name of the district, issue temporary notes in anticipation of the proceeds thereof. All such notes shall be payable within 5 years from their dates and notes issued for a shorter period may be renewed from time to time, provided that the period from the date of issue of any note to the final maturity of a note issued to renew the same shall not exceed 5 years.

**Sec. 2.** P & SL 1953, c. 12, § 5, as last repealed and replaced by PL 1973, c. 788, § A, is amended to read:

**Sec. 5. Debt retirement reserve; 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 trustees shall establish a ~~sinking fund~~ debt retirement reserve for such bonds or notes for the purpose of redeeming the same when they become due. Said debt retirement reserve may be a separate account of the district or may be retained in the depreciation fund established pursuant to section 5-B. The amount to be paid annually into such ~~sinking fund~~ debt retirement reserve shall not be less than ~~4%~~ 2½% of the total principal amount of such bonds or notes originally issued. In addition to such annual ~~sinking fund~~ debt retirement reserve payment, the trustees

shall have authority from time to time to add to any such ~~sinking fund debt retirement reserve~~ any funds of the district not required for other purposes. Funds in any ~~sinking fund debt retirement reserve~~ 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 obligations issued or guaranteed~~ by the United States, ~~of the State of Maine or of any political subdivision~~ thereof, as the trustees may determine. Interest received on any funds so ~~deposited or invested~~ shall be added to the ~~sinking fund debt retirement reserve~~. When and if the amount accumulated in any ~~sinking fund debt retirement reserve~~, together with interest received or to be received thereon, shall be sufficient to pay at maturity, or, at the option of the trustees, to redeem the bonds or notes for the benefit of which such ~~sinking fund debt retirement reserve~~ was established, all further payments to such ~~sinking fund debt retirement reserve~~ 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 trustees, if sufficient funds have accumulated in the ~~sinking fund debt retirement reserve~~ provided therefor or are otherwise available for such purpose, may pay, purchase or redeem said bonds or notes from the ~~sinking fund debt retirement reserve~~ or other available funds and cancel them. In no case shall bonds or notes so paid, purchased or redeemed and cancelled, be re-issued.

In case the amount in any ~~sinking fund debt retirement reserve~~ shall not be sufficient to pay the total amount, when due, of the bonds and notes for which such ~~sinking fund debt retirement reserve~~ was provided, or in case it shall become desirable in the opinion of the trustees 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 debt retirement reserve~~ 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. 3. P & SL 1953, c. 12, § 5-A, as last repealed and replaced by PL 1973, c. 788, § A, is amended to read:

Sec. 5-A. Referendum on bond or note issues. When the trustees shall have authorized the issue of any bonds or notes, except temporary notes in anticipation of the proceeds of bonds or notes or temporary notes in anticipation of taxes or other revenues, an attested copy of the vote of the trustees shall be forthwith filed with the municipal officers of the City of Caribou 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 trustees, 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 clerk of the board of trustees shall have received a petition signed by at least 10% of the residents in the district eligible to vote on the date ~~of~~ the trustees' vote was adopted, requesting that the question of whether such bonds or notes 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 clerk of the board of trustees. A vote of the trustees authorizing an issue of such bonds or notes 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 such bonds or notes by the trustees was adopted as shown by the district's voting list, shall be filed with the president or the clerk of the board of trustees, asking that the question of whether such bonds or notes to be issued be submitted to the voters of the district, such vote of the trustees shall be further suspended from becoming effective and the trustees shall immediately reconsider such vote. If such vote is not rescinded by the trustees, the question of whether such bonds or notes shall be issued shall be submitted by the trustees 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 the emergency clause hereof, except that the notice shall set forth the vote of the trustees authorizing said bonds or notes, 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 or notes shall be issued shall be voted on by ballot, the form of which shall be substantially as follows:

OFFICIAL BALLOT

CARIBOU HOSPITAL DISTRICT

Shall bonds or notes of the Caribou Hospital District 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 or note issue, make a cross (X) or check mark (V) in this square

YES

If opposed to the bond or note issue, make a cross (X) or check mark (V) in this square

NO

If a majority of the qualified voters voting at such meeting approve the issue of said bonds or notes, the vote of the trustees authorizing said bonds or notes 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. 4. P&SL 1953, c. 12, § 5-B is enacted to read:

