

MAINE STATE LEGISLATURE

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**LEGISLATIVE COUNCIL
NOVEMBER 18, 1999
REVISED AGENDA**

CALL TO ORDER

ROLL CALL

**SUMMARIES OF THE OCTOBER 25 AND NOVEMBER 15
COUNCIL MEETINGS**

**REPORTS FROM THE EXECUTIVE DIRECTOR AND STAFF
OFFICE DIRECTORS**

- Legislative Options on New Budget Management System: Jim Clair and Paul Mayotte
- Recommendation to Adjust the Deadline for Submission of Major Substantive Rules:
Dave Boulter

REPORTS FROM COUNCIL COMMITTEES

- **PERSONNEL COMMITTEE**

Recommendations Pursuant to NCSL Study Regarding Classification and Compensation
- **MIGRATION PROJECT STEERING COMMITTEE**

Report on Legislative Process Review and Recommendations

OLD BUSINESS

Item #1: State House Renovations: Status and Issues

NEW BUSINESS

Item #1: Commission to Study Single-Sales Factor Apportionment: Work Plan and Proposed Budget.

Item #2: Requests from Study Commissions for Extensions of Reporting Deadlines

- Task Force to Study the Implementation of Alternative Programs and Interventions for Violent and Chronically Disruptive Students to January 14, 2000.
- Task Force to Review the Educational Program and the Governance System of the Governor Baxter School for the Deaf to January 14, 2000.
- Blue Ribbon Commission to Establish a Comprehensive Internet Policy, to December 17, 1999.
- Committee to Address the Recognition of the Tribal Government Representatives of Maine's Sovereign Nations in the Legislature, to January 1, 2000.

Item #3: Notification of Intent to File Legislation to Obtain Legislative Approval of the Sale of Tax-acquired Property (Memo from Bob Doiron, Supervisor, Unorganized Territory).

Item #4: Attorney General's Proposed Modifications to Blue Cross and Blue Shield of Maine's Charitable Trust Plan

Item #5: After Deadline Bill Requests

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT

SEN. MARK W. LAWRENCE
CHAIR

REP. G. STEVEN ROWE
VICE-CHAIR



119th MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

SEN. CHELLIE PINGREE
SEN. JANE A. AMERO
SEN. ANNE M. RAND
SEN. RICHARD A. BENNETT
REP. MICHAEL V. SAXL
REP. THOMAS W. MURPHY, JR.
REP. DAVID C. SHIAH
REP. RICHARD H. CAMPBELL

SARAH C. TUBBESING
EXECUTIVE DIRECTOR

**MEETING SUMMARY
OCTOBER 25, 1999**

CALL TO ORDER

The Council's Vice-Chair, Speaker Rowe, called the Council to order at 12:10 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	Sen. Pingree, Sen. Amero, Sen. Rand, Sen. Bennett Absent: President Lawrence
Representatives:	Speaker Rowe, Rep. Saxl, Rep. Murphy, Rep. Shiah, Rep. Campbell
Legislative Officers:	Joy O'Brien, Secretary of the Senate Joseph Mayo, Clerk of the House James Clair, Director, Office of Fiscal and Program Review David Boulter, Director, Office of Policy and Legal Analysis Margaret Matheson, Revisor of Statutes Paul Mayotte, Director, Legislative Information Services

SUMMARY OF SEPTEMBER 22, 1999, COUNCIL MEETING

Motion: That the Summary be accepted and placed on file. (Motion by Rep. Shiah; second by Sen. Amero; unanimous).

REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS

Item #1: Renovations: Progress Report

Stan Fairservice, the Council's Owner's Representative, distributed copies of a proposed floor plan for the South end of the second floor of the State Office Building which would accommodate all staff in the Office of Policy and Legal Analysis. This space had originally been designed to house two legislative hearing rooms. He stressed that Council action on this space was critical in order to avoid the significant cost involved in construction delay. Senator Rand, Chair of the Council's Space Committee, stated that the architect would work closely with David Boulter to finalize the plans.

Motion: That the conceptual redesign to move all of the Office of Policy and Legal Analysis staff to the State Office Building be approved. (Motion by Sen. Rand; second by Rep. Saxl).

Discussion

Rep. Murphy asked for clarification that all of OPLA would move, and Senator Rand responded affirmatively. Rep. Murphy expressed concern stating that it would be important for OPLA to continue to have some presence in the State House. Rep. Saxl noted that the proposed plan provides contiguous space for all OPLA staff, adding that David Boulter feels this is important for the effective functioning and management of the office. Speaker Rowe indicated that he shared Rep. Murphy's concerns, but pointed out that most of the committee rooms will be located in the State Office Building once the renovations are complete. Senator Rand reminded Council members that the Space Committee had been unable to identify an area of comparable square footage in the State House for the OPLA staff who are currently located in Room 135; and Rep. Murphy restated his concern that OPLA needs a presence in the State House.

The previously-offered motion was approved, 6-1.

Item #2: Interim Studies: Status

David Boulter reported that all study commissions are now underway, and that two had made requests for extensions. These requests appear under **New Business** on the printed agenda, but the Council took them up at this point. (See below for Council action). Mr. Boulter stated that he anticipated that additional extension requests would be forthcoming.

Item #3: Fiscal Update

Jim Clair provided a brief overview of the cumulative fiscal impact of the acts and resolves enacted by the 119th Legislature in its 1st Regular Session. He reported that the compendium which the Office of Fiscal and Program Review prepares annually to summarize this information would be available at the end of the week.

Item #4: Legislative Council's Involvement During the Final Development of the New Budget Management System

Jim Clair drew Council members' attention to a letter that he and Paul Mayotte had prepared that reports on the activities of a Budget Management Focus Group that is working to replace the current budget management system that supports executive departments' work in this area. Mr. Clair and Mr. Mayotte recently attended a meeting to review and discuss the executive branch plans and have concluded that there is an opportunity for the Legislature to take advantage of some functionality of the new system, but that this participation would require Council action.

This item was informational: the Council directed Mr. Clair and Mr. Mayotte to pursue the discussions and bring a formal proposal back.

Item #5: Personnel Activity

Paul Mayotte, Director of Legislative Information Services, reported that Molly Gallant had resigned her position in the Legislative Information Office to take a position as Assistant to the Gardiner Town Manager.

REPORTS FROM COUNCIL COMMITTEES

- **Personnel Committee**

Speaker Rowe, Committee Chair, reported that the Personnel Committee had met on October 6 to begin a detailed review of NCSL's Report on the Classification and Compensation Study. He noted that the Committee has scheduled had two additional meetings in early November, with the goal of bringing recommendations for implementation to the full Council at the November meeting.

Speaker Rowe confirmed that the Committee had also taken up other business as follows:

1. A step increase for Clerk of the House Joe Mayo

Clerk Mayo became eligible for a step increase on his anniversary date at the end of September. Speaker Rowe reported that the Committee had unanimously approved a step increase for the Clerk effective October 1, 1999, and noted that pursuant to the Council's Rules of Procedure, this item required no further Council action.

2. Award of income protection

Motion: That the Legislative Council award Income Protection as recommended by the Personnel Committee in accordance with the Council's policy and its Rules of Procedure. (Motion by Speaker Rowe, second by Rep. Shiah; unanimous)

3. Part-time Position in the Office of Fiscal and Program Review

Speaker Rowe, noting that the level of overtime worked in all of the legislative offices continues to grow, stated that the **average** overtime in the Office of Fiscal and Program Review during the 1st Regular Session exceeded 500 hours, and that Jim Clair and Sally Tubbesing had requested authorization to establish a **part-time Analyst position** in the Office. Speaker Rowe reported that the Personnel Committee has concluded that the demands on OFPR staff will continue to grow with its new responsibilities in economic analysis and revenue forecasting and offered the following motion, based on the unanimous recommendation of the Committee:

Motion: That the Legislative Council authorize the creation of a part-time full year Analyst position in the Office of Fiscal and Program Review effective November 1, 1999; and, further, that the Executive Director be directed to provide the necessary language to the Appropriations Committee to permanently establish and fund this position in the Supplemental Budget. (Motion by Speaker Row; second by Rep. Shiah; unanimous.

The Speaker noted that OFPR has accrued salary savings through the summer and fall that can essentially fund this new position for the remainder of the current fiscal year.

- **Committee on Allocation of Legislative Space**

(See above discussion under **Renovations: Progress Report**)

OLD BUSINESS

None.

NEW BUSINESS

Item #1: Request for Extensions of Reporting Deadlines Requiring Council Approval

- Commission to Study Traffic Congestion Including Truck Traffic Along the Route 1 York Corridor: Request for Extension to January 7.

Motion: That the request be approved. (Motion by Speaker Rowe; second by Sen. Rand; unanimous).

Item #2: Request for Extension of Reporting Deadline and Additional Meetings

- Task Force on State Office Building Location, Other State Growth-Related Capital Investments and Patterns of Development: Request for Extension to January 14, 2000 and Request to Hold Two Additional Meetings.

Motion: That the request be approved. (Motion by Sen. Pingree; second by Rep. Shiah; unanimous).

Item #3: Legislative Document Service: Proposed Fee Schedule for Second Regular Session

Motion: That the Fee Schedule be approved. (Motion by Sen. Pingree; second by Rep. Shiah; unanimous).

Item #4: Requests to Introduce Legislation for Consideration in the Second Regular Session

The Vice-Chair, Speaker Rowe reminded Council members that a bill request requires 6 affirmative votes to be approved. Following prior practice with regard to closely-related bill requests, Speaker Rowe offered the following motions:

Motion: That the Council consider only that request among group of requests that have been identified as closely-related with the lowest LR number and automatically deny all of the other requests in that group. (Motion by Speaker Rowe, second by Sen. Rand; unanimous).

Motion: That the Council deny all new requests that have been identified as closely-related to bills that have been carried over. (Motion by Speaker Rowe; second by Sen. Rand; unanimous).

The Council then proceeded to consider each bill request, approving 104. A list summarizing the Council's action was distributed to all legislators following the meeting.

ANNOUNCEMENTS AND REMARKS

None.

ADJOURNMENT

The Council meeting was adjourned at 6:45 p.m.

SEN. MARK W. LAWRENCE
CHAIR

REP. G. STEVEN ROWE
VICE-CHAIR



119th MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

SEN. CHELLIE PINGREE
SEN. JANE A. AMERO
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REP. DAVID C. SHIAH
REP. RICHARD H. CAMPBELL

SARAH C. TUBBESING
EXECUTIVE DIRECTOR

**MEETING SUMMARY
NOVEMBER 15, 1999**

CALL TO ORDER

The Chair, Senate President Lawrence, called the Legislative Council to order at 1:12 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	President Lawrence, Sen. Pingree, Sen. Amero, Sen. Rand, Sen. Bennett
Representatives:	Speaker Rowe, Rep. Saxl, Rep. Murphy, Rep. Shiah, Rep. Campbell
Legislative Officers:	Joy O'Brien, Secretary of the Senate Joseph Mayo, Clerk of the House Sally Tubbesing, Executive Director, Legislative Council James Clair, Director, Office of Fiscal and Program Review David Boulter, Director, Office of Policy and Legal Analysis Margaret Matheson, Revisor of Statutes

**REPORTS FROM THE EXECUTIVE DIRECTOR AND STAFF
OFFICE DIRECTORS**

None.

REPORTS FROM COUNCIL COMMITTEES

None.

OLD BUSINESS

NEW BUSINESS

Item #1: Consideration of Legislators' Appeals of Council Action on Bill Requests

The Chair, Senate President Lawrence, noting that the primary purpose of this meeting was to consider legislators' appeals of bill requests that had been rejected at the October 25 Council meeting, stated that all other Council business would be deferred. He then proceeded to summarize the procedures that the Council would follow in considering appeals and asked Margaret Matheson, Revisor of Statutes, to briefly describe the materials that her office had prepared to support the Council's consideration of appeals.

The Council proceeded to consider the 194 bill requests that legislators had appealed. Their actions added 98 bills to the 104 that had been approved at the October 25 meeting for introduction of the Second Regular Session.

ANNOUNCEMENTS AND REMARKS

The Chair, Senate President Lawrence, reminded Council members that the Council would meet on

Thursday, November 18
2:00 p.m.

to consider several items.

ADJOURNMENT

The Council meeting was adjourned at 10:07 p.m. on the motion of Senator Rand (second by Rep. Shiah).

**119th MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL
November 18, 1999**

Migration Project:

- I. Report from KPMG, Mr. Robin Lyle**
 - a. MAINE STATE LEGISLATURE Business Process Review – Summary, Key Findings and Recommendations**
 - b. Conceptual Design for the New Legislative System**
 - c. High Level Migration Plan**
- II. Migration Project Budget Status**
- III. Next Steps**
 - a. Business Process Review Legislative Review Period Through 12/6/99**
 - b. KPMG Works With Each Function to Capture Feedback, etc.**
 - c. KPMG Meets With the Full Migration Team on 12/1/99 to Review Revisions etc.**
 - d. KPMG Delivers the Final Business Process Review on 12/20/99**
 - e. Prior to the 12/6/99 Legislative Council Meeting Provide the Council the Scope of Work, Schedule, and Cost for the Next Phase of the Migration Project**
 - f. Pending Legislative Council Approval, Authorize and Fund (\$69,000) KPMG Proceeding with a Limited Scope of Additional Work Through 12/10/99:**
 - i. Finalize Sub-contract Negotiations with International Roll Call Corp. for Chamber Support Work**
 - ii. Development of the Detailed Migration Project Plan**

Migration Project **Budget Commitments Summary**

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>Total</u>
Approved Migration Budget	\$ 1,165,000	\$ 1,424,000	\$ -	\$ 2,589,000
Committed Funds:				
KPMG - Legislative Process Review	\$ (386,000)			\$ (386,000)
Win/Win - Chamber Requirements	\$ (24,000)			\$ (24,000)
CST2000 - Year 2000	\$ (214,916)			\$ (214,916)
Office Suite Upgrade/Training		\$ (90,000)		\$ (90,000)
Total Committed Funds	\$ (624,916)	\$ (90,000)	\$ -	\$ (714,916)
Available Balance	\$ 540,084	\$ 1,334,000	\$ -	\$ 1,874,084

Maine State Legislature
Budget Management System:
Legislative Options

November 18, 1999

Agenda

- Today's Objective
- Background
- Recent Developments
- Legislative objectives
- Legislative options – defined
 - Shared system
 - Parallel system
- Analysis of the Options
- Discussion and actions

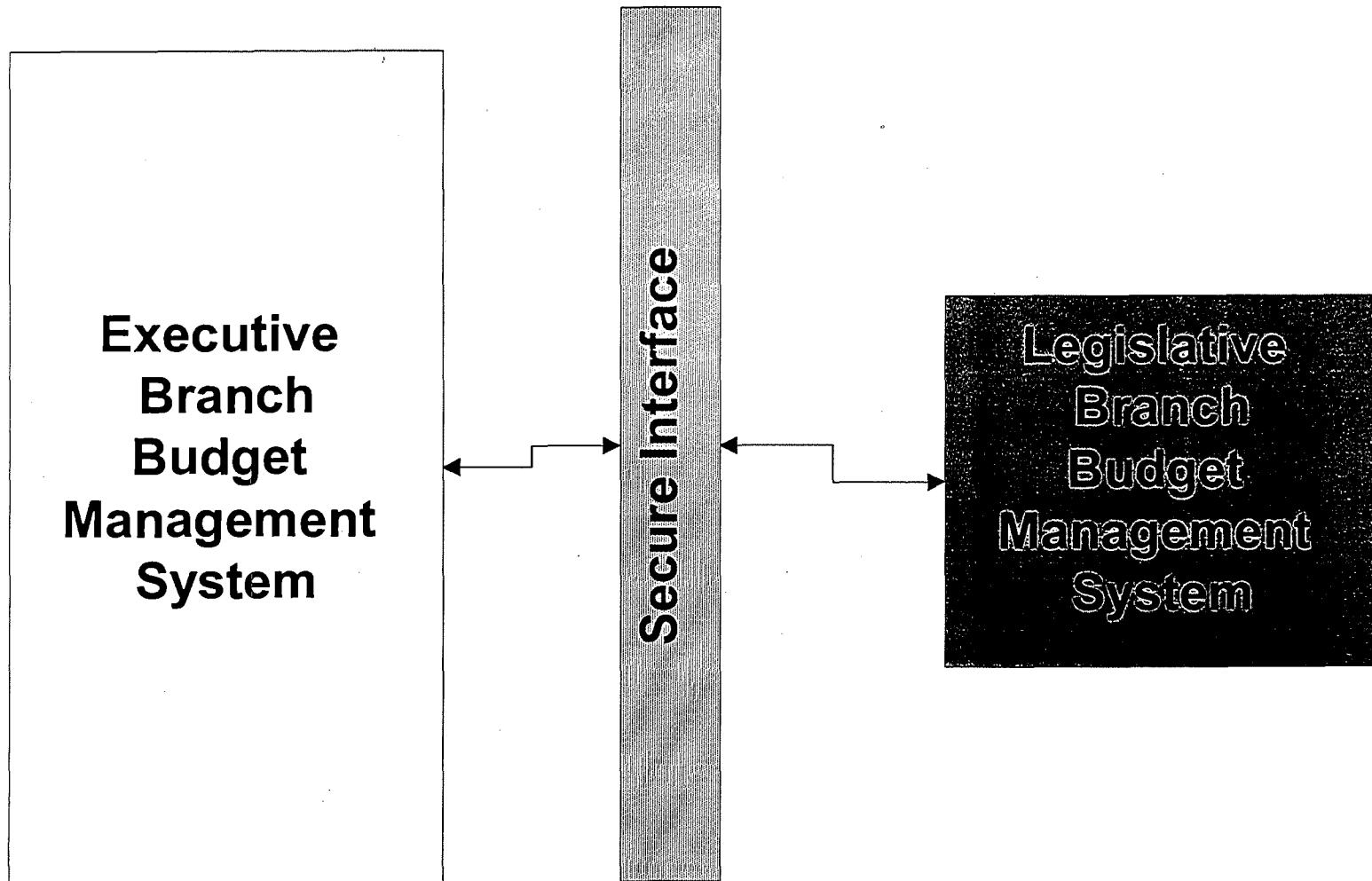
Shared System

Executive
Branch
BMS
Application

Shared
Database

Legislative Branch
BMS Module

Parallel Systems



Today's Objective

- Provide the Legislative Council background information on the Executive Branch's replacement Budget Management System
- Review the findings and options available to the Legislature whereby we either:
 - ☐ *participate in the development of, and subsequent use of the new BMS; or*
 - ☐ *continue development and implementation of a "parallel" legislative system compatible with the new BMS while also continuing to participate in the BFMS development*
- Receive direction on how to proceed

Background

- The delivery of the "current services" data once every two years is the only current example of an integrated relationship among the present information systems (and even that example is awkward and "one way")
- Almost all other budget/fiscal **interbranch functions** (budget bill submittals; analysis of Governor's budget; fiscal notes) are not integrated; dependent on inefficient, duplicative data entries

Background (cont'd)

- The existing budget process relies on two systems now....
 - ✓ the Executive Branch's BMS & desktop;
and
 - ✓ the Legislature's WANG-based bill drafting & fiscal note systems & Office desk-top
- Both systems have out-lived their respective useful technological lives

Recent Developments: Executive

- Replace mainframe-linked BMS with a new client/server system (now called BFMS)
- Funded at \$2,430,000
- Legacy Solutions, selected vendor
- Like applications in several states
- Planned/designed for new "performance budgeting" requirements
- Aggressive implementation schedule (<9/1/00)
- Option for Legislative participation

Recent Developments:

Legislative

- Replace 2 WANG minicomputers for core legislative functions (bill status, bill drafting, fiscal notes, etc.) with a new client/server system
- Funded at \$2,589,000 (which includes Y2K fixes; chamber support upgrades; Office Suite upgrades; KPMG's "Legislative Process Review")
- Aggressive implementation schedule (<10/1/00)
- Option for automation of Executive Branch's participation in the fiscal note process

Legislative Objectives

- ① Improve the quality of the budget and fiscal note processes
 - ⇒ streamline the process by which the Legislature prepares budgets and fiscal notes;
 - ⇒ eliminate duplicate data entry;
 - ⇒ enhance the reconciliation process
 - ⇒ provide improved budget query and analysis tools; what-ifs; detailed actual to budget reports; etc.
- ② Maintain strict security of Legislative data
- ③ More fully integrate the budgetary and fiscal note processes with the bill drafting process

Legislative Options

Shared System (Montana Model)

- A Legislative budget module is built into the Executive budget system, sharing one common database. Access to data is controlled by security rules established and maintained by both Branches
- Co-owners of the BMS
- Required security protocols
- Changes require sign-off by both branches

Note: Montana uses BMS to produce 1 budget bill every two years; &
: No fiscal note component built in Montana

Legislative Options (cont'd.)

Parallel System (Nevada Model)

- An independent, parallel Legislative application/database with a common architecture that supports secure data exchange between the branches.
- Data is exchanged on a formal agreement by both Branches

Note: Nevada also only produces 1 budget bill every two years using their BMS;
: Nevada used same vendor to build both systems; &
: no fiscal note component built in Nevada;

Analysis

Shared System Positives:

- + 1 contractor, 1 system
- + Lower initial cost (assumed)
- + One database; one set of business rules
- + Lower operating/upgrade costs (assumed)
- + Costs to develop/implement the Legislature's costs included in the \$2.43 (??)

Analysis (cont'd.)

Shared System Negatives:

- Joint database and security administration adds to complexity (ie, the Executive Branch is the master DBA and security administrator)
- Requires "initial" and "changes" joint agreement (less flexibility?)
- Integration of BMS products with LEG's bill drafting system an issue
- Constraints on ad hoc application changes
- Locks Legislature into Executive Branch's architecture and technology

Analysis

Parallel System Positives:

- + Matched to Legislative O/S and database technology
- + Local security and database administration
- + Greater Legislative data security
- + Greater flexibility for ad hoc requirements
- + Doesn't lock Legislature into Executive Branch's architecture and technology
- + Integration with Bill Drafting and Fiscal Note system

Analysis (cont'd)

Parallel System Negatives:

- Higher initial cost (assumed)
- Higher cost of maintaining/upgrading separate systems (assumed)
- Developing and maintaining an interface between 2 databases
- Needs to be defined how agencies will access Legislative processes

Analysis (cont'd)

Cost (unable to complete a full analysis)

- Shared System - Montana's Legislature expended \$500,000 for a system seen as less complex than Maine's requirements
- Parallel System – Nevada's Legislature expended \$400,000 for a system seen as significantly less complex than Maine's requirements

Possible Next Steps

❖ Develop two cost estimates and report back to the Legislative Council

☐ Shared System

☐ Parallel System

Discussion & Actions

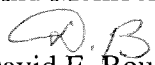




Maine State Legislature
OFFICE OF POLICY AND LEGAL ANALYSIS

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Telephone: (207) 287-1670
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To: The Honorable Mark W. Lawrence, Chair
The Honorable G. Steven Rowe, Vice Chair
And Members of the Legislative Council

From: 
David E. Boulter, Director

Date: November 17, 1999

Re: **Establishing an early deadline for submission of major substantive rules**

Policy Question:

Since the Legislative Council anticipates an adjournment of the Second Regular Session that is somewhat earlier than the statutory adjournment date of April 19, 2000, does the Council want to establish an early deadline for the agency submission of major substantive rules that require legislative review?

Policy Options:

Several options are available to the Council.