Sec. 5-B. Depreciation fund. The trustees of the district shall establish a depreciation fund into which shall be deposited in each year not less than an amount equal to 2½% of the original cost of any buildings, or additions to

buildings, constructed by the district and an additional amount equal to not less than  $8\frac{2}{3}\%$  of any depreciable equipment acquired by the trustees and used for hospital purposes. Any sums required to be deposited in a debt retirement reserve as provided in section 5 shall be included in the sums required to be deposited in said depreciation fund. Deposits in the depreciation fund shall be made monthly and shall commence in the first fiscal year of the district following the fiscal year in which the building or addition or equipment on account of which each such deposit is made is first placed into service and shall cease when 100% of the original cost of such building, addition or equipment has been so deposited. Funds in the depreciation fund, except funds in any debt retirement reserve portion thereof which shall be deposited or invested only as provided in section 5, may be deposited in any national bank, savings bank or trust company in the State or invested in such securities as savings banks in the State are now or hereafter may be allowed to hold. Interest received on any funds so deposited or invested shall be added to the depreciation fund. Funds shall be withdrawn from the depreciation fund only upon authorization by the trustees of the district and shall be used only for the retirement of debt, the erecting, enlarging or equipping of a hospital building or buildings and related hospital medical and surgical equipment and as may be permitted under, and subject to, any applicable state and federal regulations relating to reimbursements for insured hospital, medical and surgical care.

Sec. 5. P&SL 1953, c. 12, § 6, as last repealed and replaced by PL 1973, c. 788, § A, is repealed and the following enacted in place thereof:

Sec. 6. Assessment of taxes authorized to meet indebtedness; how collected; procedure; authority to issue temporary notes in anticipation of taxes. The trustees of the "Caribou Hospital District" shall determine what sum is required each year for interest and debt retirement reserve payments, or if bonds or notes authorized by this Act shall be issued to mature serially, what sum is required each year to meet the principal and interest on said bonds or other obligations and what sum is required each year to meet other necessary expenses in the district, including without limitation any depreciation fund payments in addition to debt retirement reserve payments, and shall each year, before the first day of March, certify to the city manager of the City of Caribou the total sum so determined. On or before the first day of April in each year the city council of Caribou shall determine what, if any portion of the total sum so certified, shall be raised by taxes and what portion shall be raised from hospital revenues or other sources and shall certify said determination to the president of the district trustees on or before the 30th day of March. Before the first day of April, the trustees shall issue their warrant in the same form as the warrant of the Treasurer of State for taxes, with proper changes to the assessors of the City of Caribou, requiring that they assess the total sum so determined to be raised by taxes upon the taxable estates within said district and to commit their assessment to the collector of said City of Caribou, who shall have all authority and powers to collect said taxes as is invested by law to collect state, county and municipal taxes. On or before the 31st day of December of the year in which said tax is so levied, the treasurer of said city shall pay the amount of the tax so assessed against

said district to the treasurer of said district. In case of a failure on the part of the treasurer of the city to pay said sum, or in case of his failure to pay any part thereof on or before said 31st day of December of the year in which said tax is levied, the treasurer of said district may issue his warrant for the amount of said tax or so much thereof as shall then remain unpaid to the sheriff of Aroostook county, requiring him to levy by distress and sale on real and personal property of any of the inhabitants of said district, and the sheriff or any of his deputies shall execute said warrant except as is otherwise provided herein. The same authority as is vested in county officials for the collection of county taxes, under the provisions of the Revised Statutes, is hereby vested in the trustees of said district in relation to the collection of taxes within said district. All sums other than those raised by taxes shall be paid over to the district by the city treasurer monthly or as may otherwise be agreed upon by the trustees of the district and the city council of Caribou.

In any fiscal year, in anticipation of revenues to be received in such year, the board of trustees of the district may, by a vote of a majority of its members, authorize the borrowing of money in anticipation of such revenues by the issuance and sale of temporary notes of the district. If the district budget has not been determined for such year, the amount of borrowing shall not exceed 50% of the approved budget in the preceding year. If the district budget has been determined for 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 theretofore paid to the treasurer of the board of trustees. 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 revenue 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 this section. Notwithstanding any provision in this section to the contrary, said amount shall not be reduced.

Sec. 6. P&SL 1953, c. 12, § 7, as last repealed and replaced by PL 1973, c. 788, § A, is amended by adding at the end a new sentence to read:

The provisions of the foregoing sentence shall not apply to any agreement relating to the issuance or purchase of bonds or notes previously authorized by the trustees.

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect when approved.

#### STATEMENT OF FACT

This bill implements recommendations of the Caribou Hospital District's bond counsel concerning debt service, type of bonds which the District may issue, the maturity dates of those bonds and debt retirement reserves which are necessary to ensure the proper financing of needed improvements to the health care facilities.