If adjournment is to be early -- on or about April 5th -- the Council can choose to either:

- A. Not change the deadline. This would shorten the minimum time for legislative review and action on the rules by about 2 weeks (from 45 to 30 calendar days); or
- B. Establish an earlier deadline that is anytime between February 4th and March 6th.

A 2-week reduction in legislative review time would be noticeable when considering the lead-time necessary for advertising and holding public hearings on the rules. Committee work on rules review typically consists of publication of notice, public hearing and at least one work session before making a committee report. Typically, the Legislature has required some change to 2/3 of the rules filed for review.

Suggested New Deadline:

The Legislative Council may want to consider establishing a filing deadline of **Friday, February 18, 2000** (2 weeks earlier) which should allow the committees adequate time to complete their review by March 3rd when work on most other bills will also be nearing completion. If the

Memo to Legislative Council
Re: Deadline for major substantive rules
December 14, 1998

Council authorizes an alternative filing date, this office will notify affected agencies of the changed schedule for filing provisionally adopted rules.

Background:

It is my understanding that an adjournment date about 2 weeks earlier than the statutory date is being considered. As you may recall, major substantive rules proposed by state agencies must be submitted to the Legislature for review and authorization prior to being finally adopted. Agencies will be filing new major substantive rules with the Legislature when it reconvenes in January. **If rules are timely filed or late-filed rules are accepted for review, the Legislature must act on the rules this session or they go into effect without legislative authorization.**

The Council is authorized by statute [5 MRSA §8072(7)] to set an earlier deadline for submission of major substantive rules if it decides an earlier submission date is necessary to assure that the Legislature will have sufficient time to hear, work, draft and debate rules review legislation before it adjourns. Under the law, the Legislative Council may set a new filing deadline of up to 75 days before statutory adjournment (February 4, 2000) if early adjournment is anticipated.

Under the Administrative Procedure Act, agencies generally may submit provisional rules for legislative review anytime up to 45 days before the statutory adjournment date. In the Second Regular Session of the 119th Legislature the statutory adjournment date is April 19, 2000 so the current deadline for filing at this time is Monday, March 6th.

I would be happy to discuss this matter further or answer any questions you may have.

xc: Sally Tubbesing, Exec. Dir.

PERSONNEL COMMITTEE
Report to the Legislative Council
Thursday, November 18, 1999

The Committee has confirmed to meet to review the final report prepared by NCSL at the conclusion of the Classification and Compensation Study.

- Draw your attention to the materials that are included in your agenda packet. They are:
 - Summary of NCSL's recommendations.
 - Summary of the positions that the Committee recommends be reclassified.
 - The proposed salary schedule.
- Our recommendations today related to the first two section of NCSL's recommendations: Classification and Compensation.
- Note that the **total cost** of implementing the recommendations we will make today can be covered in funds currently available for the balance of this fiscal year.
 - Would require a budget request for FY 2001.

Reclassifications

- The NCSL report recommended reclassifying several positions. These recommendations are based on their findings that:
 - a) The nature of the duties and responsibilities have changed significantly; and
 - b) The **qualifications** required to perform the job have increased due to technology and/or change in the responsibilities.
- The Committee has reviewed each of the proposed reclassifications -- a summary of our work is the second item in the packet -- "Attachment B".

⇒ **Motion:** That the Council formally adopt the proposed Classification Grid for use by all legislative offices.

⇒ **Motion:** That the Council approve reclassification of those legislative positions listed in Attachment B, to the designated salary ranges and that these reclassifications be effective January 3, 2000.

- The NCSL Report also recommends that the position of Deputy Director be retained in the non-partisan staff offices, even though no one holds this position at the present time.

The Committee discussed this at length and has concluded that, due to the increasing scope of responsibilities, of the Legislative Information Office, Paul Mayotte needs -- and we need -- to augment the management capacity of this office. Therefore:

⇒ **Motion:** That the Council authorize creation of a new position in the Office of Legislative Information Services Offices at the level of Deputy Director and that Paul Mayotte be authorized to recruit for this position immediately.

New Salary Schedule

The proposed salary chart reflects NCSL's survey of other employers. These include: the other 2 branches of Maine State Government.

- UNUM
 - CMP
 - Another large Maine employer who asked not to be identified.
 - Other State Legislatures (Colorado, Indiana, Iowa and Minnesota)
 - Several national compensation surveys
-
- The adjustments that NCSL has recommended are designed to help us maintain our ability to recruit and retain employees within the Maine state government market as well as the overall employment market in Maine.

The adjustments also reflect NCSL's efforts to restore overall balance to our present salary schedule.

- Standardizing the spread from one salary range to the next, and
 - Standardizing the spread within each salary group (53% from Step 1 to Step 9)
-
- The proposed new schedule maintains the current spread from step to step.
 - Once we have adopted the new schedule, we have asked Sally to work with the Secretary of the Senate, the Clerk of the House and the Office Directors to develop a plan for moving each employee into the new schedule.
No employee will lose pay as a result of this conversion.

⇒ **Motion:** That the Council formally adopt the proposed salary schedule for all legislative employees and that conversion to the new schedule be effective January 3, 2000.

Compensation-related Issues

The Committee is continuing to work on the issues in this section.

- Have formed a subcommittee to review current policies and practices related to overtime.
- Review and update of Personnel Policies Manual in progress.
- Sally is working with the Maine State Retirement System to determine the impact of expanding the retirement options available to legislature employees.

Expect to present additional recommendations at the December or January meeting.

PERSONNEL COMMITTEE

Recommendations Regarding Classification and Compensation for Legislative Employees

November 18, 1999

- Attachment A Summary of NCSL Recommendations**
- Attachment B Proposed Classified Grid**
- Attachment C Recommendations to Reclassify Certain Positions**
- Attachment D Proposed New Salary Schedule**

List of Recommendations

Classification Issues

Recommendation 2.1: The Legislative Council and presiding officers should adopt the classification grid that appears in Table 1 and reclassify and re-title the positions as discussed in the following sections.

Recommendation 2.2: The Legislative Council and presiding officers should list all legislative positions on a single classification and salary grid. The current policies that govern the authority over the positions, the setting of salaries for the positions and assignment of the positions throughout the legislature would continue to apply.

Recommendation 2.3: The Legislative Council and the presiding officers should allow promotions to the senior level based on a staff person's demonstrated ability to meet the higher level qualifications associated with the senior position without limiting the number of senior positions in each office.

Recommendation 2.4: The Legislative Council and presiding officers should work with the staff managers and directors to identify staff that currently are eligible for promotion to the senior level within their classification. Those determined to be eligible should be promoted to the senior level.

Compensation Analysis

Recommendation 3.1: The Legislative Council and presiding officers should adjust the salary ranges for legislative staff positions to make them more competitive with the market. Proposed minimum, midpoint and maximum salaries appear in Table 6 and proposed salary ranges with proposed steps appear in Appendix D.

Recommendation 3.2: Which ever option the Legislative Council chooses to implement, it should work with the executive director, directors and other staff managers to review each staff person's current status including tenure and anniversary date to determine the most equitable way of making these adjustments.

Compensation-Related Issues

Recommendation 4.1: The Legislative Council and presiding officers should increase the maximum accrual of comp time for staff in ranges 7-13 to 160 hours at any given time and in any calendar year. Staff in ranges 1-6 should be allowed to opt for comp time up to a cap of 160 hours before being paid for excess overtime.

Recommendation 4.2: The Legislative Council should formally study the issue of overtime and consider solutions to reduce the overtime demands being placed on legislative staff.

Recommendation 4.3: The Legislative Council should expedite the search for new software to record employee time and should stipulate that overtime cannot be accrued until an employee works 40 or 45 hours (depending on the range) in a week.

Recommendation 4.4: The Legislative Council and presiding officers should offer legislative staff the same retirement plan options currently available to unclassified confidential employees in the executive branch.

Recommendation 4.5: The Legislative Council should appropriate necessary funds for legislative staff professional development. Funds could be allocated to each office to be dispensed by the office directors.

Recommendation 4.6: The Legislative Council and presiding officers should review, revise and update the three personnel policy manuals currently being used. The effort should strive to consolidate the three manuals while maintaining any differences in policies that are adopted by the presiding officers and the Legislative Council. The introduction to the consolidated manual should make it clear that the presiding officers have sole authority to set personnel policies for staff in all Senate and House Offices, for chamber staff and committee clerks. Personnel policies for non-partisan staff are set by the Legislative Council.

Recommendation 4.7: At least every two years the Legislative Council and presiding officers should compare the Legislature's salary ranges with benchmark positions in the executive branch and gather comparable salary data. The salary ranges should be adjusted based on changes in market salaries. In this way the Legislature's salary ranges will remain competitive with state government and other employers in Maine. In addition, broad changes in the executive branch compensation system should be monitored and adjustments made in the Legislature's system to maintain salary parity between the two branches.

Recommendation 4.8: If an employee disagrees with the classification of their position as recommended in this plan, the employee should be allowed to submit a written appeal with the Legislative Council or the appropriate presiding officer. The Legislative Council or presiding officer may decide to hear the appeal or take whatever action they deem appropriate. The employee should be given a timely, written response regarding the Legislative Council's or the presiding officer's action on the appeal.

Table 1. Positions in the Maine Legislature Grouped According to Proposed Salary Groups

Proposed Salary Group	Current Salary Group	Position Title
1	1	<i>Office Assistant</i>
2	2	Chamber Staff: Doorkeeper, page, tour guide, assistant legislative document clerk, courier
3	3	<i>Secretary/Stenographer/Receptionist</i>
	2	Assistant Sgt. at Arms
	1	Committee Clerk
	3	Secretary
	3	Library Assistant
	2	<i>Office Assistant II</i>
	3	Sergeant at Arms
	3	Document Clerk
	3	Facilities Support Staff
	3	<i>Senior Committee Clerk</i>
	3	<i>Computer Operator</i>
	3	<i>Postmaster</i>
4	4	<i>Senior Secretary</i>
	4	Executive Secretary
	4	Legislative Technician
	4	Accounting Technician
	3	Legal Proofreaders
	4	Legislative Information Assistant
5	5	Senior Legislative Technician
	5	Library Associate
	5	Reporter
	5	Journal Clerk
	4	Senior Legal Proofreader
	5	Office Support Technician
	5	<i>Senior Technical Secretary</i>
	5	<i>Computer Support Technician*</i>
6	6	Index Clerk
	6	Calendar Clerk
	6	Supervising Legislative Technician
	6	Administrative Secretary
	6	Senior Sergeant at Arms
	6	Senior Executive Secretary
	6	Supervising Legal Proofreader
	6	Engrossing Supervisor
	5	Legislative Information Associate
	6	<i>Senior Executive Assistant*</i>
7	7	Payroll and Benefits Specialist
	7	<i>Helpdesk Support Administrator</i>
	7	<i>Senior Administrative Secretary</i>

Proposed Salary Group	Current Salary Group	Position Title
8	8	Legislative Indexer
	7	Research Assistant (Legislative Researcher)
	7	Paralegal
	8	Chief Calendar Clerk
	7	Technical Support Coordinator (Desktop Applications Support Administrator)*
	7	Legislative Aide
	8	Engrossing Supervisor
	8	<i>Programmer Analyst</i>
	8	<i>Payroll and Benefits Supervisor</i>
9	8	Internet/Intranet Applications Administrator
	8	Network Administrator
	8	Manager Legislative Information Office
	9	Senior Systems Support Coordinator
	8	Sr. Researcher (Sr. Legislative Researcher)
	9	Sr. Desktop Applications Support Administrator
10	9	Senior Legislative Aide
	10	Senior Programmer Analyst
	10	Associate Law Librarian
	9	Special Assistant
	10	Analyst/Attorney
	9	Special Assistant (Chief of Staff Maj./Min Leader)
	10	Senior Network Administrator
11	11	Senior Internet/Intranet Administrator
	11	Assistant for Administrative Services
	11	Senior Analyst/Senior Attorney
12	11	<i>Manager of Computer Services</i>
	12	Principal Law Librarian
	12	Principal Analyst/Principal Attorney
	11	Assistant Clerk of the House
13	11	Assistant Secretary of the Senate
	10	Executive Assistant (Chief of Staff)
14	13	<i>Deputy Director</i>
	14	Clerk of the House
	14	Director
15	14	Secretary of the Senate
	15	Executive Director

Position titles in italics either have no incumbent or no questionnaire was submitted.

Position titles in bold italics are ones the NCSL study team recommends be discontinued.

Position titles in bold parentheses are recommended title changes.

*Position is listed on the payroll but not in the classification plan.

PROPOSED JOB CLASSIFICATIONS
NCSL : August 1999

Proposed Salary Group	Current Salary Group	Position Title
1	1	Office Assistant
2	2	Doorkeeper
	2	Page
	2	Tour Guide
	2	Ass't Document Clerk
	2	Courier
3	2	Ass't Sergeant-at-Arms
	1	Committee Clerk
	3	Secretary
	3	Library Assistant
	3	Sergeant-at-Arms
	3	Document Clerk
	3	Facilities Support Staff
	3	Postmaster
4	4	Executive Secretary
	4	Legislative Technician
	4	Accounting Technician
	3	Legal Proofreader
	4	Legislative Information Ass't
5	5	Senior Legislative Technician
	5	Library Associate
	5	Reporter
	5	Journal Clerk
	4	Senior Legal Proofreader
	5	Office Support Technician
6	6	Index Clerk
	6	Calendar Clerk
	6	Supervising Legislative Technician
	6	Administrative Secretary
	6	Senior Sergeant-at-Arms
	6	Senior Executive Secretary
	6	Supervising Legal Proofreader
	6	Engrossing Supervisor
	5	Legislative Information Associate

Proposed Salary Group	Current Salary Group	Position Title
7	7 7	Payroll and Benefits Specialist Senior Administrative Secretary
8	8 7 7 8 7 7 8 8 8	Legislative Indexer Legislative Researcher Paralegal Chief Calendar Clerk Applications Support Administrator Legislative Aide Engrossing Supervisor Programmer Analyst Sr. Payroll and Benefits Specialist
9	8 8 8 9 9 9 --	Internet/Intranet Applications Administrator Network Administrator Manager, Legislative Information Office Senior Systems Support Coordinator Sr. Legislative Researcher Sr. Desktop Applications Support Administrator Senior Legislative Aide
10	9 10 9 10 9 -- --	Senior Programmer Analyst Associate Law Librarian Special Assistant Analyst/Attorney Chief of Staff Maj./Min. Leader Senior Network Administrator Senior Internet/Intranet Administrator
11	11 11	Assistant for Administrative Services Senior Analyst/Senior Attorney
12	12 12 11 11	Principal Law Librarian Principal Analyst/Principal Attorney Assistant Clerk of the House Assistant Secretary of the Senate

Proposed Salary Group	Current Salary Group	Position Title
13	10 13	Chief of Staff Deputy Director
14	14 14 14	Clerk of the House Office Director Secretary of the Senate
15	15	Executive Director

Job Classification Titles	Current Level	Proposed Level	Basis for Reclassification	Preliminary Committee Action
Legal Proofreader	3	4	Job responsibilities have become more complex and now include legal copy editing; job qualifications have been increased to include B.A. degree, as well as prior editorial experience.	Approved (3-0)
Senior Legal Proofreader	4	5	Advance one range to continue to provide a promotional class for Proofreaders.	Approved (3-0)
Legislative Researcher (was Research Assistant) Paralegal	7	8	Responsibilities and complexity of work assigned have increased and now include expectations for higher level researchers skills (Legislative Researcher) and bill drafting (Paralegal). Educational requirements have increased.	Approved (3-0)
Desktop Applications Support Coordinator	7	8	Reclassification reflects moderately complex tasks required of this position and training required.	Approved (3-0)
Senior Legislative Researcher	8	8	Increased supervisory/management responsibilities and increased level of research conducted.	Approved (3-0)
Manager, Legislative Information Office	8	9	NCSL recommended this reclassification in 1993 study and has reiterated this recommendation in the current study based on the considerable independence required and the wide-ranging impact on the legislative process.	Approved (3-0)

Job Classification Titles	Current Level	Proposed Level	Basis for Reclassification	Preliminary Committee Action
Network Administrator Intranet/Internet Administrator	8	9	Reclassifications based on duties and responsibilities, on the high level of independence required, and on the need to be more competitive with the market.	Approved (3-0)
Manager of Computer Services	11	11	Position not currently filled, but title retained to provide opportunity to fund a position in the future to assist the Office Director in overall management of the Legislative Computer systems and services	Approved (3-0) Committee recommends that this position be established at the level of Deputy Director (Range 13) given the criticality of the computer system to all aspects of the Legislature's operations; and further, that this title be available for future use in all non-partisan staff offices, contingent upon specific approval by the Council.
<hr/>				
Committee Clerk	1	3	NCSL reiterates 1993 recommendation to reclassify based on conclusion that duties performed and skills required be comparable to those of secretarial, who are classed in Range 3.	Approved (3-0) Committee concurs with the need to raise the hiring standard, including the requirement for basic computer proficiency. Assignment within the overall legislative structure is an open issue.

PROPOSED ANNUAL SALARIES

NCSL Classification and Compensation Study August, 1999

Salary Groups	1	2	3	4	5	6	7	8	9
1	16,598.40	18,075.20	18,990.40	19,926.40	20,924.80	21,985.60	23,067.20	24,232.00	25,396.80
2	18,574.40	20,259.20	21,257.60	22,318.40	23,441.60	24,606.40	25,833.60	27,123.20	28,454.40
3	20,800.00	22,672.00	23,795.20	25,001.60	26,249.60	27,560.00	28,932.80	30,368.00	31,844.80
4	22,880.00	24,939.20	26,187.20	27,497.60	28,870.40	30,305.60	31,824.00	33,404.80	35,027.20
5	25,168.00	27,435.20	28,808.00	30,243.20	31,740.80	33,342.40	35,006.40	36,753.60	38,542.40
6	27,684.80	29,057.60	31,678.40	33,259.20	34,923.20	36,670.40	38,500.80	40,435.20	42,390.40
7	30,451.20	31,969.60	34,840.00	36,587.20	38,417.60	40,331.20	42,348.80	44,470.40	46,633.60
8	33,488.00	35,172.80	38,334.40	40,248.00	42,265.60	44,366.40	46,592.00	48,921.60	51,292.80
9	37,440.00	39,312.00	42,848.00	44,990.40	47,236.80	49,587.20	52,062.40	54,683.20	57,324.80
10	40,518.40	42,566.80	46,384.00	48,692.80	51,126.40	53,684.80	56,368.00	59,176.00	62,067.20
11	44,574.40	46,800.00	51,022.40	53,560.00	56,243.20	59,051.20	62,004.80	65,104.00	68,265.60
12	49,025.60	51,480.00	56,118.40	58,926.40	61,859.20	64,958.40	68,203.20	71,614.40	75,088.00
13	53,934.40	56,617.60	61,713.60	64,812.80	68,057.60	71,448.00	75,025.60	78,769.60	82,596.80
14	59,321.60	62,296.00	67,891.20	71,281.60	74,859.20	78,603.20	82,534.40	86,652.80	90,854.40
15	65,249.60	68,515.20	74,692.80	78,416.00	82,347.20	86,444.80	90,771.20	95,305.60	99,944.00



Maine Legislative Support System
Process Review

KPMG Consulting
Robin Lyle

Phase I Report

Part A: Legislative Process Review

Part B: Conceptual Design



Phase I - Part A: Legislative Process Review



Legislative Processes Reviewed

Phase I - Part A: Legislative Process Review

Legislative Activities

- ✓ Bill & Amendment Drafting
- ✓ Bill Tracking, Status & Stamping
- ✓ Fiscal Note Production
- ✓ Publication Production
- ✓ Indexing
- ✓ Budget & Appropriations Process
- ✓ Committee Activities
- ✓ Status Maintenance

Information Support System

- ✓ Document drafting & Preparation
- ✓ Bill Tracking & Status System
- ✓ Chamber Support Applications
- ✓ Committee Support Applications
- ✓ Fiscal Analysis
- ✓ Publications
- ✓ Reference & Research

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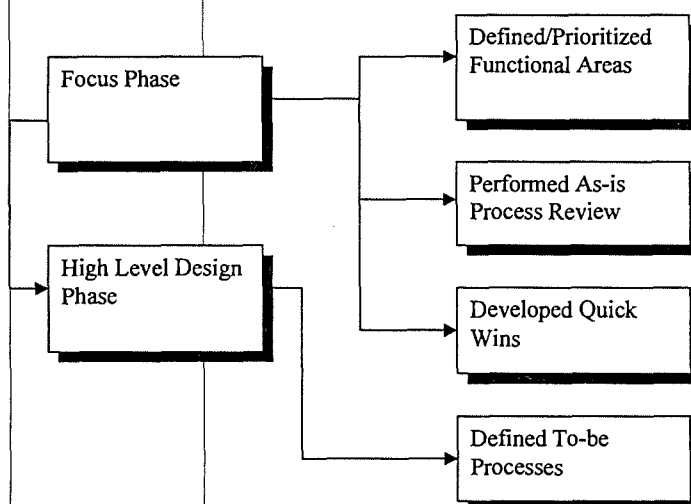
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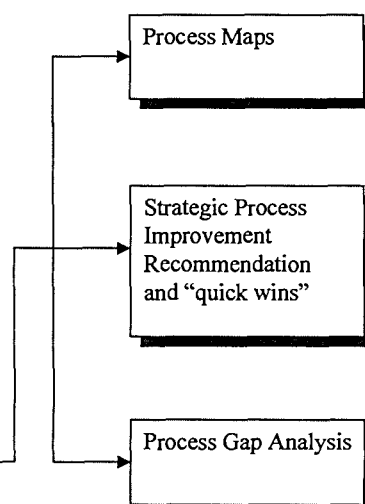
Legislative Processes - BPI

Phase I - Part A: Legislative Process Review

Approach



Deliverables



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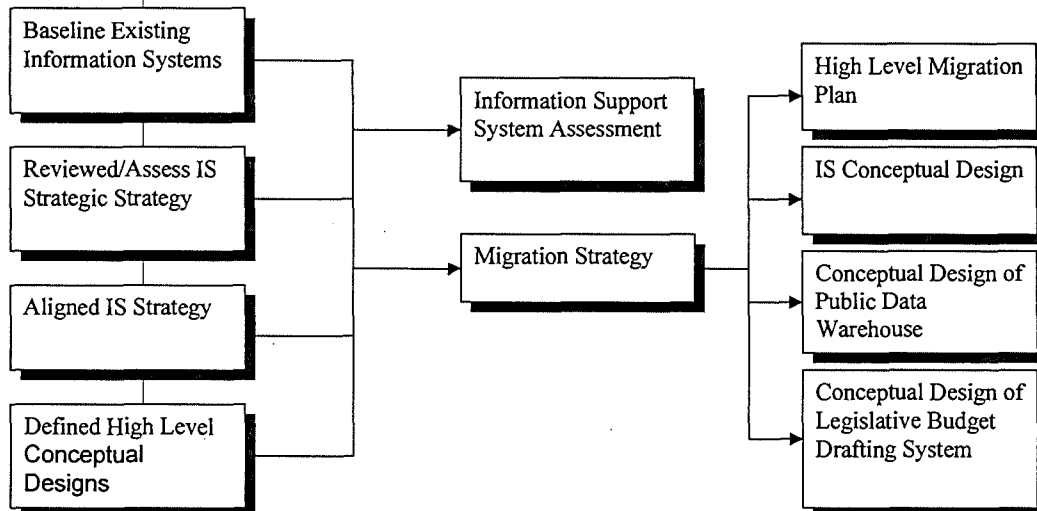
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Legislative Processes - ITA

Phase I - Part A: Legislative Process Review

Approach



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Legislative Process Review

Phase I - Part A: Legislative Process Review

Phase I Report - Deliverables Recap:

- ◆ Leveled Process Maps
- ◆ To-be Process Maps
- ◆ Information Support System Assessment
- ◆ Process Gap Analysis and Strategic Process Improvements
- ◆ Conceptual Design
- ◆ High Level Migration Plan (Including Quick Wins)
- ◆ Public Data Warehouse Interface Standards
- ◆ Budget Drafting Proposal

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Legislative Process Review

Phase I - Part A: Legislative Process Review

Findings:

- ◆ The Joint Committee Process is Very Efficient
- ◆ There are Many Redundant Legislative Processes
- ◆ Continued Use of the WANG System
 - is a Very Time and Resource Consuming Support Effort
 - Represents a Significant Risk to the Legislative Process
 - Is a Barrier to Implementing Internet Based Solutions
- ◆ The Maine Legislature's OIS is Understaffed by 28%
- ◆ Legislators and Staff Have Little or No Remote Access
- ◆ Term Limits Resulted in a Depletion of Institutional Knowledge Held by Long Standing Members
- ◆ Scheduling is a Very Time Consuming Task
- ◆ Maine is Behind Most States in Providing the Public Timely Access to Legislative Information

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Legislative Process Review

Phase I - Part A: Legislative Process Review

Recommendations:

- ◆ Use the Joint Committee Approach Wherever Possible
- ◆ Reduce Redundant Work Processes by Combining Closely Related Measures
- ◆ Retire the WANG System by the 120th Session
- ◆ Empower OIS to Hire 3 - 4 New Staff
- ◆ Implement Web-enabled Applications and Security in Order for Members and Staff to Work Remotely
- ◆ Capture Institutional Knowledge and Create an Easy to Use Interface for Information Lookup and Retrieval
- ◆ Train and Support Legislators with Current Technology
- ◆ Develop a Unified 'Legislative Desktop' for Scheduling, Communication and Legislative Process Participation
- ◆ Develop a Public Data Warehouse and Internet Interface

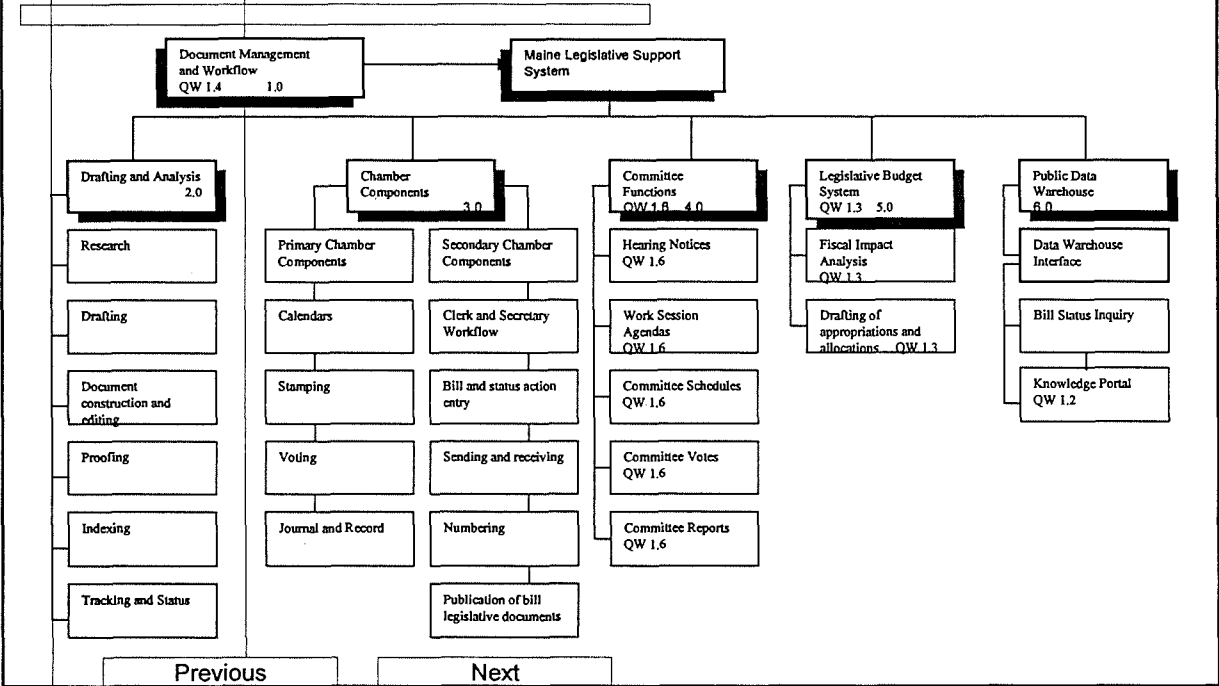
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Legislative Process Review

Phase I - Part A: Legislative Process Review



Phase I - Part B: Conceptual Design

The Phase II Goal - A Legislative Desktop



The Legislative Desktop

Phase I - Part B: Conceptual Design

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LD1116 Home Page

Bill Information

- Welcome to the LD1116 Home Page
- Links
- Mission Statement
- Goals
- Policies

Universal Summary

- Send new message to team

Welcome to the LD1116 Home Page

Title: Clarify Minimum Size Standards for Aquaculture Species
Sponsor: Etnier of Harpswell

Actions

Date	Action By	Action	Roll-Call
			Number Pass/Fail Yes No Absent
2/5/1999	HSE	Committee on Marine Resources suggested and ordered printed.	
2/5/1999	HSE	Referred to Marine Resources. Sent up for concurrence.	
		Ordered sent forthwith.	
2/11/1999	SEN	REFERRED to Marine Resources in concurrence	
4/5/1999	HSE	Consent Calendar - First Day	
4/7/1999	HSE	COMMITTEE ON BILLS IN THE SECOND READING Report accepted	
4/7/1999	HSE	Consent Calendar - Second Day. Passed to be Engrossed.	
4/7/1999	SEN	Sent for concurrence. Ordered sent forthwith.	
4/8/1999	HSE	Report READ and ACCEPTED in concurrence BILL READ	
		ONCE Tomorrow Assigned for Second Reading	
4/15/1999	SEN	Passed to be Enacted.	
4/15/1999	SEN	Sent for concurrence. Ordered sent forthwith.	
4/26/1999	HSE	PASSED TO BE ENACTED On motion by Senator Goldthwait of Hancock RECONSIDERED ENACTMENT On further motion by Same Senator TABLED pending ENACTMENT Later Today Assigned	
4/27/1999	HSE	House Recorded and Concurred	
4/27/1999	HSE	sent forthwith	

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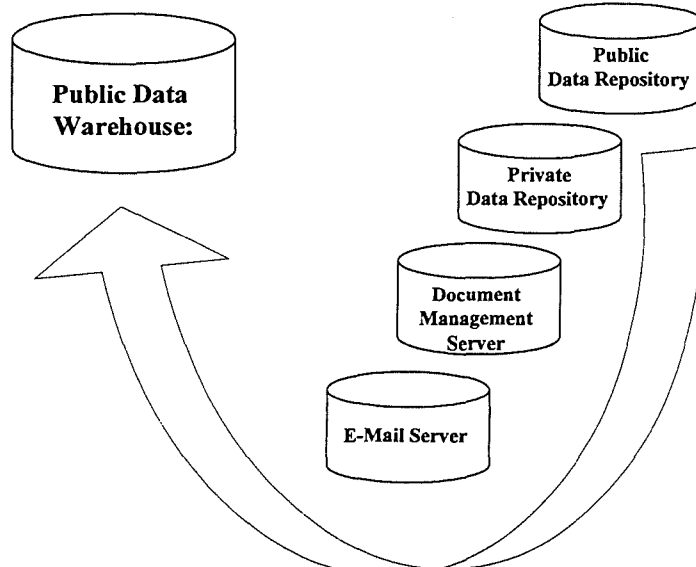


Public Data Warehouse

Phase I - Part B: Conceptual Design

Public Data Warehouse Including:

- Legislative Calendars
- Bill history & Status
- Bills & Amendments
- Orders & resolutions
- Study Reports
- Committee Schedules
- Maine Statutes
- Fiscal Analysis
- Voting Records
- Legislative Publications



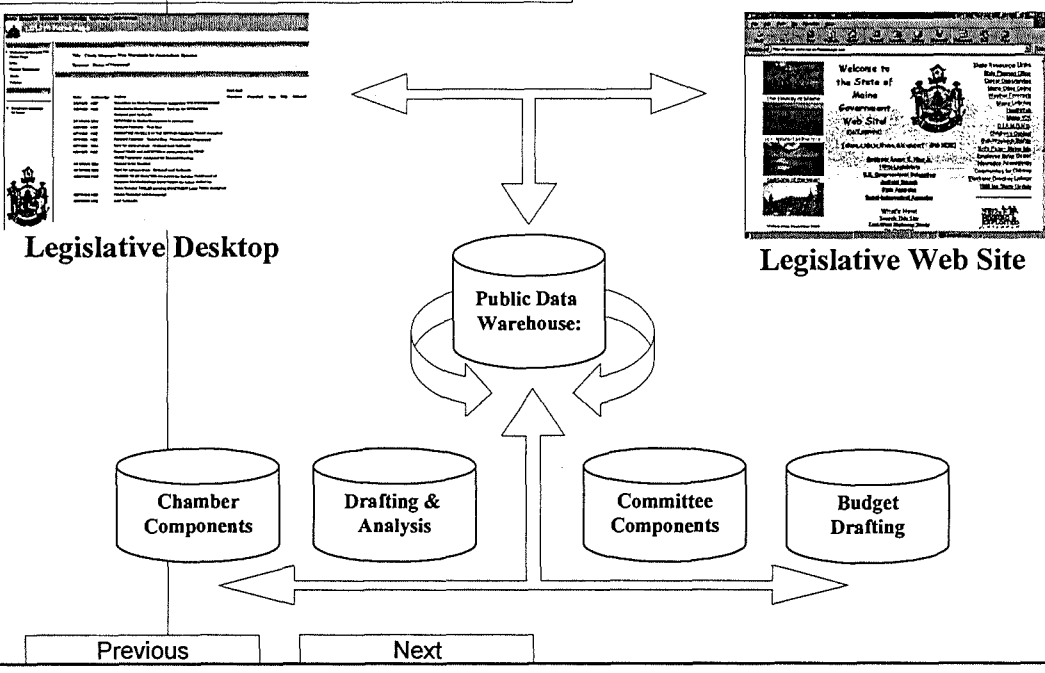
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Legislative Information System

Phase I - Part B: Conceptual Design



Legislative Desktop - The Phase II Goal

Phase I - Part B: Conceptual Design

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Send new message to team

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Title: Clarify Minimum Size Standards for Aquaculture Species

Sponsor: Etnier of Harpswell

Actions

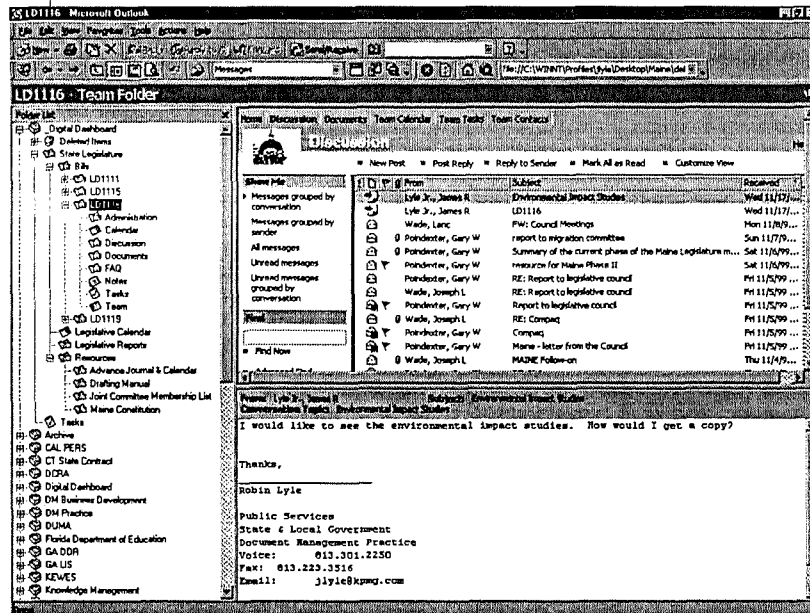
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4/27/1999	HSE	sent forthwith	

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Legislative Desktop - The Phase II Goal

Phase I - Part B: Conceptual Design



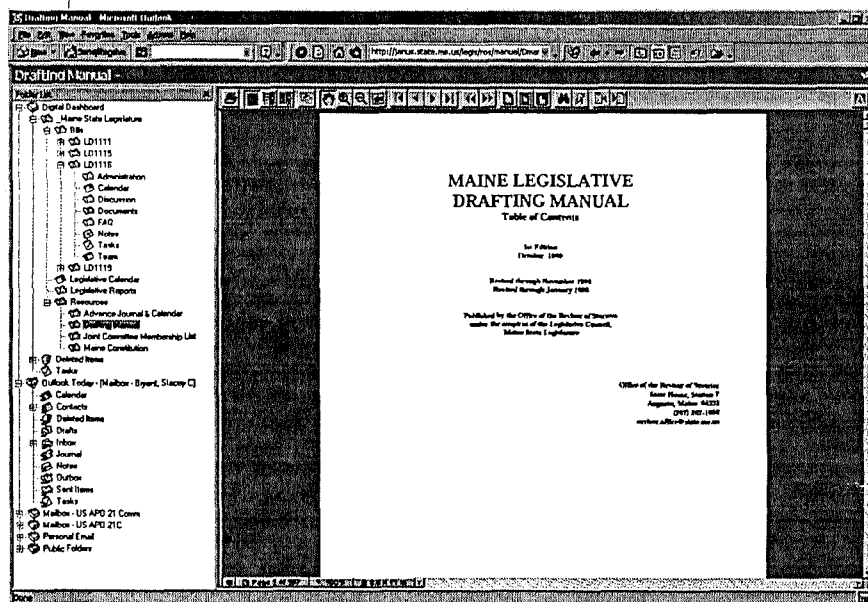
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Legislative Desktop - The Phase II Goal

Phase I - Part B: Conceptual Design



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Legislative Desktop - The Phase II Goal

Phase I - Part B: Conceptual Design

Where is all this leading?

- A Legislative System that is:
 - Totally Integrated
 - Client/Server
 - Streamlined
 - Automated
 - Flexible
- Legislature and the Public Web Access
 - Bill Status
 - E-Mail
 - Scheduling
 - Work Products
- A uniform and unified legislative data repository

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LD1116 Home Page

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		Ordered sent forthwith.					
2/11/1999	SEN	REFERRED to Marine Resources in concurrence					
4/5/1999	HSE	Consent Calendar - First Day					
4/7/1999	HSE	COMMITTEE ON BILLS IN THE SECOND READING Report accepted					
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		ONCE Tomorrow Assigned for Second Reading					
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4/27/1999	HSE	House Receded and Concluded					
4/27/1999	HSE	sent forthwith					

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Phase II - Building the Legislative Desktop

Scope of Work

Project Plan

Immediate Next Steps



Phase II - Scope of Work



Phase II - Scope of Work

- **Priority 1: Implement Immediate Next Steps**
- **Priority 2: Implement Core Components**
 - Drafting & Analysis Components
 - Develop Data Warehouse
 - Upgrade & Enhance the Chamber Components
 - Document Management
 - Retire WANG System
- **Priority 3: Implement Support Components**
 - Budget Drafting Component
 - Legislative Desktop
 - Committee Support Component
 - Interface with the Executive Budget System
 - Workflow
- **All Systems up for the 120th Session**

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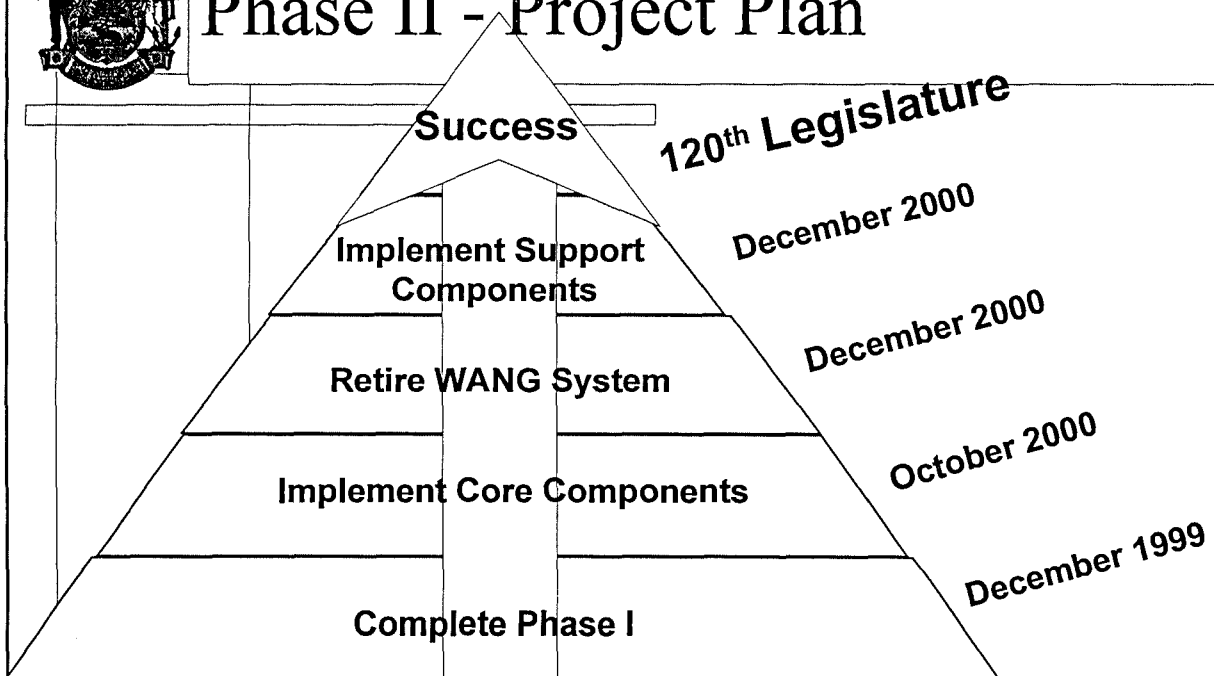
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Phase II - High Level Project Plan



Phase II - Project Plan



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Immediate Next Steps



Immediate Next Steps - Step One

- **Prioritize and Select Quick Wins**
 - **Vendor Selection -**
 - Software for Committee Functions
 - Software for Boards and Commissions
 - **Bill Status - Integrate & Enhance Database**
 - **Legislative Desktop - Implement Pilot**
 - **Legislative Budget System - Functional Design**
 - **Document Workflow System - Design for Clerk and Secretary**
 - **Tertiary Functions - Automate the Secretary, Clerk and Library**

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Immediate Next Step - Step Two

- **Implement Quick Wins**
- **Select Software, Sub-contractors and Perform Gap Analysis for:**
 - **Document Management and Workflow**
 - **Drafting and Analysis**
 - **Chamber Components**

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Immediate Next Step - Step Three

- **Complete Detailed Functional Designs for:**
 - **Document Management and Workflow System**
 - **Drafting and Analysis System**
 - **Chamber Components**
 - **Public/Private Data Warehouse**
 - **Legislative Desktop**
 - **Web Site Legislative Information System**
- **Develop Detailed Project Plan**

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Phase I Report - Conclusion



Phase I Report

Steps to complete Phase I:

- **November 15** - Draft Phase I Report Submitted to Migration team and Legislative counsel
- **December 1** - Reviewing KPMG's Draft Phase I Report|
 - Meetings with Migration Team
 - ✓ Meetings Individual Migration Team Members
 - ✓ Migration Team as a whole
- **December 10** - Written Comments Due From Migration Team
- **December 17** - Final Report Submitted for Acceptance

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**1999 Summer Renovations
Maine State House
Project Update
November 18, 1999**

Schedule

- A) 1/04/00 - 3rd Floor Owner Furnishings
- B) 1/05/00 - Senate Chamber 1st Session
- C) 1/10/00 - 4th Floor Owner Furnishings
- D) 1/15/00 - 4th Floor Committee Room
- E) 2/07/00 - 2nd Floor Owner Furnishings
- F) 2/14/00 - 1st Floor Owner Furnishings
- G) 2/14/00 - 1st Floor Committee Rooms

Unforeseen Conditions

- A) 4th floor Marble flooring removal & reinstallation not possible
- B) 3rd & 2nd floor structural stabilization requirements due to previous construction
- C) 1st floor excavation requirements to install 150 conduits
- D) Removal, resupport and reinstallation of 4th floor ceilings due to sever plaster stress from years of construction traffic
- E) Removal, resupport and reinstallation of numerous existing 3rd and 2nd floor ceilings that were wood framed and therefore contrary to current fire codes.
- F) Structural framing at 4th floor bathroom to carry toilet fixtures
- G) Structural infill and support at two existing chimney flues
- H) Additional asbestos abatement ie. ventilation system to Senate Chambers
- I) Additional lead base paint removal to support unforeseen conditions (items B, D, and E) and for user design developments.

User Space Design Development & Implementation

- A) 2nd floor office space for OFPR
- B) 2nd floor office space for Information Services
- C) 2nd floor Governor's Suite
- D) Electrical system requirements to meet design development & user office furnishings
- E) Security system
- F) Removal of 2 columns and installation of new supports at 1st floor committee rooms

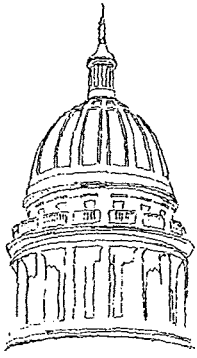
Budget Update

A 6.5 % increase to the GMP to include the additional scope as indicated above

MAINE STATE HOUSE
1999 SUMMER RENOVATIONS
BUDGET UPDATE

November 10, 1999

Description	1999 Reno Value	GNI/Sub Value	GNI/Sub Change Orders	GNI/Subs E.T.C.	Projected Total	Variance
General Conditions	\$ 189,000.00	\$ 189,000.00	\$ -	\$ (49,000.00)	\$ 140,000.00	\$ 49,000.00
Pre-Construction	\$ 50,000.00	\$ 35,468.00	\$ -	\$ -	\$ 35,468.00	\$ 14,532.00
Hygienist	\$ 45,000.00	\$ 23,300.00	\$ 33,984.00	\$ 3,000.00	\$ 60,284.00	\$ (15,284.00)
Abatement/Demo	\$ 379,168.00	\$ 328,550.00	\$ -	\$ 64,800.00	\$ 393,350.00	\$ (14,184.00)
Staging	\$ 115,845.00	\$ 116,568.00	\$ -	\$ -	\$ 116,568.00	\$ (723.00)
Sitework	\$ 82,718.00	\$ 82,718.00	\$ (22,700.00)	\$ 5,000.00	\$ 65,018.00	\$ 17,700.00
Temp. Partitions	\$ 15,000.00	\$ 6,507.00	\$ -	\$ 5,000.00	\$ 11,507.00	\$ 3,493.00
Selective Demo	\$ 100,000.00	\$ 212,486.00	\$ -	\$ 100,000.00	\$ 312,486.00	\$ (212,486.00)
Concrete	\$ 20,000.00	\$ 64,098.00	\$ -	\$ 25,000.00	\$ 89,098.00	\$ (69,098.00)
Masonry	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -
Steel/Metal Fab.	\$ 219,875.00	\$ 197,475.00	\$ 4,829.00	\$ -	\$ 202,304.00	\$ 17,571.00
126/127 Beam	\$ 50,000.00	\$ 64,968.00	\$ -	\$ 1,000.00	\$ 65,968.00	\$ (15,968.00)
Rough Carpentry	\$ 30,000.00	\$ 43,959.00	\$ -	\$ 10,000.00	\$ 53,959.00	\$ (23,959.00)
Build Mock-ups	\$ 8,000.00	\$ 2,042.00	\$ -	\$ -	\$ 2,042.00	\$ 5,958.00
Senate Millwork	\$ 189,471.00	\$ 189,471.00	\$ 8,808.00	\$ 1,920.00	\$ 200,197.00	\$ (10,726.00)
Finish Carpentry	\$ 115,798.00	\$ 115,798.00	\$ 20,878.00	\$ -	\$ 136,676.00	\$ (20,878.00)
Committee Tables	\$ 87,626.00	\$ 87,626.00	\$ -	\$ 41,238.00	\$ 128,864.00	\$ (41,238.00)
Install Trlm/Tables	\$ 50,000.00	\$ 12,462.00	\$ -	\$ 40,000.00	\$ 52,462.00	\$ (2,462.00)
Waterproofing	\$ 5,000.00	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ 2,000.00
Insulation	\$ 10,000.00	\$ 1,340.00	\$ -	\$ 8,000.00	\$ 9,340.00	\$ 660.00
Fire Stopping	\$ 30,000.00	\$ 960.00	\$ -	\$ 20,000.00	\$ 20,960.00	\$ 9,040.00
Metal Siding/Roofing	\$ 35,200.00	\$ 35,200.00	\$ -	\$ -	\$ 35,200.00	\$ -
Roofing Repairs	\$ 7,000.00	\$ 2,259.00	\$ -	\$ 7,000.00	\$ 9,259.00	\$ (2,259.00)
Sealants	\$ 10,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	\$ 9,000.00
Doors/Frames/Hdwr.	\$ 378,903.00	\$ 364,690.00	\$ 15,428.00	\$ 36,527.00	\$ 416,645.00	\$ (37,742.00)
Access Panels	\$ 5,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	\$ 4,000.00
Glass Doors & Glass	\$ 12,164.00	\$ 12,164.00	\$ -	\$ -	\$ 12,164.00	\$ -
Custom Windows	\$ 283,600.00	\$ 283,600.00	\$ -	\$ -	\$ 283,600.00	\$ -
Install Windows	\$ 181,000.00	\$ 181,000.00	\$ 4,130.85	\$ -	\$ 185,130.85	\$ (4,130.85)
Refurbish Frames	\$ 30,000.00	\$ -	\$ -	\$ 30,000.00	\$ 30,000.00	\$ -
Acoustical Ceiling	\$ 15,230.00	\$ 15,230.00	\$ -	\$ 1,462.00	\$ 16,692.00	\$ (1,462.00)
Plaster/Drywall	\$ 510,409.00	\$ 432,864.00	\$ -	\$ 127,508.00	\$ 560,372.00	\$ (49,963.00)
Flooring	\$ 210,000.00	\$ -	\$ -	\$ 210,000.00	\$ 210,000.00	\$ -
Coat Penthouse Floor	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	\$ -
Painting	\$ 86,538.00	\$ 86,538.00	\$ -	\$ 3,000.00	\$ 89,538.00	\$ (3,000.00)
Toilet Partitions & Acc.	\$ 16,000.00	\$ 14,100.00	\$ -	\$ 400.00	\$ 14,500.00	\$ 1,500.00
Signage	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ 15,000.00
Fire Extinguishers	\$ 4,000.00	\$ 1,030.50	\$ -	\$ 2,000.00	\$ 3,030.50	\$ 969.50
Misc. Bldg. Specialties	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -
Fire Protection	\$ 114,270.00	\$ 114,270.00	\$ -	\$ 1,500.00	\$ 115,770.00	\$ (1,500.00)
Elevator Relocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trane Equipment	\$ 17,100.00	\$ 17,100.00	\$ -	\$ -	\$ 17,100.00	\$ -
Plumbing/HVAC	\$ 661,158.00	\$ 615,798.00	\$ 39,752.00	\$ 61,581.80	\$ 717,129.80	\$ (55,971.80)
Electrical	\$ 1,863,000.00	\$ 1,863,000.00	\$ -	\$ 303,118.00	\$ 2,166,118.00	\$ (303,118.00)
Roll Call	\$ 102,000.00	\$ 102,000.00	\$ -	\$ -	\$ 102,000.00	\$ -
Telephone	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00
Temp. Facilities	\$ 350,000.00	\$ 333,273.00	\$ -	\$ 6,000.00	\$ 339,273.00	\$ 10,727.00
O H & P	\$ 370,374.00	\$ 370,374.00	\$ -	\$ 46,421.00	\$ 416,795.00	\$ (46,421.00)
Contingency	\$ 355,222.00	\$ -	\$ -	\$ 80,000.00	\$ 80,000.00	\$ 275,222.00
Totals	\$ 7,459,667.00	\$ 6,619,284.50	\$ 105,107.85	\$ 1,221,475.80	\$ 7,945,888.15	\$ (486,201.15)



NATURAL HISTORY DIORAMAS

LEGISLATIVE COUNCIL

May 13, 1999

Motion on Klir Beck Dioramas:

Motion: That the Legislative Council express its commitment to the preservation of the dioramas and to their relocation in a prominent public place in the State House complex. (Motion by Rep. Saxl; second by Sen. Rand; unanimous).

October 18, 1999

To The Community Liaison Committee for the State House Renovation Project, and the Legislative Council,

I am a resident of Mt. Vernon, where I have lived for twenty years in a house built by Klir Beck. As I became aware, after the fact as did many, of the removal of the Klir Beck Dioramas from the State House, I became upset at the thought that we may never see these incredible works of art again. My fear seemed close to reality when I read the last two articles in the KJ, September 23rd & 24th, which spoke of those making the initial 'promises' of re-installation of these dioramas, now "bristling" at the cost of following through with that promise. I was upset, that yet again, politicians had made promises they seemingly couldn't or wouldn't keep.

For those who may not be familiar with Klir Beck, the creator of these dioramas, he was an amazing artist with a wide range of talent. Having worked in Hollywood on set designs and after being recruited by Walt Disney to produce the original drawings for a movie idea Walt had about a baby deer, the classic, BAMBI, after designing the Key West Aquarium in Florida, and various other large projects, nationwide, having been 'recruited' by the art world of New York City and Paris, Klir Beck chose this area of MAINE to settle in. It was here that he produced some of his finest works of art, not the least of which were these dioramas, the highlight of the original State Museum of Maine. These are among the last of Klir Beck's works of art in existence locally. His representational 'natural' art work created for displays for the Maine State Department of Inland Fisheries and Wildlife were renowned nationwide

As I spoke to friends locally I found I wasn't alone and that many shared my sadness to know these dioramas were cut and put into storage. Our concern escalated upon learning that rather than re-install the dioramas where they have always been, on the main floor of the State House, the space would now be used for lockers for legislators and hearing rooms. We were not happy with the idea that these dioramas might be put in a tunnel between State office buildings.

I decided to circulate a petition based on our fears. My reference in this petition to the "State Museum", includes the original museum space where these dioramas have lived for fifty years, it may also include, as a last resort, a space in the 'new' museum, possibly even the entry foyer, in front of the museum entrance. We want these dioramas RETURNED to a PROMINENT location easily accessible to the public and we DO NOT agree that the proposed tunnel location is an acceptable one. We are fearful that these works of art, created by Klir Beck will be lost forever to storage.

In just one week's time I, and many friends, have EASILY collected 625 signatures. Had I left this petition out for two weeks I know that number would easily have exceeded 1,000 signatures from concerned Mainers far and wide, and from a

handful of visitors from away. On the heels of the Capitol Park 'incident', people are impatient and suspicious of State Government. The overwhelming concerns, that we have heard as petitions were circulated, is a STRONG NEGATIVE response to the proposed tunnel location suggested for re-installation of these dioramas. MANY have suggested putting LOCKERS there instead. There is a fear of losing these forever to storage because of estimated costs for re-installation. The number of signatures on this petition speaks for itself, we do not approve of the tunnel location and we do not want to lose these dioramas forever to storage.

This petition reads as follows: " WE, THE UNDERSIGNED, WOULD LIKE TO SEE LEGENDARY CURATOR KLIR BECK'S ORIGINAL, LIFE-SIZE, MAINE WILDERNESS DIORAMA'S RETURNED TO A PROMINENT LOCATION IN THE MAINE STATE MUSEUM, ACCESSIBLE TO ALL FOR PUBLIC VIEWING FOR GENERATIONS TO COME. WE DO NOT BELIEVE THESE DIORAMA'S WILL BE ACCESSIBLE TO THE GENERAL PUBLIC OR PROPERLY DISPLAYED IF MOVED TO A TUNNEL BETWEEN STATE OFFICE BUILDINGS. WE DO NOT WANT TO LOSE THESE HISTORICAL WORKS OF ART FOREVER TO STORAGE!" SIGNED, by 625 concerned citizens of the State of Maine, and a handful of people from away.

We would like further discussion on this issue and a FIRM commitment from lawmakers to follow through with original promises made to RE-INSTALL ALL of these dioramas for public access and viewing for generations to come, preferably right where they've always been, in a PROMINENT location in the State House!

. To quote from a 1962 article in the KJ, entitled "Maine's Modern Leonardo DaVinci", at the time of installation of one of Klir Beck's last dioramas, a man admiring the dioramas, and the life-like reproduction Beck made of an oak tree, commented, "Only God can make a tree, but after him, I guess that Beck can come closest". The article ends, "There is one exhibit that is lacking at the museum, but it is one we would like to see. It would be an exhibit that would show all phases of this remarkable man's genius. It would be valuable to posterity because we will not see the likes of this Maine man soon. Leonardo would have been proud of him."

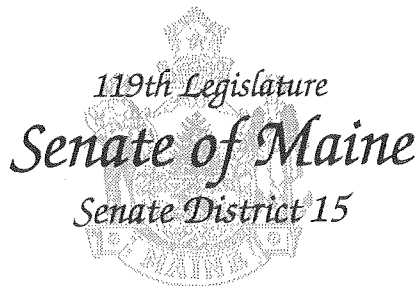
We should be forever thankful that Klir Beck chose Maine to be the birthplace of his greatest creations. The most memorable displays of the original State Museum were created by Klir Beck FOR the people of the State of Maine. We, the people of the State of Maine, want to preserve what's left of his art and honor his gifts to us by KEEPING them displayed in a prominent location, IN the people's House, for generations to come!

I hereby submit to you, this petition with the hope of doing just that!
Thank you for your concern in this matter. Signed,



Karen J. Cole
1100 Castle Island Rd.
Mt. Vernon, Maine, 04352

cc:Legislative Council



Senator Beverly C. Daggett

3 State House Station
Augusta, ME 04333-0003
(207) 287-1515

16 Pine St.
Augusta, ME 04330
(207) 622-9053
daggett@mint.net

Monday Nov. 8, '99

Members of the Legislative Council:

On the day of the last Council meeting, there was an article in the KJ indicating I'd been sent petitions with 600+ signatures with the implication that I'd be presenting them to the Council that day. I knew nothing of the petitions until I read the article as they'd been sent by certified mail and I'd not picked the package up from the Post Office. The petitions are being turned over to Sally Tubbesing with this letter. I'd also like to remind the Council of the similar petitions signed by 120+ legislators with the same request - that is, to keep the dioramas in the State House.

Frankly, it's been with some surprise that I've discovered that the dioramas are still homeless. I've also been somewhat discouraged that the Citizen Liaison Committee was given the only option of blessing a default position - the tunnel location - and wish to underscore the Committee's acceptance of that location was with the caveat that there was no other place within the State House. My recollection is that there was agreement that the dioramas remain within the State House and efforts to discuss other options were quickly dismissed. Rep. Colwell and Rep. Cowger (also members of the Committee) share my recollections and my continued concern.

Prior to and since receiving the signatures, I've made an effort to engage a number of people on the issue of placement of the dioramas with varying degrees of success. I've looked at drawings of the first floor of the State House myself (this area was not shown to the Committee). I've reached several conclusions and developed an option. I'd like the Council to consider fully developing the options surrounding placement of the dioramas. It's been my experience that the Legislature is a tremendously creative group. Please put that problem-solving creativity to work here. This is a once in a century project and deserves this consideration.

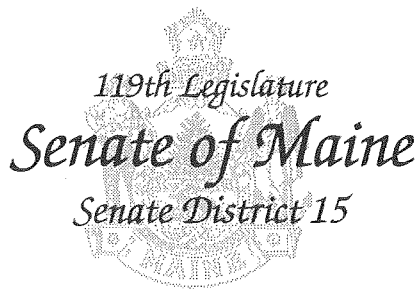
Additionally, I would like to recommend the Council consider hiring another project coordinator. The importance and scope of the project combined with the demands on Legislative staff, the lack of continuity of membership on the Council over time and the nature of a citizen part-time legislature seem to lead to the need for greater capacity. It seems to me that the resulting efficiencies generated would have already funded another person as well as other savings. I can see the benefit just in the two issues I've been involved with - the mobiles in Capitol Park and the dioramas.

Every day I hear from more people who share an interest in the dioramas. Several people have actually told me of a personal connection with these scenes. I'm more than willing to be of help in resolving this problem and I know others who share my willingness. I'd appreciate being notified of your next meeting as soon as it's scheduled.

Thanks for your consideration.

Sincerely,





Senator Beverly C. Daggett

3 State House Station
Augusta, ME 04333-0003
(207) 287-1515

16 Pine St.
Augusta, ME 04330
(207) 622-9053
daggett@mint.net

Diorama placement option:

Reinstall the dioramas in the same general area where they were. Place smaller groupings of lockers in various places around the State House such as bathrooms, committee rooms, computer rooms, retiring rooms, hallways, alcoves etc. Create a modest public space beside the dioramas.

Miscellaneous supporting reasons:

Lockers can be self contained units which do not have to be permanently installed. The lockers can be temporarily placed according to the current proposal with the installation of the dioramas waiting until the end of the project when some of the lockers can be placed in the State Office Building.

Committing to a good decision will lay this aspect of the project to rest and prevent continuing energy being spent on it.

All State House space is precious and should be used in a purposeful manner.

Public space is very important. The location of two committee rooms at the end of the south wing could benefit from a place where people can gather. Those of us in the LVA and B&I committees know how congested it gets in our hallway because there's no good place for the public to gather. A large amount of public space is being removed..

Big stuff goes in first - Dioramas are big stuff, lockers are small stuff.

History is important - Dioramas are history, lockers aren't.

BCD
11-8-99



MAINE STATE MUSEUM
Memorandum

TO: Sarah C. Tubbesing, Executive Director
Legislative Council

FROM: *Joseph R. Phillips*
Joseph R. Phillips, Museum Director

DATE: October 7, 1999

SUBJECT: Maine State Museum Commission Resolution

The attached resolution was passed at the July 19, 1999 meeting of the Museum Commission. I have just realized it was never forwarded to you.

Thank you for briefing me on Rick Burt's efforts to develop alternative plans for diorama relocation.

We will peruse your idea of seeking grant funding for diorama reconstruction, in-painting and other conservation related requirements.

KLIR BECK DIORAMAS

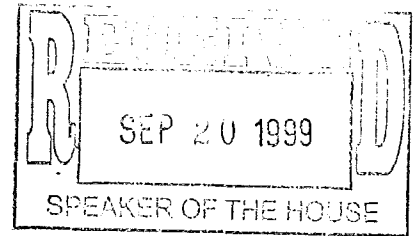
The Maine State Museum Commission expresses its appreciation to the Legislative Council for its decision to save the Klir Beck Diorama Exhibit, removing it from the Old Museum space in the State House under the supervision of professional conservators. We understand that the exhibit will eventually be reassembled and placed in appropriate location within the State House complex.

Maine people have been proud of, and have cared very deeply for the diorama exhibit, and look forward to its continued presence at the State House. The dioramas are a superb example of an important art form of the early and middle 20th century. They also represent one of the few surviving works of Klir Beck, one of the preeminent naturalist artist of his time.

The Maine State Museum Commission will insure that the Museum's professional staff will assist in the planning removal, and reinstallation of the exhibit, will be responsible for its continued maintenance in the future.



needs Council approval



MAINE STATE LEGISLATURE
Augusta, Maine 04333

TO: Members, Legislative Council

FROM: Richard P. Ruhlman, Senate Chair, Commission to Study Single-sales Factor Apportionment
Patrick Colwell, House Chair, Commission to Study Single-sales Factor Apportionment

DATE: September 15, 1999

RE: **WORK PLAN AND PROPOSED BUDGET FOR COMMISSION TO STUDY
SINGLE-SALES FACTOR APPORTIONMENT**

The last of the members of the Commission to Study Single-sales Factor Apportionment was appointed on August 25, 1999. The 1st meeting of the commission was held September 8, 1999. This meeting was primarily an introductory meeting during which the commission established a schedule of meetings and the issues to cover at those meetings. As required by S.P. 771, Joint Order; relative to the Commission to Study Single-sales Factor Apportionment, we are presenting you with our work plan and proposed budget.

Work Plan

The commission has planned to conduct its review at 4 meetings scheduled as follows:

September 8	9:00 a.m. - 12:00 p.m.	Introductory Meeting
October 13	1:00 p.m. - 5:00 p.m.	Review of Information/Research
October 27	9:00 a.m. - 1:00 p.m.	Review of Information/Research
November 10	9:00 a.m. - 1:00 p.m.	Develop Recommendations

Received by:

(Note: All meetings will be in Room 437 of the State House.)

Nancy x Staff assistance will be provided by the Office of Fiscal and Program Review. That office along with the Bureau of Revenue Services, Department of Economic and Community Development and the State Planning Office as well as contributions from the public members of the commission will conduct the research and provide the information necessary to formulate recommendations at the commission's fourth and final meeting.

Jeannie _____

Patrick _____

David _____

Chuck _____

Jane _____

Bill x
Karen _____

Proposed Budget

Based on information provided by the Office of Fiscal and Program Review, the estimated cost of conducting this study is as follows:

Personal Services	\$1,540
All Other	<u>1,900</u>
TOTAL	\$3,440

Attached for your review, is the joint order as amended and a list of commission members (including other persons expressing an interest in the commission's work).

Thank you for your consideration. If there are any questions or if you need additional information, please let us know.

cc: Members, Commission to Study Single-sales Factor Apportionment

enclosures

Interested Parties

Pattie Aho
Maine Petroleum Association
45 Memorial Circle
Augusta, Maine 04330
Tel: 622-5881
E-Mail: mepetrol@ime.net

Deborah R. Bierbaum
Regional Director External Tax Policy
Mid-Atlantic and Northeast
Room S260
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Tel: (973) 644-1455
FAX: (973) 644-8953
E-Mail: bierbaum@att.com

Linda Stevens Caprara
Maine Pulp and Paper Association
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E-Mail: lcaprara@pulpandpaper.org

Christopher Hall
Maine Chamber of Commerce
7 University Drive
Augusta, Maine 04330
Tel: 623-4568
FAX: 622-7723
E-Mail: cjhall@mainechamber.org

Jim McGregor
Maine Merchants Association
P.O. Box 5060
Augusta, Maine 04332
Tel: 623-1149
FAX: 623-0877
E-Mail: jmcgregor@ctel.net

Dacey

TASK FORCE TO STUDY THE IMPLEMENTATION OF ALTERNATIVE PROGRAMS AND
INTERVENTIONS FOR VIOLENT AND CHRONICALLY DISRUPTIVE STUDENTS

Members

Senator Mary R. Cathcart, Co-Chair
Representative Shirley K. Richard, Co-Chair
Senator Georgette B. Berube
Senator Paul T. Davis
Representative James H. Tobin, Jr.
Representative Daniel B. Williams
Elizabeth Baker
Kathryn Gaianquest
Dianne Hoff

Staff

Phillip D. McCarthy
Maine State Legislature
Office of Policy & Legal Analysis
13 State House Station
Augusta, ME 04333
(207) 287-1670
FAX (207) 287-1275

November 12, 1999

MEMO TO: The Honorable Mark W. Lawrence, Chair, Legislative Council

FROM: Senator Mary Cathcart, Chairperson, Senate Chair, and MC
Representative Shirley Richard, House Chair, SR
Task Force to Study the Implementation of Alternative Programs and
Interventions for Violent and Chronically Disruptive Students

SUBJ: **Extension Request -- Task Force to Study the Implementation of Alternative
Programs and Interventions for Violent and Chronically Disruptive Students**

Pursuant to the authorizing legislation that established the Task Force, we are requesting an extension beyond the December 15, 1999 reporting date (see Senate Paper # 0598, section 8). The Task Force to Study the Implementation of Alternative Programs and Interventions for Violent and Chronically Disruptive Students requires an extension until Friday, January 14, 2000. We are requesting a 30-day extension for the following reasons:

1. The Task Force was not convened until September 16th, a full 3 months after the June 15th convening date established in the joint order;
2. Task Force members will not have sufficient time between now and the established reporting deadline to properly consider the range of complex issues involved in the five duties charged to the Task Force. Three months is simply an insufficient amount of time to adequately conduct this study; and
3. Task Force members and staff require additional time in order to: (a) meet with State agency and other governmental officials, experts and interested parties to study the availability of alternative education programs and community-based interventions for violent and

NOV 12 1999

chronically-disruptive students; (b) deliberate on findings; arrive at conclusions and recommend a plan of action; and (c) prepare legislation for consideration during the Second Regular Session of the 119th Legislature.

On behalf of the Task Force, we are requesting an extension until Friday, January 14, 2000. Since the Task Force was convened on September 16th, we have already conducted three of our seven authorized meetings. The next three meetings will take place on November 12th, November 30th and December 13th; and we anticipate that our final meeting will be scheduled during the week of January 3 - 7, 2000. With an additional month, we can complete our survey of the continuum of State, regional and local interventions; provide adequate time for our deliberations, and allow staff sufficient time to draft the Task Force's report, recommendations, and any proposed legislation so that they will be considered during the Second Regular Session of the 119th Legislature.

We trust that the Legislative Council will consider this request at the next scheduled Council meeting. Please contact either one of us should you require any further information. On behalf of the Task Force, we thank you for your consideration of this request.

cc: ✓ Sally Tubbesing, Executive Director, Legislative Council
David Boulter, Director, Office of Policy & Legal Analysis
Members, Task Force to Study the Implementation of Alternative Programs and Interventions for Violent and Chronically Disruptive Students

Sacey

Task Force to Review the Educational Program and the Governance System of the Governor Baxter School for the Deaf

Members

Sen. Sharon Treat, Co-Chair
Rep. Elizabeth Watson, Co-Chair
Sen. Georgette Berube
Sen. Marge Kilkelly
Sen. Mary Small
Rep. Tarren R. Bragdon
Rep. Michael Brennan
Rep. Richard Thompson
Roxanne Baker
Yellow L. Breen
Jonathan A. Connick
Judith Gayton ,
William H. Nye
Janet E. Waldron

Phillip McCarthy
Alison Ames
Maine State Legislature
Office of Policy & Legal Analysis
13 State House Station
Augusta, ME 04333
Phone: (207) 287-1670
Fax: (207) 287-1275
E-mail: phillip.mccarthy@state.me.us
E-mail: alison.ames@state.me.us
Maine Relay Services:
for TTY Users dial 1-800-437-1220
for Voice Users dial 1-800-457-1220

November 12, 1999

MEMO TO: Senator Mark W. Lawrence, Chair, Legislative Council

FROM: Senator Sharon Treat, Senate Chair and *ST*
Representative Elizabeth Watson, House Chair *EW*
Task Force to Review the Educational Program and the Governance
System of the Governor Baxter School for the Deaf

SUBJ: **Extension Request -- Task Force to Review the Educational Program
& the Governance System of the Governor Baxter School for the Deaf**

Pursuant to HP #1587, the Joint Order creating the Task Force to Review the Educational Program and the Governance System of the Governor Baxter School for the Deaf, we are requesting authorization for an additional meeting and an extension beyond the December 3, 1999 reporting date. The Task Force requires a seventh meeting and an extension until Friday, January 14, 2000, for the following reasons:

1. The Task Force was not convened until September 10th, nearly 2 months after the July 15th convening date established in the joint order;
2. Task Force members will not have sufficient time between now and the established reporting deadline to properly consider the range of complex program delivery and governance issues involved in the duties charged to the Task Force. Three months is

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simply an insufficient amount of time to adequately conduct this study;

3. Due to the bilingual aspect of our meetings, interpreter services are required for each Task Force meeting; and, as a practical matter, facilitating interpreted communication between English and American Sign Language (ASL) participants is a time-consuming endeavor. The reality is that this Task Force process requires more time than the ordinary English-only or ASL-only task force; and
4. Task Force members and staff require additional time in order to: (a) meet with State agency and Baxter School leadership, as well as Deaf education experts and interested parties, to complete our study of the effectiveness of educational programs and the resultant governance system redesign that can best meet the needs of Deaf and hard-of-hearing students across the State; (b) deliberate on findings, arrive at conclusions and recommend an action plan; and (c) prepare legislation for consideration during the Second Regular Session of the 119th Legislature.

On behalf of the Task Force, we request a seventh meeting and an extension until Friday, January 14, 2000. Following the convening of the Task Force on September 10th, we have already conducted four of our six authorized meetings. The fifth meeting will take place on November 19th. We have requested ASL interpreter services for the sixth meeting for sometime in early December; and we anticipate that our final meeting could be scheduled during the week of January 3 - 7, 2000. With this additional meeting and extension, we can complete our analysis of Deaf education programs and corresponding governance system redesign issues; provide adequate time for our deliberations, and allow staff sufficient time to draft the Task Force's report, recommendations, and any proposed legislation so that they will be considered during the Second Regular Session of the 119th Legislature.

We trust that the Legislative Council will consider this request at the next scheduled Council meeting. Please contact either one of us should you require any further information. On behalf of the Task Force, we thank you for your consideration of our request.

cc: ✓ Sally Tubbesing, Executive Director, Legislative Council
David Boulter, Director, Office of Policy & Legal Analysis
Phillip McCarthy, Ed.D., Legislative Analyst, Office of Policy & Legal Analysis
Alison L. Ames, Legislative Researcher, Office of Policy & Legal Analysis

Blue Ribbon Commission to Establish a Comprehensive Internet Policy

MEMORANDUM

TO: The Honorable Mark W. Lawrence, Chair
The Honorable G. Steven Rowe, Vice-Chair
Legislative Council
119th Maine State Legislature

FROM: Senator Carol A. Kontos, Senate Chair
Representative Thomas M. Davidson, House Chair
Blue Ribbon Commission to Establish a Comprehensive Internet Policy

DATE: November 15, 1999

SUBJ: Extension Request

The Blue Ribbon Commission to Establish a Comprehensive Internet Policy is requesting approval to extend the deadline for the commission to submit its final report to December 17, 1999.

Pursuant to 1999 Resolves, chapter 89, the commission was directed to submit its report no later than December 1, 1999. The commission was also authorized to request an extension to that report date. Additionally, the commission was authorized for 5 meetings.

To date, the Commission has met 3 times. The Commission is scheduled to hold its 4th meeting on November 22 and will hold its 5th and final meeting on December 6. Since the Commission cannot hold its 5th meeting until December 6th, we are requesting that an extension to the reporting deadline be approved from December 1 to December 17.

cc: David Boulter

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NOV 15 1999

State of Maine
One Hundred and Nineteenth Legislature

COMMITTEE TO ADDRESS THE RECOGNITION
OF THE TRIBAL GOVERNMENT REPRESENTATIVES
OF MAINE'S SOVEREIGN NATIONS
IN THE LEGISLATURE

SENATE

Chellie Pingree, *Chair*
Anne M. Rand
Richard A. Bennett

HOUSE

Richard H. Thompson, *Chair*
Joseph E. Brooks
William J. Schneider

STAFF

Jon Clark, Legislative Counsel
Office of Policy and Legal Analysis
State House Station 13
Augusta, ME 04333
tele 207-287-1670
fax 207-287-1275

TRIBAL GOVERNMENT REPRESENTATIVES

Donna M. Loring, Penobscot Nation
Donald G. Soctomah, Passamaquoddy Tribe

November 17, 1999

Honorable Mark W. Lawrence, Chair
Legislative Council
119th Maine Legislature

RE: Extension

Dear President Lawrence:

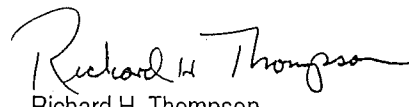
We are writing to request an extension for submitting our report. Under the Joint Order (HP 1524) creating the Committee, the deadline is December 1. We request a one-month extension until January 1. We have had 4 very productive meetings and are making very good progress, but we require additional time to wrap up our work.

Thank you for your consideration. If you have any questions, please don't hesitate to contact us.

Sincerely,



Chellie Pingree
Senate Chair



Richard H. Thompson
House Chair

cc: Members, Legislative Council
Members, Committee to Address the Recognition of the Tribal Gov. Rep.
Interested Parties

G:\OPLANRG\COMMITTEE\UTE99STUDY\INTEROR2.DOC(10/15/99 9:34 AM)

NOV 18 1999

**State of Maine
Bureau of
Revenue Services**

*Maine Revenue Services
Property Tax Division
43 Melville Street
P.O. Box 9106
Augusta, ME 04332-9106
Tel: (207) 287-2011*

Anthony J. Neves
State Tax Assessor

Memo

Date: Wednesday, October 27, 1999
To: Sally Tubbesing, Executive Director, Legislative Council
From: Bob Doiron - Supervisor, Unorganized Territory
Subject: State tax acquired inventory for Legislative Resolve

Rvd

David Bauer, Counsel for Maine Revenue Services has advised that I should supply the Legislative Council with a paper copy of the proposed Resolve necessary for MRS to be authorized to sell tax acquired property after the conclusion of the next legislative session.

Attached find a copy of that Resolve. David has supplied the Revisor's Office with their copy.

OCT 29 1999

**REPORT OF
STATE-OWNED
DELINQUENT TAX REAL ESTATE**

**BY
Anthony J. Neves
Executive Director**

2000

RESOLVE

RESOLVE, Authorizing the Executive Director to Convey the Interest of the State in Certain Real Estate in the Unorganized Territory.

Executive Director authorized to convey real estate. Resolved: That the Executive Director is authorized to convey by sale the interest of the State in real estate in Unorganized Territory as noted in this resolve. The sale, except as otherwise directed in this resolve, shall be made to the highest bidder; subject to the following provisions:

1. Notice of the sale be published 3 times prior to the sale, once each week for 3 consecutive weeks in some newspaper in the county where the real estate lies; except in those cases in which the sale is to be made to a specific individual or individuals as authorized in this resolve, in which case notice need not be published: and

2. A parcel may not be sold for less than the amount as authorized in this resolve. If identical high bids are received, the bid postmarked earliest is considered the highest bid.

If bids in the minimum amount recommended in this resolve are not received after the notice, the Executive Director may sell the property for not less than the minimum amount, without again asking for bids, if the property is sold on or before March 1, 2001.

Employees of the Maine Revenue Services and members of the immediate family of employees of the Maine Revenue Services are barred from acquiring from the State any of the real property subject to this resolve.

The Executive Director, upon receipt of payment as specified in this Resolve, shall record the deed in the appropriate registry at no additional charge to the purchaser, before sending the deed to the purchaser.

Abbreviations, plan and lot references are identified in the 1997 State Valuation.

ANDREW KETTERER
ATTORNEY GENERAL



Telephone: (207) 626-8800
FAX: (207) 287-3145
TDD: (207) 626-8865

STATE OF MAINE
DEPARTMENT OF THE ATTORNEY GENERAL
6 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0006

REGIONAL OFFICES:

84 HARLOW ST., 2ND FLOOR
BANGOR, MAINE 04401
TEL: (207) 941-3070
FAX: (207) 941-3075

59 PREBLE STREET
PORTLAND, MAINE 04101-3014
TEL: (207) 822-0260
FAX: (207) 822-0259
TDD: (877) 428-8800

HAND DELIVERED

November 15, 1999

Nancy Desjardin, Clerk
Kennebec County Superior Court
95 State Street
Augusta, Maine 04330

Re: Establishment of Charitable Trust Pursuant to 5 M.R.S.A. §
194-A

Docket No.

Dear Ms. Desjardin:

Enclosed for filing please find:

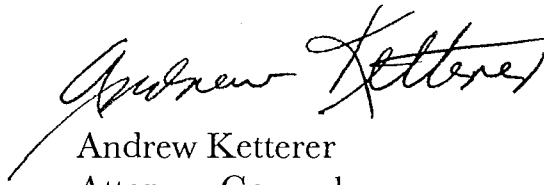
1. Complaint Summary Sheet;
2. Petition for Approval of Modified Charitable Trust Plan; and
3. Memorandum in Support of Attorney General's Proposed Modifications to Charitable Trust Plan.

I believe it would be helpful for the Court to convene a conference at its earliest convenience for the purpose of determining the future course of proceedings in this unique matter. The governing statute requires the Court's approval if the Plan is to become effective, but provides little guidance on the procedures applicable to this action. Moreover, the Maine Insurance Superintendent may not issue his decision on the various related and complex applications pending before him until this Court rules on the Charitable Trust Plan. Accordingly, we are seeking as thorough but expeditious a review as possible, consistent with the Court's schedule.

It is our understanding that the Superintendent of Insurance will be intervening in this proceeding. I certify that I have caused a complete copy of the enclosed filings to be mailed to the Superintendent, as well as to Blue Cross and Blue Shield of Maine and Anthem Insurance Companies.

Thank you for your assistance.

Sincerely,



Andrew Ketterer
Attorney General

AK/cmh

Enc.

cc: Insurance Superintendent Alessandro Iuppa
Edward Kane, Esq., Blue Cross and Blue Shield of Maine
Douglas Fauth, Esq., Anthem Insurance Companies

COMPLAINT SUMMARY SHEET

Date Filed

This summary sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by the Maine Rules of Court or by law. This form is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet and attaching the appropriate party to the appropriate count or counts.
(SEE INSTRUCTIONS ON REVERSE)

(Note to Clerk: If this is not your court, do not enter this case)

I. County of Filing / Jurisdiction: Kennebec

II. CAUSE OF ACTION (Cite the primary civil statutes under which you are filing, if any.) Pro se plaintiffs: If unsure, leave blank.

Petition for Approval of Modified Charitable Trust Plan (5 MRSA § 194-A)

III. MOST DEFINITIVE NATURE OF ACTION. (Place an X in one box only) Pro se plaintiffs: If unsure, leave blank.

GENERAL CIVIL (CV)

Personal Injury Tort

- ☐ Property Negligence
- ☐ Auto Negligence
- ☐ Medical Malpractice
- ☐ Product Liability
- ☐ Assault/Battery
- ☐ Prelitigation Screening
- ☐ Domestic Torts
- ☐ Other Negligence
- ☐ Other Personal Injury Tort

Non-Personal Injury Tort

- ☐ Libel/Defamation
- ☐ Auto Negligence
- ☐ Other Negligence

Other Non-Personal Injury Tort

- ☐ Contract
- ☐ Contract
- ☐ Declaratory/Equitable Relief
- ☐ General Injunctive Relief
- ☐ Declaratory Judgment
- ☐ Constitutional/Civil Rights
- ☐ Constitutional/Civil Rights
- ☐ Statutory Actions
- ☐ Unfair Trade Practices
- ☐ Freedom of Access
- ☐ Miscellaneous Civil
- ☐ Drug Forfeitures
- ☐ Other Forfeitures/Property Libels

- ☐ Land Use Enforcement (80K)
- ☐ HIV Testing
- ☐ Arbitration Awards
- ☐ Appointment of Receiver
- ☐ Shareholders' Derivative Actions
- ☐ Foreign Deposition
- ☐ Pre-action Discovery
- ☐ Common Law Habeas Corpus
- ☐ Prisoner Transfers
- ☐ Foreign Judgments
- ☐ Minor Settlements
- ☒ Other Civil

FAMILY MATTERS (FM)

Domestic Relations

- ☐ Divorce
- ☐ Judicial Separation
- ☐ Register Foreign Judgment
- ☐ Support
- ☐ Parental Rights/Responsibilities
- ☐ Non DHS Term. Parental Rights
- ☐ Grandparents Rights
- ☐ Other Marriage Dissolution
- ☐ Other Domestic Relations

Paternity

- ☐ Paternity
- ☐ DHS Administrative Paternity
- ☐ Mental Health Actions
- ☐ Emergency Commitment
- ☐ Involuntary Hospitalization
- ☐ Judicial Certification
- ☐ Petition for Modified Release
- ☐ Petition for Release
- ☐ Sterilization

URES/UFSA

- ☐ URES/UFSA
- ☐ Register Foreign Judgment
- ☐ Child Protective Custody
- ☐ DHS Protective Custody
- ☐ Non-DHS Protective Custody
- ☐ Miscellaneous Family Matters
- ☐ Other Family Matters

SPECIAL ACTIONS (SA)

Money Judgments

- ☐ Money Judgments
- ☐ Forcible Entry & Detainer
- ☐ Forcible Entry & Detainer

Emancipation

- ☐ Emancipation
- ☐ Protection Actions
- ☐ Protection From Abuse
- ☐ Protection From Harassment

Misc. Special Actions

- ☐ Marriage Waiver
- ☐ Consent to Abortion
- ☐ Other Special Actions

REAL ESTATE (RE)

Title Actions

- ☐ Quiet Title
- ☐ Eminent Domain
- ☐ Easements
- ☐ Boundaries

Foreclosure

- ☐ Foreclosure
- ☐ Trespass
- ☐ Trespass

Misc. Real Estate

- ☐ Equitable Remedies
- ☐ Mechanics Liens
- ☐ Partition
- ☐ Adverse Possession

- ☐ Prescriptive Easements
- ☐ Nuisance
- ☐ Abandoned Roads
- ☐ Other Real Estate

SMALL CLAIMS (SC)

☐ Original Action

☐ Disclosures

APPEALS (AP) (To be filed in Superior Court)

☐ Governmental Body (80C)

☐ Administrative Agency (80B)

☐ Other Appeals

☐ IV-D CASE

☒ Original Proceeding☐ Reinstated or Reopened and original Docket Number

XX Check here if all counts apply to all plaintiffs.
OR Match the Counts to the plaintiffs.

Andrew Ketterer
Attorney General
Maine Department of the Attorney General
6 State House Station
Augusta, ME 04333-0006
Kennebec County

(b) Attorneys (Name, Bar number, Firm name, Address, Telephone Number)
(If known) (If Pro se plaintiff, leave blank)

If all counsel listed do NOT represent all plaintiffs specify who the listed attorney(s) represent.

Andrew Ketterer, Attorney General (Bar No. 1995)
Linda M. Pistner, Chief Deputy Attorney General (Bar No. 2159)
Christina M. Hall, Assistant Attorney General (Bar No. 7095)
Maine Department of the Attorney General
6 State House Station
Augusta, ME 04333-0006 Tel: 207-626-8800

☒ Check here if all counts apply to all defendants.
OR Match the Counts to the defendant(s).

Blue Cross and Blue Shield of Maine
2 Gannett Drive
South Portland, ME 04106-6911
Cumberland County

(b) Attorneys (Name, Bar number, Firm name, Address, Telephone Number)
(If known)

If all counsel listed do NOT represent all defendants,
specify who the listed attorney(s) represent.

James T. Kilbreth, Esquire
Verrill & Dana, LLP
One Portland Square
P.O. Box 586
Portland, ME 04112-0586 Tel: 207-774-4000

VIII. RELATED CASE(S) IF ANY

Judge/Justice _____

Docket Number _____

Date: November 15, 1999

Andrew Ketterer

Name of Lead Attorney of Record or Pro se Plaintiff

Signature of Attorney or Pro se Plaintiff

CC:

STATE OF MAINE
KENNEBEC, SS.

SUPERIOR COURT
CIVIL ACTION
DOCKET NO.

In re:)	
)	PETITION FOR APPROVAL OF
ESTABLISHMENT OF)	MODIFIED CHARITABLE TRUST PLAN
CHARITABLE TRUST PURSUANT TO)	
5 M.R.S.A. § 194-A)	

The Attorney General, Andrew Ketterer, hereby submits for the Court's approval a Modified Charitable Trust Plan for the establishment of a charitable Foundation to be funded from the proceeds of the proposed sale of Associated Hospital Service of Maine dba Blue Cross and Blue Shield of Maine ("BCBSME") to Anthem Insurance Companies, Inc. ("Anthem"), if such sale is approved by the Superintendent of Insurance.

INTRODUCTION

In 1997, the Maine Legislature enacted legislation recognizing that BCBSME is a charitable organization and requiring that proceeds of any sale or conversion of BCBSME to a for-profit company be used to fund a charitable trust to address the health needs of uninsured and underserved Maine citizens. P.L. 1997, ch. 344. The legislation further set out the procedure to be followed by BCBSME in the event the company sought to convert to for-profit status. In July 1999, BCBSME announced an intention to convert and sell substantially all of its assets to Anthem Insurance Companies, Inc. This proceeding, and the related administrative proceeding currently pending before the Superintendent of Insurance, have been initiated in accordance with those statutory requirements. *See generally* 5 M.R.S.A. § 194-A(5); 24 M.R.S.A. § 2301(9-D).

The 1997 legislation required that the statutory recognition of the charitable status of BCBSME, and the corresponding determination of ownership interests in the company for purposes of any future sale, be approved by the Kennebec County Superior Court after notice to interested persons and an opportunity to be heard. 5 M.R.S.A. § 194-A(3). In a decision dated October 27, 1998 (copy attached as Exhibit A), the Superior Court for Kennebec County determined the ownership interest and charitable status of BCBSME, in accordance with 5 M.R.S.A. § 194-A(3), as follows:

(1) If BCBSME materially changes its form on or before December 31, 2000, then 100% of the fair market value of BCBSME as of the date of the material change in form is owned by the charitable trust upon the approval or approval with modifications of the charitable trust plan or modified charitable trust plan by the court and must be dedicated to the fulfillment of the charitable trust.

(2) If BCBSME materially changes its form after December 1, 2000 and on or before December 31, 2005, then 95% of the fair market value of BCBSME as of the date of the material change in form is owned by the charitable trust upon the approval or approval with modifications of the charitable trust plan or modified charitable trust plan by the court and must be dedicated to the fulfillment of the charitable trust; and the remaining 5% is owned by subscribers in aggregate.

(3) If BCBSME materially changes its form after December 31, 2005, then 90% of the fair market value of the organization as of the date of the material change in form is owned by the charitable trust upon approval or approval with modifications of the charitable trust plan or modified charitable trust plan by the court and must be dedicated to the fulfillment of the charitable trust; and the remaining 10% is owned by subscribers in aggregate.

On September 15, 1999 BCBSME submitted a Charitable Trust Plan to the Attorney General, concurrent with the submission of the Associated Hospital Service of Maine Plan of Recapitalization and Conversion, also dated September 15, 1999, to the Maine Superintendent of Insurance pursuant to 24 M.R.S.A. § 2301(9-D). The Attorney General submits this Petition pursuant to 5 M.R.S.A. § 194-A(5), his statutory authority over charitable trusts found at 5 M.R.S.A. § 194(1) and his common law duty to protect the public's interest in the enforcement of charitable trusts.

JURISDICTION

1. This Court has jurisdiction pursuant to 4 M.R.S.A. § 105 and 5 M.R.S.A. §§ 194 and 194-A(5).

PARTIES

2. The Attorney General brings this action pursuant to the authority vested in him by 5 M.R.S.A. §§ 194 and 194-A and by the common law.

FACTS

3. BCBSME is a charitable nonprofit hospital and medical service organization with a principal place of business in Portland, Maine.

4. Anthem Insurance Companies, Inc. ("Anthem") is a mutual insurance company with a principal place of business in Indianapolis, Indiana.

5. BCBSME and Anthem entered into an Asset Purchase Agreement dated July 13, 1999 pursuant to which Anthem agreed to purchase and BCBSME agreed to sell substantially all of the assets of BCBSME.

6. The Asset Purchase Agreement contemplates that BCBSME will convert to a stock insurer pursuant to 5 M.R.S.A. § 194-A(5) and 24 M.R.S.A. § 2301(9-D). The stock insurer will then be purchased by Anthem BCBSME, a new corporation to be formed by Anthem and which will be a wholly owned subsidiary of Anthem East, Inc. Anthem East, Inc. is a wholly owned stock subsidiary of Anthem.

7. On September 15, 1999, BCBSME filed with the Superintendent of Insurance ("Superintendent") an Application to Convert to a stock insurer, the assets of which are to be purchased by Anthem, following which the converted company is to voluntarily liquidate and dissolve, all in furtherance of the Asset Purchase Agreement.

8. Pursuant to 5 M.R.S.A. § 194-A(5) and 24 M.R.S.A. § 2301(9-D)(C), BCBSME, on September 15, 1999, filed with the Attorney General a Charitable Trust Plan, attached hereto as Exhibit B.

9. In furtherance of his responsibility to protect the public's interest in the enforcement of charitable trusts, the Attorney General has held seven public hearings across the State to solicit comments on the charitable trust. Specifically, the Attorney General accepted testimony on BCBSME's proposed Charitable Trust Plan in Portland (October 12, 1999, 1-3 p.m. and 5-7 p.m.), Machias (October 20, 1999, 1-3 p.m.), Augusta (October 21, 1999, 2-4 p.m. and 6-8 p.m.), Bangor (October 25, 1999, 5-7 p.m.), Lewiston (October 26, 1999, 5-7 p.m.), Kennebunk (October 27, 1999, 3-5 p.m.), and Presque Isle (November 1, 1999, 1-3 p.m.). The Attorney General has also met with numerous medical service providers, consumer advocacy groups, legislators, executive agency health policymakers, and other stakeholders in order to obtain input on the plan from a wide range of perspectives.

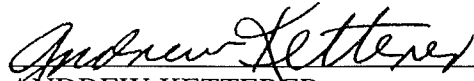
10. After review of the Charitable Trust Plan; and after consideration of the comments of people of the State of Maine and medical service providers, consumer advocacy groups and other stakeholders, the Attorney General has determined that the Charitable Trust Plan should be approved with modifications to satisfy the requirements of 5 M.R.S.A. § 194-A(5)(B). The Modified Charitable Trust Plan is attached hereto as Exhibit C.

WHEREFORE, the Attorney General requests that the Court:

1. Approve the Modified Charitable Trust Plan; and
2. Issue such other and further relief as this Court deems appropriate.

Respectfully submitted,

Dated: November 15, 1999

A handwritten signature in cursive script, reading "Andrew Ketterer", written over a horizontal line.

ANDREW KETTERER

Attorney General

6 State House Station

Augusta, ME 04333-0006

Maine Bar No. 1995

Telephone: (207) 626-8800

STATE OF MAINE
KENNEBEC, SS.

SUPERIOR COURT
CIVIL ACTION
DOCKET NO.

In re:)	
)	
ESTABLISHMENT OF)	MEMORANDUM IN SUPPORT
CHARITABLE TRUST PURSUANT TO)	OF PETITION FOR APPROVAL
5 M.R.S.A. § 194-A)	OF ATTORNEY GENERAL'S
)	MODIFIED CHARITABLE TRUST PLAN

This memorandum describes the major substantive modifications the Attorney General proposes be made to Blue Cross and Blue Shield of Maine's ("BCBSME") Charitable Trust Plan as submitted to the Attorney General dated September 15, 1999.

The Attorney General submits that these modifications are consistent with 5 M.R.S.A. § 194-A and further the public interest.

I. TAX STATUS

Title 5 M.R.S.A. § 194-A(5)(B)(1)(b) authorizes establishment of the Foundation as a tax exempt organization under either section 501(c)(3) or section 501(c)(4) of the Internal Revenue Code. While BCBSME has proposed that the Foundation be a public charity under section 501(c)(3) of the Internal Revenue Code, it has since agreed with the Attorney General that the Foundation is unlikely to meet the fundraising requirements necessary for public charity status under 501(c)(3). Accordingly, the Attorney General seeks to modify the Charitable Trust Plan to authorize the initial Board of Trustees to pursue 501(c)(3) tax exempt status as a private foundation rather than as a public charity.

II. NAME OF FOUNDATION.

BCBSME has proposed that the new Charitable Foundation be named the "Pine Tree Health Care Foundation, Inc." The Attorney General seeks to modify the Charitable Trust Plan to name the Foundation the "Maine Health Access Foundation, Inc." The reason for this change is to focus the attention of the Foundation and the public on the primary mission of the Foundation -- the provision of improved access to health care and improved quality of care to the medically uninsured and medically under served persons within the State.

III. APPROVAL OF MODIFICATIONS BY BCBSME AND ANTHEM.

The BCBSME Charitable Trust Plan contains language stating that any modifications to the Charitable Trust Plan which are approved by the Superior Court must also be "satisfactory" to both BCBSME and to Anthem. This proposed language is inconsistent with the statutory authority vested in the Superior Court to make the ultimate decision on the plan. The Attorney General seeks to modify the Charitable Trust Plan to delete the referenced language.

IV. CHARITABLE MISSION.

The Attorney General seeks to modify the Charitable Trust Plan's Statement of Charitable Mission in order to accomplish an important goal: the focusing of the efforts of the Foundation on problems of access to health care by uninsured and under served persons. A number of the persons from the nonprofit health care sector, the for-profit insurance sector and the consumer advocacy groups have expressed concern that if the Foundation were to spend its resources to meet the broad unmet health care needs of the State of Maine, without respect to issues of access, that the effectiveness and impact of the Foundation in helping uninsured and under served persons in the State would be dramatically reduced. Consequently, the Attorney General seeks to modify the Charitable Trust Plan to emphasize that the primary mission of the Foundation is to improve access to quality health care for the medically uninsured and medically under served persons within the State of Maine.

V. GRANT MAKING CONFLICTS.

BCBSME's Charitable Trust Plan prohibits the Foundation from making any grants that could benefit the new Anthem Blue Cross and Blue Shield of Maine. This provision appears to go further than the law requires and would prohibit Anthem from participating (perhaps with nonprofit organizations) in a project which the Foundation would fund. The Attorney General seeks to modify the Charitable Trust Plan to make the language consistent with the statutory requirement found at 5 M.R.S.A. § 194-A(5)(B)(7) that the Foundation must have in place procedures and policies to prohibit conflicts of interest, including those associated with grantmaking activities that may benefit the converted stock insurer, rather than flatly prohibiting the new company from participation in all projects that might be funded by the Foundation.

VI. NONCOMPETITION.

The BCBSME Plan contains an extremely broad prohibition of ten years duration on the Foundation engaging in a variety of activities which might generate competition for the new Anthem BCBSME. This provision has generated significant adverse comment in the Public Hearings held by the Attorney General, and from virtually every other source of comment. The Attorney General believes that it is not appropriate to limit the Foundation's ability to further its charitable mission, particularly for the purpose of protecting the financial interests of the new Anthem BCBSME. The primary mission of the Foundation, to reach the very people not covered by private insurance, should not generate significant direct competition for the new Anthem BCBSME, but any such competitive impact results from the statutory framework of the proposed transaction. The Attorney General seeks to modify the Charitable Trust Plan to eliminate the provisions on noncompetition, with the exception of that portion which affirms the ability of the new company to participate in competitive bidding that may be initiated by the Foundation. The Attorney General does agree that the new Anthem Blue Cross and Blue Shield of Maine should be able to participate in competitive bidding to the same extent as other potential applicants, and thus seeks to modify to the grantmaking conflict provisions discussed above to clarify that the new company may submit proposals and may participate in any competitive bid process to the same extent as other organizations.

VII. PROHIBITION ON DISCRIMINATION.

The Attorney General seeks to make several specific modifications to the provision in BCBSME's proposed bylaws concerning impermissible discrimination. First, the prohibition on discrimination based on "handicap" would be modified by substituting the words "physical or mental disability," which are terms more commonly found in discrimination statutes. Second, we have added sexual orientation as a prohibited basis for discrimination in light of health service needs of persons infected with the HIV virus. Finally, we seek to eliminate "financial status" as an impermissible basis for discrimination. Because the Foundation is directed at providing benefits to people of limited means, the prohibition on discrimination based on financial status contained in the current version of the bylaws could potentially create serious problems for the Foundation in fulfilling its mission.

VIII. DISSOLUTION.

BCBSME's proposed bylaws contain provisions on dissolution of the Foundation that track the existing statutory language for nonprofit organizations. The Attorney General seeks to modify the Charitable Trust Plan to replace this language with a process that parallels the process set forth by the Legislature for the initial establishment of the Foundation. More specifically, in order to dissolve the Foundation would have to file a Dissolution Plan with the Attorney General. The Attorney General would then be required to file a document with the Superior Court seeking approval, denial, or approval with modifications of the Dissolution Plan.

IX. INDEMNIFICATION.

The indemnification and assumption of liabilities provisions in BCBSME's proposed Charitable Trust Plan have been uniformly criticized, and raise serious concerns about the Foundation's ultimate viability because the liabilities are speculative and unlimited. The biggest speculative liability flows from the proposal to have the Foundation be responsible for any liability to the federal government for fraud or mismanagement which BCBSME may have incurred as a fiscal intermediary under the Medicare Program above 3% of the purchase price (or approximately \$3.6 million). Given that in other states insurance companies have had to pay reimbursement to the federal government for mismanagement and abuse in operating as fiscal intermediaries in amounts ranging from \$4 million to \$144 million, we believe that this provision leaves the Foundation exposed to far too great a potential liability. The remaining exposures, characterized by BCBSME and Anthem as relatively insignificant, concern us as well because they are unquantified. It is not appropriate for the Foundation to be at risk for unlimited liabilities. Thus, the Attorney General seeks to modify the Charitable Trust Plan to eliminate all indemnification and assumption of liabilities provisions.

X. NEEDS ASSESSMENT.

BCBSME's language would require the Foundation to conduct a needs assessment within its first six months and then no less than once every five years thereafter. The Attorney General seeks to modify the Charitable Trust Plan to require that the Foundation conduct more frequent

needs assessments within its first five years. Specifically, the Foundation would be required to make a needs assessment within the six months and then a second needs assessment two years thereafter and a third in another two years. After the third needs assessment the Foundation would be required to make a new needs assessment every five years. We believe that it will be important for the Foundation to conduct more frequent needs assessments in its first years to make sure that it is focusing on the most significant problems of access for uninsured and underserved persons.

XI. BOARD ELIGIBILITY.

The Attorney General seeks several modifications to the BCBSME Charitable Trust Plan provisions concerning eligibility for Board members. BCBSME proposed that one member of the represent the interests of medically uninsured and underserved persons within the State. We believe that it is important that persons representing underserved and uninsured persons have a significant presence on the Board, and that at least three such persons is more appropriate. We also seek to modify the provision in the proposed bylaws relating to removal without cause to be consistent with Maine law governing nonprofit charitable organizations in Maine, including the Maine Nonprofit Corporations Act. Finally, public comments suggested that all trustees be required to be Maine residents, a change with which the Attorney General agrees.

XII. TERMS FOR TRUSTEES.

BCBSME has proposed that Board members be able to serve up to four three-year terms for a total of twelve years. The general consensus we have received from persons in the nonprofit and health care sectors is that twelve years is too long. The Attorney General seeks to modify the Charitable Trust Plan to provide instead for a nine year limit (three terms of three years).

XIII. OPEN MEETINGS.

The Attorney General seeks to modify the Charitable Trust Plan to add language that would require all regular and special meetings of the Board of Trustees to be open to the public, with advance notice to the Community Advisory Committee and to the Attorney General of all meetings.

XIV. NOMINATING COMMITTEE.

BCBSME has proposed that the Board have a Nominating Committee with at least two members from the Board of Trustees and one member from the Community Advisory Committee. The Attorney General seeks to modify the Charitable Trust Plan to reflect that the Nominating Committee have three members from the Board of Trustees, at least one of whom represents the interests of the uninsured and underserved in Maine, and two members of the Community Advisory Committee.

XV. COMMUNITY ADVISORY COMMITTEE.

The Attorney General seeks to modify the Charitable Trust Plan to make two changes to the provisions relating to the Community Advisory Committee. First, BCBSME has proposed that the Community Advisory Committee have two functions: the provision of a slate of nominees for new Board members and the provision of guidance on need assessments. We are seeking to add broad authorization for the Community Advisory Committee to provide guidance on any other matter relating to the activities of the Foundation. Second, the composition of the Community Advisory Committee under BCBSME's Plan calls for one-third of its members to represent the interests of medically underserved persons, one-third to have expertise in health care in respect to the provision of access and the remaining one-third being unspecified. The Attorney General instead seeks to have two-thirds of the Community Advisory Committee members be persons representing the interests of medically underserved and one-third of the members be persons with expertise in health care access.

XVI. INVESTMENTS.

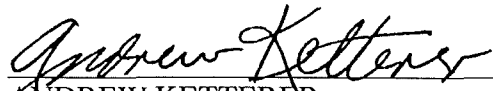
BCBSME's Plan has specific language requiring the Board to follow certain investment practices. The Attorney General seeks to modify the Charitable Trust Plan to replace that provision with more general language allowing the Board of Trustees discretion within the parameters of governing state nonprofit corporate and federal IRS statutory and regulatory requirements.

XVII. REFERENCES TO ASSET PURCHASE AGREEMENT.

The Attorney General seeks to modify the Charitable Trust Plan to delete incorporations by reference to the Asset Purchase Agreement between BCBSME and Anthem. The obligations and responsibilities of the Foundation cannot and should not be determined by a private agreement between BCBSME and Anthem. The rights and responsibilities of the new Foundation are created only by Order of this Court.

Respectfully submitted,

Dated: November 15, 1999



ANDREW KETTERER
ATTORNEY GENERAL
6 State House Station
Augusta, Maine 04333-0006
207/626-8800
Maine Bar No. 1995

STATE OF MAINE

KENNEBEC, ss.

SUPERIOR COURT
CIVIL ACTION
DOCKET NO. CV-98-41

EXHIBIT

A

ATTORNEY GENERAL,
STATE OF MAINE,

Plaintiff

v.

ORDER OF APPROVAL
5 M.R.S.A. § 194-A

ASSOCIATED HOSPITAL SERVICE
OF MAINE d/b/a BLUE CROSS
AND BLUE SHIELD OF MAINE,

Defendant

This matter is before the court for determination, after hearing, regarding the court's evaluation of a statement of ownership interests and charitable purposes filed by Associated Hospital Service of Maine pursuant to 5 M.R.S.A. § 194-A.

The hearing was held after proper notice was given to all interested persons who had appeared or filed written objections to a previous notice required by 5 M.R.S.A. § 194-A(3)(E).

The court has reviewed the transcript of the July 17, 1998 hearing, the submissions by interested persons and the motion for judgment on the pleadings filed by the Attorney General on August 28, to which there has been no objection either in writing or at hearing.

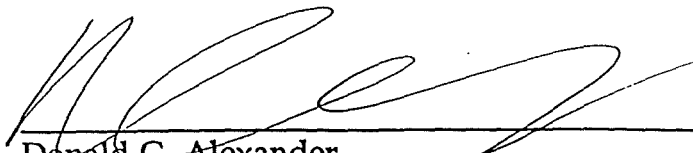
Based on that review, the court approves the statement of ownership interests and charitable purposes filed by Associated Hospital Service of Maine, and the court determines that the statement is lawful.

This review and declaration by the Superior Court is authorized by 5 M.R.S.A.

§ 194-A(3)(F).

SO ORDERED.

Dated: October 27, 1998


Donald G. Alexander
Sitting as Superior Court Justice

EXHIBIT

B

**ASSOCIATED HOSPITAL SERVICE OF MAINE
CHARITABLE TRUST PLAN**

“Charter” as used in Title 24-A, and vice versa.

“Closing” means the consummation of the transactions contemplated in the Asset Purchase Agreement as described in Section 2.04 thereof.

“Closing Date” means the date of the Closing established in accordance with Section 2.04 of the Asset Purchase Agreement.

“Closing Tax Reserve” means the reserve for taxes to be established in accordance with Section 7.06 of the Asset Purchase Agreement.

“Liquidating Trust” means the trust established for the benefit of the Foundation pursuant to Section 4.3 of this Plan of Liquidation.

“Plan of Conversion” means the Associated Hospital Service of Maine Plan of Recapitalization and Conversion dated coincident herewith, adopted by the Corporation’s Board of Directors and submitted to the Maine Superintendent of Insurance.

“Plan of Liquidation” means this Plan of Complete Liquidation and Dissolution of AHS Liquidating Corp.

“Trustee” or “Trustees” means the person or persons designated to serve on the Board of Trustees of the Pine Tree Health Care Foundation, Inc.

“Transaction Expenses” means the expenses associated with the Plan of Conversion, the Charitable Trust Plan, this Plan of Liquidation and the transactions contemplated in all such plans, including the Asset Purchase Agreement; and, including without limitations the fees and expenses of any consultants, accountants, actuaries or attorneys retained by the Corporation, by the Attorney General or the Superintendent of Insurance, as provided in 5 M.R.S.A. § 194-A(4)(B).

ARTICLE III APPROVALS AND ADOPTION

This Charitable Trust Plan shall become effective when the steps set forth in this Article III have been completed:

3.1 Approval of the Charitable Trust Plan, Etc. The Charitable Trust Plan shall have been approved by the Superior Court in accordance with 5 M.R.S.A. § 194-A(5) and if there be any modifications thereof, such modifications shall be satisfactory to BCBSME and to Anthem; and, pursuant to the Charitable Trust Plan, the Foundation shall have been duly formed and be existing.

3.2 Approval of the Plan of Liquidation. The Plan of Liquidation of the Corporation shall have been approved by the Superintendent in accordance with 24-A M.R.S.A. § 3484.

3.3 Issuance of Certificates of Authority and Approval of Transfers of Health Benefit Permits. The Superintendent shall have approved the issuance or transfer to AHPM of certificates of authority and Health Benefit Permits (as defined in the Asset Purchase Agreement) necessary to allow AHPM immediately after the Closing to continue the health insurance and health maintenance organization businesses of the Corporation without interruption.

3.4 Approval of Transfers of Stock and Amendments of Charters of HMO Subsidiaries. The charters of BCBSME's two HMO subsidiaries (Maine Partners Health Plan, Inc. and Central Maine Partners Health Plan, Inc.) shall have been amended, with the approval of the Superintendent, to remove all charitable purposes or obligations of such entities, in order that they may be operated as for-profit stock health maintenance organizations immediately following the Closing.

3.5 Form A Approvals, etc. Pursuant to 24-A M.R.S.A. §§222 and 3476 and all other applicable law, the Superintendent shall have approved the acquisition by AHPM of the business of BCBS, including the stock of its two HMO subsidiaries as provided in the Asset Purchase Agreement.

3.6 Approval of the Plan of Conversion by the Superintendent. The Plan of Conversion and the transactions contemplated thereby, including the bulk reinsurance transaction between BCBSME and AHPM contemplated by the Asset Purchase Agreement, shall have been approved by the Superintendent after notice and hearing in accordance with 24 M.R.S.A. § 2301(9-D), 24-A M.R.S.A. § 3483, and all other applicable law.

3.7 Satisfaction of Conditions. The conditions to closing in Article VIII of the Asset Purchase Agreement shall have been satisfied or waived in accordance with said Agreement.

ARTICLE IV STATUTORY REQUIREMENTS

In accordance with 5 M.R.S.A. § 194-A(5)(B), the Foundation meets the following requirements:

4.1 Newly-Formed Entity. The Foundation will be a newly-formed Maine non-profit corporation, independent of BCBSME;

4.2 Tax Exempt Status. The Foundation is intended to qualify for recognition as federally tax-exempt under § 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");

4.3 Control by Converted Insurer. The Foundation will not be controlled by the Converted Insurer;

4.4 Trustees of Converted Insurer. Under Exhibit B(G)(2) of the Foundation Articles,

submitted herewith, the Foundation may not have more than one (1) of its Trustees serve as a director of the Converted Insurer;

4.5 Trustees of Foundation. Under Article EIGHTH(G)(3) of the Foundation Articles, no person may serve as a Trustee of the Foundation who has been a director of BCBSME, the Converted Insurer, or any successor or affiliate of either, during the three (3) year period immediately preceding his or her appointment as Trustee of the Foundation;

4.6 Trustee Eligibility. As outlined in Section 4.3. of the Foundation Bylaws, submitted herewith, the Trustees should represent the people of the State of Maine including, but not limited to, persons representing the interests of the medically uninsured or underserved populations of Maine. In furtherance of this provision, the Attorney General will appoint a Community Advisory Committee, as described under Article IX of the Bylaws, to provide nominations to the Board of Trustees. In addition, the Attorney General will solicit nominations from the general public for appointment to the initial Board of Trustees;

4.7 Charitable Mission. The Foundation's charitable mission, as stated in the Articles and Bylaws, is to serve Maine's unmet health care needs, particularly with regard to medically underserved and uninsured populations and to provide access to care and improve the quality of care for those populations;

4.8 Use of Foundation Assets. Upon the completion of the sale of assets of the Converted Insurer and the subsequent liquidation and dissolution of the Converted Insurer, the Foundation Trustees will have access to the proceeds of the sale of assets to use in order to fulfill the Foundation's mission;

4.9 Annual Reports. Under Article EIGHTH(E) of the Articles the Foundation is required to report annually to the Attorney General as to its charitable activities and grant-making related to the use of its assets, and a copy of such report shall be available for public inspection at the principal office of the Foundation. Such report will also be available for public inspection at the Department of the Attorney General, as required by statute;

4.10 Audited Financial Statements. The Foundation is required, pursuant to Article EIGHTH(F) of the Articles, to provide audited financial statements to the Superintendent of Insurance and the Attorney General for all years during which the Foundation owns stock in the Converted Insurer and for five (5) consecutive calendar years after such ownership ceases;

4.11 Ownership of Converted Insurer. Upon the conversion of BCBSME to a domestic stock insurer, the Foundation will own all of the interest in the Converted Insurer;

4.12 No Grant-Making Conflicts. Pursuant to Section 13.4 of the Bylaws, the Foundation is prohibited from engaging in grant-making activities that may benefit the Converted Insurer, its affiliates, or any person who owns or controls any ownership interest in either the Converted Insurer, its affiliates, or any directors or officers of the Converted Insurer or its affiliates.

ARTICLE V IMPLEMENTATION

5.1 Formation of the Foundation. Prior to the Closing, the Foundation shall have been incorporated as a charitable, non-profit organization in accordance with the Charitable Trust Plan as approved by the Superior Court, and the Community Advisory Committee and the Initial Board of Trustees shall have been appointed by the Attorney General.

5.2 Conversion of BCBSME to Stock Insurer; Conversion Stock Subject to Irrevocable Proxy.

- (a) At the direction of the Superintendent, BCBSME shall be converted into the Converted Insurer, whose name shall be "AHS Liquidating Corp." Immediately thereafter, the stock of the Converted Insurer shall be issued to the Foundation pursuant to the Plan of Conversion and 24 M.R.S.A. §2301(9-D)(E)(3).
- (b) Upon its issuance, the stock of the Converted Insurer shall be subject to the requirement that it be voted unanimously in favor of (i) the Asset Purchase Agreement and the transactions contemplated thereby, and (ii) the Plan of Liquidation and the transactions contemplated thereby. In furtherance of this requirement, the Conversion Stock shall upon its issuance be subject to a directed proxy in the favor of Anthem to vote the Conversion Stock as directed in the preceding sentence. Such proxy shall be deemed coupled with an interest and shall be irrevocable.

5.3 Completion of the Asset Sale. At the Closing, immediately following the Conversion of Blue Cross, (i) the Converted Insurer shall (A) convey to AHPM substantially all of the assets of the Converted Insurer as provided in the Asset Purchase Agreement, and (B) perform the other obligations provided for in the Asset Purchase Agreement, and (ii) AHPM shall (A) assume substantially all of the liabilities of the Converted Insurer as provided in the Asset Purchase Agreement, (B) pay to the Converted Insurer the consideration provided in the Asset Purchase Agreement, (C) pay \$17,500,000 to the Escrow Agent, (D) pay to the Liquidating Trustee the amount of the Closing Tax Reserve, and (E) perform the other obligations provided for in the Asset Purchase Agreement. Immediately thereafter, the Converted Insurer shall pay or make adequate provision for the payment of all other remaining liabilities of the Converted Insurer in accordance with the Plan of Liquidation, including the payment or adequate provision for the payment of Transaction Expenses.

5.4 Distribution of Funds; Liquidation and Dissolution. Immediately following the completion of the asset sale and the disposition of certain proceeds thereof as set forth in Section 5.3 of this Charitable Trust Plan, the Converted Insurer shall (A) set aside a sum sufficient to pay or make adequate provision for any and all outstanding claims or obligations, together with a reasonable reserve for expenses relating to winding up the affairs of the Converted Insurer, including filing tax returns, making claims for tax refunds, challenging tax audits, and otherwise winding up the business and affairs of the Converted Insurer, and (B) then authorize the

distribution to the Foundation as the sole shareholder of the Converted Insurer of the balance of the net proceeds of the sale pursuant to the Asset Purchase Agreement and any other assets of the Converted Insurer. Thereupon, pursuant to the Plan of Liquidation, the Converted Insurer shall pay the sum referred to in clause (A) of the preceding sentence to the Liquidating Trustee, who will act pursuant to the Plan of Liquidation, and implementing documents as contemplated thereby, and the Converted Insurer shall then proceed to wind up, liquidate and dissolve the Converted Insurer pursuant to 24-A M.R.S.A. §3484 and the Plan of Liquidation.

DOMESTIC
NONPROFIT CORPORATION

STATE OF MAINE

ARTICLES OF INCORPORATION

Filing Fee \$20.00

Deputy Secretary of State

A True Copy When Attested By Signature

Deputy Secretary of State

Pursuant to 13-B MRSA §403, the undersigned, acting as incorporator(s) of a corporation, adopt(s) the following Articles of Incorporation:

FIRST: The name of the corporation is Pine Tree Health Care Foundation, Inc.

SECOND: The corporation is organized for all purposes permitted under Title 13-B, MRSA, or, if not for all such purposes, then for the following purpose or purposes:

See attached Exhibit A

THIRD: The name and registered office of the Registered Agent who must be a Maine resident, whose office is identical with the registered office; or a corporation, domestic or foreign, profit or nonprofit, having an office identical with such registered office:

David E. Warren

(name)

One Portland Square, P.O. Box 586, Portland, ME 04112-0586

(physical location - street (not P.O. Box), city, state and zip code)

(mailing address if different from above)

FOURTH: The number of directors (not less than 3) constituting the initial board of directors of the corporation, if they have been designated or elected, is 3.

The minimum number of directors (not less than 3) shall be 3 and the maximum number of directors shall be 15.

FIFTH: Members: ("X" one box only)

☒ There shall be no members.

☐ There shall be one or more classes of members, and the information required by §402 is as follows:

SIXTH: OPTIONAL ☐ (Check if this article is to apply)

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

SEVENTH: OPTIONAL ☐ (Check if this article is to apply. Then *fill in* reference number of *Section 501(c)(?)* in the first paragraph below.)

Upon the dissolution of the Corporation or the termination of its activities, the assets of the Corporation remaining after the payment of all its liabilities shall be distributed exclusively to one or more organizations organized and operated exclusively for such purposes as shall then qualify as a exempt organization or organizations under Section 501(c)() of the Internal Revenue Code of 1986, as amended, and as a charitable, religious, eleemosynary, benevolent or educational corporation within the meaning of Title 13-B, of the Maine Revised Statutes as amended.

No part of the net earnings of the Corporation shall inure to the benefit of any member, director, or officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation in carrying out one or more of its purposes), and no member, director, or officer of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

EIGHTH: Other provisions of these articles, if any, including provisions for the regulation of the internal affairs of the corporation, and distribution of assets on dissolution or final liquidation are set out in Exhibit B attached hereto and made a part hereof.

INCORPORATORS

DATED _____

(signature)

Street _____
(residence address)

(type or print name)

(city, state and zip code)

(signature)

Street _____
(residence address)

(type or print name)

(city, state and zip code)

(signature)

Street _____
(residence address)

(type or print name)

(city, state and zip code)

For Corporate Incorporators*

Name of Corporate Incorporator _____

By _____
(signature of officer)

Street _____
(principal business location)

(type or print name and capacity)

(city, state and zip code)

*Articles are to be executed as follows:

If a corporation is an incorporator (§401), the name of the corporation should be typed and signed on its behalf by an officer of the corporation. The articles of incorporation must be accompanied by a certificate of an appropriate officer of the corporation certifying that the person executing the articles on behalf of the corporation was duly authorized to do so.

SUBMIT COMPLETED FORMS TO: CORPORATE EXAMINING SECTION, SECRETARY OF STATE,
101 STATE HOUSE STATION, AUGUSTA, ME 04333-0101

EXHIBIT A

- A. Exempt Purpose. The Corporation is organized and shall at all times be operated exclusively for charitable, educational and non-profit purposes as a tax exempt organization organized under the laws of the State of Maine with all such powers as are authorized to non-profit corporations by the Maine Non-Profit Corporation Act. The primary activities of the Corporation shall be:
- (1) To serve the unmet health care needs of the State of Maine, particularly with regard to medically uninsured and underserved populations;
 - (2) To provide access to care and to improve the quality of care for the medically uninsured and underserved populations of the State of Maine;
 - (3) To conduct such other activities and/or business and for all other purposes that may be lawfully carried on or performed by a corporation formed under the Maine Non- Profit Corporation Act, as amended.

The Corporation's programs and grants should give priority to supporting activities aimed to achieve measurable improvements in the access to health care of citizens of the State of Maine, and particularly to achieve measurable improvements in the access to health care by medically uninsured and underserved populations of the State of Maine.

- B. Non-Exempt Activities Prohibited. Notwithstanding any other provision of these Articles, this Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code") or the corresponding section of any future tax code, or (b) by a corporation, contributions to which are deductible under § 170(c)(2) of the Code.

- C. Compliance With Charitable Trust Plan.

- (1) The Corporation shall execute any and all documents that may be required (i) in order to comply with any Order issued by the Maine Superior Court in conjunction with a Charitable Trust Plan, dated September 15, 1999, and a Plan of Recapitalization and Conversion of Associated Hospital Services of Maine, dated September 15, 1999, approved by the Superintendent of Insurance, all pursuant to 5 M.R.S.A. § 194-A, and (ii) in order to carry out the transactions contemplated by said Plans.
- (2) The shares of any converted stock insurer owned wholly or in part by the Corporation shall be voted as provided in such Charitable Trust Plan and Plan of Recapitalization and Conversion in favor of the Asset Purchase Agreement between Anthem Insurance Companies, Inc. and Associated Hospital Services of Maine, dated July 13, 1999 (the "Asset Purchase Agreement") and transactions

contemplated thereby, and the Plan of Complete Liquidation and Dissolution of AHS Liquidating Corp., dated September 15, 1999, (the "Plan of Complete Liquidation and Dissolution"), all pursuant to 24-A M.R.S.A. §3484 and 13-A M.R.S.A. Chapter 11, to transfer assets and to dissolve such converted stock insurer all pursuant to 24-A M.R.S.A. § 3484 and 13-A M.R.S.A. Chapter 11 (governing dissolutions);

- (3) The Corporation shall execute any other documents required to consummate the Asset Purchase Agreement and the transactions contemplated thereby, and the Plan of Complete Liquidation and Dissolution; and
- (4) The Corporation shall take any other action that may be necessary to effectuate the provisions hereof.

EXHIBIT B

ARTICLE EIGHT

Other provisions of these Articles:

A. Tax Exempt Status.

- (1) It is intended that the Corporation shall be entitled to exemption from federal income tax under § 501(c)(3) of the Code and shall not be a private foundation under § 509(a) of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not engage in any activity or exercise any power which would deprive it of any exemption from federal income tax which the Corporation may receive under § 501(c)(3) of the Code and contributions to which a deduction may be claimed under §§ 170(c)(2) and 2055(a)(2) of the Code.
- (2) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office; provided that the Corporation shall have the power to make an election under § 501(h) of the Code. Likewise, no substantial part of the activities of the Corporation shall be the provision of "commercial-type insurance" within the meaning of § 501(m) of the Code. Furthermore, the Corporation shall not engage in any activities that are unlawful under applicable federal, state or local laws.
- (3) The Corporation is not organized for pecuniary profit and shall not have any capital stock. All the assets and income of the Corporation shall be used exclusively for its charitable, scientific, and educational purposes. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its Trustees, officers, or other private persons; provided, however, that nothing contained herein shall be construed to prevent the payment by the Corporation of the reasonable compensation and expenses to Officers and employees of the Corporation for services rendered.

- B. Dissolution. If this Corporation be dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board of Trustees then determines is qualified both as an exempt organization under § 501(c)(3) of the Code, and as an organization engaged in activities substantially similar to those of the Corporation (within the meaning of 13-B, M.R.S.A. §407), with the prior approval of the Maine Attorney General and Maine Superior Court. Upon dissolution of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall

be distributed exclusively to (a) an exempt organization under § 501(c)(3) of the Code, or (b) to the extent such assets are not distributed in accordance with clause (a) above, such organizations as specified by the Board of Trustees, upon approval of the Maine Attorney General and Maine Superior Court, and subject to the limitations provided for herein.

- C. No Discrimination. The Corporation shall be an equal opportunity employer, and shall not discriminate on the basis of age, race, religion, color, creed, sex, financial status, handicap or national origin:
- (1) in the persons served, or in the manner of service; or
 - (2) in the hiring, assignment, promotion, salary determination, or other conditions of staff employment; or
 - (3) in the membership of the Board of Trustees.
- D. Conflicts of Interest. In accordance with 5 M.R.S.A. § 194-A (5) (B) (7), the Board of Trustees shall adopt procedures and policies to prohibit conflicts of interest, including those associated with grant-making activities that may benefit any for-profit entity owned by the Corporation, the affiliates of any such entity, any person who owns or controls any ownership interest in such entity or its affiliates, and any directors or officers of such entity or its affiliates.
- E. Annual Report. The Corporation shall report annually to the Maine Attorney General, pursuant to 5 M.R.S.A. § 194-A (5) (B) (4), as to its charitable activities and grant-making relating to the use of its assets; a copy of such report shall be available for public inspection, during normal business hours, at the principal office of the Corporation.
- F. Audited Financial Statements. Pursuant to 5 M.R.S.A. § 194-A (5) (B) (5), at all times when the Corporation owns stock in a converted stock insurer, and for five (5) consecutive calendar years after any such ownership ceases, the Corporation shall provide audited financial statements on a calendar-year basis, and any other reports as may be required, to the Maine Superintendent of Insurance and the Maine Attorney General at such time and in such manner as the Superintendent or the Attorney General prescribes.
- G. Trustee Matters.
- (1) The Trustees of the Corporation shall be Directors for purposes of the Maine Non-Profit Corporations Act.
 - (2) The Corporation shall not have more than one (1) of its Trustees serve at any time as a director of a domestic stock insurer owned wholly or in part by the Corporation.
 - (3) No person shall serve as a Trustee of the Corporation who has been a director or officer of Associated Hospital Services of Maine, AHS Liquidating Corp., or any

successor or affiliate of either, during the three (3) year period immediately preceding his or her appointment as Trustee of the Corporation.

- (4) The Corporation shall have a Board of Trustees representing the people of the State of Maine including, but not limited to, persons representing the interests of the medically uninsured and underserved populations of the State.
- (5) Any Trustee, acting alone, is authorized to take all actions necessary to carry out the intent of the Charitable Trust Plan, the Plan of Complete Liquidation and Dissolution and the Asset Purchase Agreement, and the transactions contemplated thereby.
- (6) The Trustees shall exercise their powers and discharge their duties in good faith with a view to the interests of the Corporation, as provided in 13-B M.R.S.A. § 716.

H. References. Each reference in these Articles of Incorporation to a Section in the Internal Revenue Code or the Maine Non-Profit Corporation Act shall be deemed to include a reference to such code or such act as the same may hereafter be amended and to be the corresponding provision of any such future United States Internal Revenue or Maine-Profit Corporation Act, as the case may be.

I. Non-Competition.

- (1) For a period of ten (10) years after the sale of assets of Associated Hospital Services of Maine ("BCBS-ME") to Anthem Insurance Companies, Inc., (the "Purchaser"), (the "Restricted Period"), the Corporation shall not (i) engage, directly or indirectly, in any business anywhere in the world that supplies products or services of the kind supplied by BCBS-ME (the "Business") as of the closing date of such sale (the "Closing Date"), or, without the prior written consent of Purchaser, directly or indirectly, own an interest in, manage, operate, join, control, lend money or render financial or other assistance to, or participate in or be connected with, as a partner, stockholder, consultant or otherwise, any person that competes with Purchaser or the Business in supplying products or services of the kind supplied by the Business as of the Closing Date, provided, however, that, for the purposes of this provision, ownership of securities having no more than five percent (5%) of the outstanding voting power of any competitor which are listed on any national securities exchange or traded actively in the national over-the-counter market shall not be deemed to be in violation of this provision so long as the person owning such securities has no other connection or relationship with such competitor, or (ii) lend money, render financial or other assistance or make grants, donations and contributions for the purpose of competing with the Purchaser or the Business in supplying products or services of the kind supplied by the Business as of the Closing Date.
- (2) For the Restricted Period, the Corporation shall not in any way, directly or

indirectly, for the purpose of conducting or engaging in any business that supplies products or services of the kind supplied by the Business: (i) call upon, solicit, advise or otherwise do, or attempt to do, business with any customers of the Business with which the Business had any dealings prior to the Closing Date, (ii) take away or interfere or attempt to interfere with any custom, trade, business or patronage of Purchaser or the Business, (iii) request any present or future provider, employer, subscriber, or members of the business to curtail or cancel their participation or business with Purchaser or its affiliates, (iv) discuss with any such provider, subscriber or member any aspect of the arrangement between the provider, employer, subscriber or member and Purchaser or its affiliates, (v) interfere with or attempt to interfere with any officers, employees, representatives or agents of Purchaser or the Business, or hire, or induce or attempt to induce any of them to leave the employ of Purchaser or violate the terms of their contracts or any employment arrangements, with Purchaser, (vi) solicit, canvas or accept any business for or on behalf of any third party engaged in a business which competes with any aspect of Business, or (vii) be a party to any act which would divert, diminish, or prejudice the Business or the goodwill or business of Purchaser or its affiliates.

(3) The Restricted Period shall be extended by the length of any period during which either the Business or the Corporation is in breach of the terms of this provision.

(4) Notwithstanding the foregoing, this provision shall not be interpreted to restrict the activities of the Corporation to the extent that such activities include the support of any program to fund insurance or otherwise provide healthcare to individuals or groups for whom access to commercial health insurance is problematic by reason of cost, availability, or other barriers; provided, however, that the provision of any third party administration, insurance or other similar service components of the Corporation's activities has not been awarded to another party without affording Purchaser an opportunity to bid competitively to provide the same.

J. Indemnification. The Corporation shall indemnify and hold harmless the Purchaser and its Affiliates (as defined under Article I of the Asset Purchase Agreement, officers, directors, employees, agents, successors, and assigns, for any and all liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses) actually suffered or incurred by them (including, without limitation, by reason of any action brought or otherwise initiated by any of them), arising out of or resulting from (1) the Excluded Liabilities, as defined under section 2.02 of the Asset Purchase Agreement, or (2) a material breach of any covenant of Associated Hospital Services of Maine to be performed after the Closing Date. To the extent that these undertakings may be unenforceable, the Corporation shall contribute the maximum amount that it is permitted to contribute under applicable law to the payment and satisfaction of all losses incurred by Purchaser.

- K. Assumption of Obligations. Effective at the Closing Date, the Corporation, without further act, shall be bound by such terms of the Asset Purchase Agreement applicable to it and shall assume the obligations of Seller (as defined under such Asset Purchase Agreement) thereunder, including, without limitation, the obligations of non-competition and non-solicitation imposed pursuant to such Asset Purchase Agreement.
- L. Amendment. Any amendment to these Articles of Incorporation shall be made by the adoption of such amendment at a meeting of the Board of Trustees upon receiving the favorable vote of three-quarters (3/4) of the Trustees then in office; provided, however, that the Articles may not be amended in such a way as to cause the Corporation to lose its status (i) as a corporation which is exempt from federal income taxation as an organization described in § 501(c)(3) of the Code, or (ii) as a Corporation to which contributions are deductible under § 170(c)(2) of the Code, or (iii) as a corporation described in § 170(b)(11)(A)(vi) of the Code; and provided, further, that Section A of Exhibit A hereof may not be amended without prior approval of the Maine Attorney General and the Maine Superior Court; and provided, further, that no amendment to Section C of Exhibit A or Sections I, J, K or L of Exhibit B hereof shall be permitted.

**CORPORATE BYLAWS
OF
PINE TREE HEALTH CARE FOUNDATION, INC.**

**ARTICLE I
GENERAL**

Section 1.1. Name. The name of the Corporation shall be PINE TREE HEALTH CARE FOUNDATION, INC.

Section 1.2. Location of Corporation. The Corporation shall have its principal place of business at _____, Portland, Maine.

Section 1.3. Seal. The Corporation may adopt a circular seal with the Corporation's name, the year of its organization and the word "Maine" inscribed on it. The seal may be used by causing it or a facsimile of it to be impressed or affixed or in any manner reproduced. A corporate seal may be adopted at any time by act of the Board of Trustees in accordance with these Bylaws.

Section 1.4. Registered Office. The Registered Office of the Corporation is c/o David E. Warren, Verrill & Dana, LLP, One Portland Square, Portland, ME 04112-0586. The address of the Registered Office may be changed from time to time by the Board of Trustees or by the Registered Agent.

Section 1.5. Registered Agent. The Registered Agent of the Corporation is the person designated in the Articles of Incorporation, as amended from time to time by the Board of Trustees.

**ARTICLE II
PURPOSES**

Section 2.1. General Purposes. The Corporation is organized and shall be operated on a non-profit basis to:

- (a) Serve the unmet health care needs of the State of Maine, particularly with regard to medically uninsured and underserved populations;
- (b) Provide access to care and to improve the quality of care for the medically uninsured and underserved populations of the State of Maine.

The Corporation's programs and grants shall support activities aimed to achieve measurable improvements in the access to health care of citizens of the State of Maine, and particularly to achieve measurable improvements in the access to health care by medically uninsured and underserved populations of the State of Maine.

In order to determine the best use of the assets of the Corporation, the Corporation shall, within one hundred eighty (180) days following the appointment of the Initial Trustees (as defined under Section 4.4) and periodically thereafter, but no less frequently than every five (5) years, complete a needs assessment with guidance from the Community Advisory Committee (as defined under Article IX).

Without limiting the generality of the foregoing purposes, the Corporation's programs and grants are intended to supplement, and not supplant, the activities of government. In furtherance of its stated purposes, the Corporation shall seek opportunities to collaborate with other non-profit organizations or governmental entities, as well as solicit guidance from the Community Advisory Committee.

Section 2.2. Powers. This Corporation shall have all such powers as are authorized to non-profit corporations by the Maine Non-Profit Corporations Act. The Corporation shall neither have nor exercise any power, nor shall it engage directly or indirectly in any activity that would invalidate its status (i) as a corporation which is exempt from federal income taxation as an organization described in § 501(c)(3) of the Internal Revenue Code of 1986, as amended, or successor provision of federal tax law (the "Code"), or (ii) as a corporation contributions to which are deductible under § 170(c)(2) of the Code.

Section 2.3. Prohibition of the Inurement of Assets and Income to Private Persons. The Corporation is not organized for pecuniary profit and shall not have any capital stock. No part of its net earnings or of its principal shall inure to the benefit of any officer or Trustee of the Corporation, or any other individual, partnership or corporation, but reimbursements for expenditures or the payment of reasonable compensation for services rendered shall not be deemed to be a distribution of earnings or principal.

Section 2.4. Dissolution. If this Corporation is dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board of Trustees then determines is qualified both as an exempt organization under § 501(c)(3) of the Code, and as an organization engaged in activities substantially similar to those of this Corporation (within the meaning of 13-B M.R.S.A. § 407) upon approval of the Maine Attorney General and the Maine Superior Court..

Section 2.5. Tax Exempt Status. It is intended that the Corporation shall have and continue to have the status of a corporation which is exempt from federal income tax under § 501(a) of the Code as an organization described in § 501(c)(3) of such Code, and to which contributions are deductible under §§ 170(c)(2) , 2055(a)(2) and 2522(a) of the Code which is other than a private foundation as defined in § 509(a) of the Code. The Articles of Incorporation and these Bylaws shall be construed accordingly, and all powers and activities shall be limited accordingly.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; provided that the Corporation shall have the power to make an election under § 501(h) of the Code. Likewise, the Corporation shall not participate or intervene in any manner or to any extent in any political campaign on behalf of any candidate for public office. Furthermore, the Corporation shall not engage in any activities that are unlawful under applicable federal, state or local laws, including, but not limited to, activities prohibited for an exempt organization under § 501(c)(3) of the Code and regulations thereunder as they now exist or as they may hereafter be amended.

Section 2.6. Amendment. No provision of this Article II may be amended without the prior approval of the Maine Attorney General and the Maine Superior Court.

ARTICLE III MEMBERSHIP

Section 3.1. No Membership. This Corporation shall have no members.

ARTICLE IV BOARD OF TRUSTEES

Section 4.1. Management by Board. The affairs of the Corporation shall be managed by its Board of Trustees, which may exercise all powers of the Corporation and do all lawful acts and things necessary or appropriate to carry out the purposes of the Corporation.

Section 4.2. Number of Trustees. The number of Trustees shall be not less than nine (9) nor more than fifteen (15) and shall be fixed within the foregoing limits by the Board at its annual meeting or at any meeting held in lieu thereof.

Section 4.3. Eligibility. Any adult person who supports the charitable purposes of the Corporation is eligible to become a Trustee. In furtherance, and not in limitation of the generality of the foregoing provision, Trustees should be selected so that as a whole they represent the geographic, ethnic, gender, age, socioeconomic and other factors that the Board considers to represent the diversity of the population of the State of Maine, and shall include persons representing the interests

of the medically uninsured and underserved populations of the State. In addition, Trustees should have the qualifications and qualities recommended by the Council on Foundations, including, without limitation:

- (a) interest in and concern for the Corporation and its fields of operation;
- (b) a broad perspective on health care and society in general;
- (c) objectivity and impartiality;
- (d) special skills among the Trustees in asset management, philanthropic administration, community leadership and involvement in health;
- (e) a capacity for arriving at and accepting group decisions;
- (f) willingness and ability to commit time and thought to the Corporation's affairs;
- (g) the ability to recognize the validity of opposing arguments and temper the ideal with what is realistic;
- (h) commitment to the Corporation as a whole and not to a special interest; and
- (i) moral sensitivity to the act of giving and to the need for giving.

Section 4.4. Initial Trustees Election. The Initial Board of Trustees (the "Initial Trustees") shall be appointed by the Attorney General of the State of Maine, after first soliciting nominations from the general public and from the Community Advisory Committee. In appointing the Initial Trustees, the Attorney General shall be governed by the eligibility standards set forth in Section 4.3 hereof.

Section 4.5. Trustees Term of Office. For purposes of providing staggered terms of office only, the Initial Trustees shall be divided into three (3) classes, which will, as nearly as possible, result in one-third (1/3) of the terms of Trustees expiring in each year. Each Trustee shall serve for the term of office specified in the vote by which such Trustee was elected until his or her successor is duly elected and appointed, unless he or she sooner resigns or is removed. Approximately one-third (1/3) of the Trustees shall be elected each year at the Annual Meeting, for a term of three (3) years, beginning at the close of said Annual Meeting.

Trustees shall be limited to serving no more than two (2) consecutive terms; provided, however, up to one-third (1/3) of the Trustees serving at any one time may serve up to two (2)

additional consecutive terms (for a total of up to twelve (12) consecutive years of service to the corporation), upon the recommendation of the Nominating Committee and with notice to the Maine Attorney General.

Section 4.6. Vacancies. Any vacancy occurring on the Board of Trustees may be filled by the affirmative vote of a majority of the remaining Trustees, with thirty (30) days written notice to the Attorney General. A person appointed to fill a vacancy which occurs other than by reason of an increase in the number of Trustees shall serve until expiration of the term that would have been served had the vacancy not occurred.

Section 4.7. Removal of Trustees. The Board of Trustees may suspend or remove a Trustee at any time, with or without cause by a two-thirds (2/3) affirmative vote of the Board, with thirty (30) days written notice to the Maine Attorney General.

Section 4.8. Resignation. Any Trustee may resign at any time by giving written notice to the President of the Corporation. Such resignation shall take effect on the date of receipt or at any later time specified therein.

Section 4.9. Compensation. Trustees as such shall not receive any stated salaries for their services, but by resolution of the Board of Trustees, the expenses of attendance, if any, may be allowed for attendance at each regular or Special Meeting of the Board.

ARTICLE V MEETINGS

Section 5.1. Annual Meeting. The Board of Trustees shall meet annually in a public place for the purpose of electing the class of Trustees then standing for election or reelection as the case may be, for electing officers of the Corporation, and for the transaction of such other business as may come before the meeting. The Annual Meeting shall be held on such day in the month of _____ of each year and at such time and place as shall be designated by the Board of Trustees; provided, however, the Annual Meeting shall be open to the public and shall be held at such time and in such a place that members of the public of the State of Maine may reasonably attend if they wish. Notice of the occurrence of the Annual Meeting shall be published in two (2) or more newspapers of statewide circulation, at least thirty (30) days, but no more than forty five (45) days, in advance of such Annual Meeting.

Section 5.2. Regular Meetings. Regular meetings of the Board of Trustees may be held on such notice, or without notice, and at such time and at such place as may from time to time be determined by the Board of Trustees.

Section 5.3. Special Meetings. Special Meetings of the Board of Trustees may be called by the President of the Corporation on his or her own motion or upon written request of a majority of the Trustees, and held not less than three (3) nor more than thirty (30) days after such notice is given to each Trustee, either personally, by mail or by telephone.

Section 5.4. Waiver. Whenever under the provisions of the statutes, Articles of Incorporation or these Bylaws notice is required to be given to any Trustee, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a Trustee at any meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or Special Meeting of the Board of Trustees need be specified in the notice or waiver of notice of such meeting unless required by law or these Bylaws.

Section 5.5. Telephonic Meetings. The Trustees may hold a meeting by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence of the Trustee at such meeting. Notice of such meeting shall give each Trustee the telephone number at which, or other manner in which, he or she will be called.

Section 5.6. Manner of Acting. Except as specified by law or these Bylaws, the Board of Trustees shall act by a majority vote of the Trustees present in person or by proxy at any duly called and held meeting of the Board of Trustees at which a quorum is present. Each Trustee shall have one (1) vote.

Section 5.7. Quorum. A majority of the Trustees shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of Trustees, the Trustees present thereafter may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business shall be transacted which might have been transacted at the meeting as originally notified.

Section 5.8. Conduct of Meeting; Record of Meetings. The President of this Corporation, or in his or her absence, the Vice President or, in his or her absence, the Treasurer, or, in his or her absence, any Trustee chosen by the Trustees present, shall call meetings of the Board of Trustees to order and shall act as the presiding officer for the meeting. The Secretary, or if he or she does not participate in the meeting, one of the Trustees designated by the Board participating in the meeting, shall keep a record of the meeting.

Section 5.9. Action by Unanimous Consent. Any action required or permitted to be taken at a meeting of the Trustees may be taken without a meeting if consents in writing, setting forth the action so taken, shall be signed by all of the Trustees then serving, and filed with the minutes of the meetings of the Board of Trustees.

Section 5.10. Informal Action by Trustees. Action of the Trustees may be taken in accordance with the provisions of Section 708 of the Maine Non-Profit Corporations Act, Title 13-B M.R.S.A. In amplification of, and not in limitation of the foregoing, action taken by agreement of a majority of Trustees shall be deemed action of the Board of Trustees if all Trustees know of the action taken and no Trustee makes prompt objection to such action. Objection by a Trustee shall be effective if written objection to any specific action so taken is filed with the Secretary of this Corporation within thirty (30) days of such specific action.

ARTICLE VI OFFICERS AND AGENTS

Section 6.1. Officers. The officers of the Corporation shall be a President, a Vice-President, a Treasurer and a Secretary and such other officers as the Board of Trustees may from time to time designate.

Section 6.2. Election of Officers. The Board of Trustees shall choose annually the officers of the Corporation, all of whom must be Trustees.

Section 6.3. Other Officers and Agents. The Board of Trustees may appoint such other officers and agents as it shall deem necessary. Such officers and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Trustees.

Section 6.4. Compensation. The compensation, if any, of all officers and agents of the Corporation shall be fixed by the Board of Trustees.

Section 6.5. Term of Officers. The officers of the Corporation shall hold office until their successors shall have been elected and qualified. Any officer elected or appointed by the Board of Trustees may be removed with or without cause at any time by an affirmative vote of a majority of the Board of Trustees. Any vacancy occurring in any office of the Corporation shall be filled by vote of the Trustees.

Section 6.6. President. The President of the Corporation shall be elected from among the members of the Board of Trustees and shall, when present, chair all meetings of the Board of Trustees. He or she shall inform himself or herself concerning all affairs of the Corporation and see that the duties of the officers and employees of the Corporation are properly discharged; that

the Bylaws of the Corporation are observed; and that all statements and returns required by law are made; and he or she shall assume such share in the management of the Corporation's business as the Trustees may determine. The President shall appoint such committees as he or she deems necessary, subject to the approval of the Trustees. The President shall perform all duties incident to the office of the President.

Section 6.7. Vice President. The Vice President shall perform such duties as are assigned to him or her by the President and the Board. In the absence of the President, he or she shall perform the duties of that office.

Section 6.8. Treasurer. The Treasurer shall be elected from among the members of the Board of Trustees. The Treasurer shall have charge and custody of and be responsible for all corporate funds and securities; keep full and accurate accounts of receipts and disbursements and books belonging to the Corporation; and deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Trustees. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Trustees, taking proper vouchers for such disbursements, and shall render to the President and the Board of Trustees at its regular meetings or when the Trustees shall require, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall provide a bond in such sum and with such surety or sureties as the Board of Trustees shall determine. The Treasurer shall perform such other duties as are incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Trustees.

Section 6.9 The Secretary. The Secretary shall be elected from among the members of the Board of Trustees and shall attend all meetings of the Board of Trustees and record all its proceedings in a book kept for that purpose. He or she may give, or cause to be given, notice of all Trustees' meetings and shall perform such other duties as may be prescribed by the Board of Trustees or by the President. The Secretary may certify all votes, resolutions and actions of the Board. The Secretary shall also keep a register of the post office address and telephone numbers of each Trustee; and ensure that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized; and be the custodian of the corporate records. The Secretary shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Trustees.

ARTICLE VII EXECUTIVE DIRECTOR

Section 7.1 Authority. The Board of Trustees shall select and employ a professionally trained Executive Director, the qualifications of whom shall be determined by the Board of Trustees, in its discretion and upon the advice of such counsel as it shall seek, from time to time.

Section 7.2. Responsibilities. The Executive Director shall be responsible for administering the Corporation's programs and activities in accordance with policies and objectives

established by the Board of Trustees. The Executive Director shall have the authority to employ all members of the staff in accordance with position classifications, duties and qualifications established by the Board of Trustees, and shall act as liaison between the Board of Trustees and the staff. The Executive Director shall annually submit a budget for the next fiscal year and shall report at the Annual Meeting on the past year's activities.

ARTICLE VIII COMMITTEES

Section 8.1. Committees. In addition to the standing committees described under this Article VIII, The Board of Trustees may establish such committees as it deems appropriate to assist and recommend in the management of the Corporation.

Section 8.2. Composition. Except as otherwise provided herein, committees shall consist of at least three (3) Trustees, one of whom shall be the chairperson of such committee. The President shall annually appoint the members of each committee, subject to the approval by the Board of Trustees, unless the Board of Trustees specifies by resolution an alternative method of naming members of the committees. Committees, other than the Executive Committee, may have members who are not Trustees.

Section 8.3. Executive Committee. The Executive Committee shall be comprised of the President, the Vice President, the Treasurer and the Secretary and such additional Trustees, up to three (3) in number, as determined by the President, with the approval of the Board of Trustees. The President of the Board of Trustees shall serve as the chairperson of the Executive Committee. The Executive Committee shall meet on the call of the President or the Executive Director or at the request of any two (2) members of the Committee. The Executive Committee shall have the authority of the Board of Trustees for the management of the Corporation between meetings of the Board of Trustees, except as it may be limited by the resolutions of the Board of Trustees.

Section 8.4. Nominating Committee. The Nominating Committee shall be comprised of at least two (2) Trustees and at least one (1) Member of the Community Advisory Committee. The Nominating Committee shall prepare and submit recommendations to the Board of Trustees for election at the annual meeting, a slate of nominees for Trustees of the Corporation and a slate of nominees for officers of the Board, taking into consideration the standards outlined under Article IV hereof, and with notice to the Maine Attorney General. Such slate of nominees shall be submitted to the Board of Trustees and the Maine Attorney General at least thirty (30) days prior to the date of the annual meeting of the Corporation. Prior to the expiration of the term of each Trustee, provided that such Trustee has not indicated his or her desire to resign from the Board at the expiration of such term and that the Trustee is not disqualified from consideration for other reasons, the Committee shall conduct an evaluation of such Trustee's performance on the Board of Trustees. If the Committee determines that a Trustee should not be renominated, the Committee shall forward that recommendation to the Executive Committee. If the Executive Committee concurs, it shall notify the Trustee of such decision in writing. If the Executive Committee disagrees, the Nominating Committee and the Executive Committee shall jointly

determine, by majority vote of all Committee Members voting on the matter, whether the Trustee should be nominated for reelection.

Section 8.5. Finance Committee. The Finance Committee shall be comprised of the Treasurer of the Corporation, who shall serve as its chairperson, and such other Trustees and such other persons as the President may appoint, subject to approval by the Board of Trustees. The Finance Committee shall (i) review the annual budget prepared by the Executive Director; (ii) oversee the preparation of the audited financial statements of the Corporation; and (iii) oversee the investment of the Corporation's assets.

Section 8.6. Program/Grant Committee. The Program/Grant Committee shall monitor the administration of all program activities of the Corporation, and shall provide recommendations to the Board of Trustees with respect to grant-making activities.

Section 8.7. Other Committees. The Board of Trustees, by resolution adopted by a majority of the full Board of Trustees, may designate and appoint from among its members one (1) or more committees for such terms and purposes as the Board of Trustees deems appropriate. Each such committee shall only have such powers as specifically delegated to the committee by said resolution, and members of such committees shall be removed with or without cause whenever it is determined by the Board of Trustees to be in the best interest of the Corporation.

Section 8.8. Terms of Committee Members. Unless another or different term is specified at the time of election or appointment to a committee, the election or appointment to any committee of the Board shall continue to the next following Annual Meeting of the Board of Trustees.

ARTICLE IX COMMUNITY ADVISORY COMMITTEE

Section 9.1. Purpose. As soon as possible after the approval by the Maine Superior Court of that certain Charitable Trust Plan, dated September 15, 1999, pursuant to 5 M.R.S.A. § 194-A, the Attorney General shall establish a Community Advisory Committee, the purpose of which shall be to (i) provide a slate of nominees to the Board of Trustees within sixty (60) days of the Annual Meeting of the Corporation; and (ii) provide guidance to the Trustees concerning the conduct of periodic needs assessments.

Notwithstanding the foregoing provision, the Community Advisory Committee shall submit a slate of nominees as Initial Trustees to the Attorney General.

Section 9.2. Appointment; Number and Qualifications; Terms of Members. Initial members (the "Members") of the Community Advisory Committee shall be appointed by the Attorney General and shall serve until the election of their successors. The number of Members of the Community Advisory Committee shall be not less than fifteen (15) nor more than thirty (30) and shall be fixed within the foregoing limits by the Committee at its annual meeting or at any

meeting held in lieu thereof. In choosing Members, the Attorney General shall be guided by the principals contained in Section 4.3. hereof; provided, however, at least one-third (1/3) of the Members shall represent the interests of the medically underserved and uninsured populations of the State of Maine, and at least one-third (1/3) of the Members shall have expertise in the field of health care, particularly with respect to the medically underserved and uninsured populations of the State of Maine.

For purposes of providing staggered terms of office only, the Members shall be divided into three (3) classes, which will, as nearly as possible, result in one-third (1/3) of the terms of Members expiring in each year. Each Member shall serve for the term of office specified in the vote by which such Member was elected until his or her successor is duly elected and appointed, unless he or she sooner resigns or is removed. Approximately one-third of the Members shall be elected each year at the Annual Meeting, for a term of three years, beginning at the close of said Annual Meeting. The Members shall designate a Chairperson at each annual meeting to serve a term of one (1) year.

Section 9.3. Vacancies. Any vacancy occurring on the Community Advisory Committee may be filled by the affirmative vote of a majority of the remaining Members, after thirty (30) days written notice to the Attorney General. A person appointed to fill a vacancy which occurs other than by reason of an increase in the number of Members shall serve until expiration of the term that would have been served had the vacancy not occurred.

Section 9.4. Removal of Members. The Community Advisory Committee may suspend or remove a Member at any time, with or without cause by a two-thirds (2/3) affirmative vote of the Members.

Section 9.5. Resignation. Any Member may resign at any time by giving written notice to the Chairperson of the Community Advisory Committee. Such resignation shall take effect on the date of receipt or at any later time specified therein.

Section 9.6. Compensation. Members as such shall not receive any stated salaries for their services, but by resolution of the Board of Trustees of the Corporation, the expenses of attendance, if any, may be allowed for attendance at each regular meeting of the Members.

Section 9.7. Meetings. The Community Advisory Committee shall meet at least annually.

Section 9.8. Amendment. No provision of this Article IX shall be amended without the prior approval of the Maine Attorney General and the Maine Superior Court.

ARTICLE X FINANCES

Section 10.1. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer(s) or person(s) as the Board of Trustees may from time to time designate.

Section 10.2. Fiscal Year. The fiscal year of the Corporation shall end on _____ unless otherwise fixed by resolution of the Board of Trustees.

ARTICLE XI INVESTMENT/SPENDING POLICY

Section 11.1. Investments. The Trustees shall adopt an investment policy based upon the principles of preservation of capital and long-term growth. The Trustees may adopt an investment policy based upon a "total return" concept, where appreciation in the value of assets may be taken into account in determining the asset base against which distributions are measured.

Section 11.2. Annual Expenditures. Notwithstanding anything to the contrary contained herein, the Trustees may expend an amount greater than two (2) times the annual distribution required of foundations under § 4942 of the Code, including any distribution upon dissolution of the Corporation, only with the prior written approval of the Maine Attorney General and the Maine Superior Court. This provision may not be amended by the Trustees without the prior written approval of the Maine Attorney General and the Maine Superior Court.

In developing a spending policy the Board shall take into account the principals of preservation of capital and long-term growth and shall consider the perpetual nature of the Corporation.

ARTICLE XII LIABILITY; INDEMNIFICATION

Section 12.1. Trustees and Agents. The individual property of the Trustees, officers, employees or agents of the Corporation shall not be held liable for the debts of the Corporation.

Section 12.2. Indemnification of Trustees and Officers. To the fullest extent permitted by law, the Corporation shall in all cases indemnify any existing or former Trustee, officer, or registered agent of the Corporation who was or is a party (or is threatened to be made a party) to any threatened or pending action, suit, or other proceeding by reason of the fact that he or she is or was a Trustee, officer, employee, or agent of the Corporation (or is or was serving at the request of the Board as a director, officer, trustee, partner, fiduciary, employee, or agent of another entity), or by reason of his or her conduct in any such capacity, against expenses (including, without limitation, costs of investigation and attorneys' fees, judgments, fines, penalties, and amounts paid in settlement) actually and reasonably incurred by him or her in connection with such proceeding.

Section 12.3. Indemnification of Employees and Agents. The Corporation may (but except as provided in Section 12.2 above shall not be required to) indemnify any other person who was or is a party (or is threatened to be made a party) to any threatened or pending action, suit, or other proceeding by reason of the fact that he or she is or was an employee or agent of the Corporation (or is or was serving at the request of the Corporation as a Trustee, officer, trustee, employee, partner, fiduciary, or agent of another entity), or by reason of his or her conduct in any

such capacity, against expenses actually and reasonably incurred by him or her in connection with such proceeding. Such indemnification shall be subject to any restrictions imposed by applicable law or by the Board in its discretion.

Section 12.4. Advance Payment of Expenses. In its discretion the Board may, on such conditions as it deems appropriate, authorize the Corporation to pay or reimburse costs of investigation, attorneys' fees, and other expenses incurred by a person entitled to reimbursement under this Article, even in advance of the final disposition of the proceeding in question.

Section 12.5. Nonexclusive Remedy; Benefit. The rights provided by this Article shall not be deemed exclusive of any other right of indemnification or payment provided by contract, the Articles, vote of Trustees, or otherwise. Any right of indemnity or payment arising under this Article shall continue as to a person who has ceased to hold the office or position in which such right arose; shall inure to the benefit of his or her heirs, executors, and administrators; and shall survive any subsequent amendment of this Article.

Section 12.6. Insurance. The Corporation may, at the discretion of the Board of Trustees, purchase and maintain insurance on behalf of the persons described in Sections 12.2 and 12.3 against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person under the laws of the State of Maine.

ARTICLE XIII CONFLICTS OF INTEREST

Section 13.1. Statement of Potential Conflicts. Prior to taking his or her position on the Board of Trustees, and annually thereafter, each Trustee shall submit in writing to the President of the Board of Trustees a list of all businesses and other organizations of which he or she is an officer, Trustee, trustee, member, owner (either as a sole proprietor or a partner), a shareholder, employee or agent with which the Corporation has, or might be expected to have, a relationship or a transaction in which the Trustee might have a conflicting interest. Each written statement will be resubmitted annually with any necessary changes. The President and the Board of Trustees shall become familiar with the statements of all Trustees in order to guide the conduct of the Board of Trustees should such a conflict arise.

Section 13.2. Conduct of Meetings of the Board of Trustees When a Conflict Exists. At such time as any matter comes before the Board of Trustees which involves or may involve a conflict of interest, the affected Trustee shall make known the potential conflict, whether disclosed by his or her written statement or not. Such Trustee shall answer any questions that might be asked of him or her and shall disclose all material facts. At the request of the President, such Trustee shall withdraw from the meeting for so long as the matter shall continue under discussion.

Section 13.3. Effect of Conflict. The Trustees of the Corporation may be interested, directly or indirectly, in any contract, transaction or act relating to or incidental to the operations

conducted by the Corporation, and may freely make contracts, enter into transactions, or otherwise act for or on behalf of the Corporation in such matters; provided that (i) the direct or indirect interest of the Trustee in the proposed contract, transaction or act shall first be disclosed to and approved by the Board of Trustees, (ii) any Trustee directly or indirectly interested in the contract, transaction or act shall refrain from voting on the matter, and (iii) no contract, transaction or act shall be entered into or taken on behalf of the Corporation if such contract, transaction or act would jeopardize the Corporation's tax-exempt status under § 501(c)(3) of the Code.

Section 13.4. No Grant-Making Conflicts. Pursuant to the requirements of 5 M.R.S.A. § 194-A(B)(1)(7), the Corporation shall be prohibited from engaging in grant-making activities that may benefit a converted stock insurer, its affiliates, any person who owns or controls any ownership interest in either a converted stock insurer or its affiliates and any directors or officers of a converted stock insurer or its affiliates.

ARTICLE XIV MISCELLANEOUS

Section 14.1. Amendments. Except as otherwise provided herein, these Bylaws may be amended or repealed or new Bylaws adopted by the Trustees at an Annual or Special Meeting, upon receiving the favorable vote of three-quarters (3/4) of the Trustees then in office; provided that the notice of the meeting and of the substance of the proposed change to the Bylaws is given in accordance with the procedures and time requirements specified in Section 14.2 hereof; and, further provided that the Bylaws may not be amended in such a way as to cause the Corporation to lose its status (i) as a corporation which is exempt from federal income taxation as an organization described in § 501(c)(3) of the Code, or (ii) as a corporation to which contributions are deductible under § 170(c)(2) of the Code, or (iii) as a corporation described in § 170(b)(1)(A)(vi) of the Code.

Section 14.2. Notice. Whenever under the provisions of the statutes, Articles of Incorporation or these Bylaws notice is required to be given to any Trustee or to the Maine Attorney General, such notice must be given in writing by personal delivery, by mail or by telephone, addressed to such Trustee, or to the Attorney General as the case may be, at his or her address as it appears on the records of the Corporation, with postage or other delivery fees prepaid, or at his or her telephone number as it appears on the records of the Corporation. Notice by mail shall be deemed to be given at the time it is deposited in the United States Mail.

ATTEST: _____ DATE: _____
Secretary

MODIFIED CHARITABLE TRUST PLAN

ASSOCIATED HOSPITAL SERVICE OF MAINE
CHARITABLE TRUST PLAN
DATED SEPTEMBER 15, 1999

ARTICLE I
INTRODUCTION

This Charitable Trust Plan (the "Charitable Trust Plan") provides for the formation of the ~~Pine Tree Health Care Foundation, Inc.~~ Maine Health Access Foundation, Inc. (the "Foundation"), a Maine non-profit organization to be formed to receive, upon the conversion of Associated Hospital Service of Maine d/b/a Blue Cross Blue Shield of Maine ("BCBSME") from a charitable non-profit hospital and medical service organization to a domestic stock insurer (the "Converted Insurer"), the stock of the Converted Insurer. After such conversion, the Converted Insurer will sell its assets to Anthem Health Plans of Maine, Inc. ("AHPM"), a wholly-owned subsidiary of Anthem Insurance Companies, Inc. ("Anthem") and, upon the liquidation and dissolution of the Converted Insurer, the net proceeds of such sale of assets and all assets ~~and~~ liabilities of the Converted Insurer not transferred to or assumed by AHPM will be distributed to and assumed by the Foundation.

On October 27, 1998 the Superior Court for Kennebec County determined the ownership interest and charitable status of BCBSME, in accordance with 5 M.R.S.A. § 194-A(3), as follows:

(1) If BCBSME materially changes its form on or before December 31, 2000, then 100% of the fair market value of BCBSME as of the date of the material change in form is owned by the charitable trust upon the approval or approval with modifications of the charitable trust plan or modified charitable trust plan by the court and must be dedicated to the fulfillment of the charitable trust.

(2) If BCBSME materially changes its form after December 1, 2000 and on or before December 31, 2005, then 95% of the fair market value of BCBSME as of the date of the material change in form is owned by the charitable trust upon the approval or approval with modifications of the charitable trust plan or modified charitable trust plan by the court and must be dedicated to the fulfillment of the charitable trust; and the remaining 5% is owned by subscribers in aggregate.

(3) If BCBSME materially changes its form after December 31, 2005, then 90% of the fair market value of the organization as of the date of the material change in form is owned by the charitable trust upon approval or approval with modifications of the chairtable trust plan or modified charitable trust plan by the court and must be dedicated to the fulfillment of the charitable trust; and the remaining 10% is owned by subscribers in aggregate.

A ~~This~~ Charitable Trust Plan is ~~was~~ submitted to the Attorney General concurrently with the Associated Hospital Service of Maine Plan of Recapitalization and Conversion, dated September 15, 1999, submitted by BCBSME to the Maine Superintendent of Insurance pursuant to 24 M.R.S.A. § 2301(9-D). The Attorney General submitted this Modified Charitable Trust Plan to the Kennebec County Superior Court on November 15, 1999.

The Articles of Incorporation and the Bylaws of the Foundation ~~are~~ were submitted to the Attorney General with ~~this the~~ Charitable Trust Plan, were modified by the Attorney General and are incorporated by reference and made a part of this Modified Charitable Trust Plan.

ARTICLE II DEFINITIONS

Definitions as used in this Charitable Trust Plan, the following terms shall have the meanings indicated below:

“Articles” means the Articles of Incorporation of the Maine Health Access Foundation, Inc. ~~Pine Tree Health Care Foundation, Inc.~~

“Asset Purchase Agreement” means that certain Asset Purchase Agreement dated as of July 13, 1999 between Associated Hospital Service of Maine and Anthem Insurance Companies, Inc.

“Bylaws” means the Bylaws of the Maine Health Access Foundation, Inc. ~~Pine Tree Health Care Foundation, Inc.~~

“Certificate of Organization” means the Amended and Restated Certificate of Organization of the Corporation. For purposes of this Plan of Complete Liquidation and Dissolution, the term “Certificate of Organization” shall have the same meaning as the term “Articles of Incorporation” as used in Title 13-A of the Maine Revised Statutes Annotated, and “Charter” as used in Title 24-A, and vice versa.

“Closing” means the consummation of the transactions contemplated in the Asset Purchase Agreement, as approved by the Superintendent of Insurance, as described in Section 2.04 thereof.

“Closing Date” means the date of the Closing established in accordance with Section 2.04 of the Asset Purchase Agreement.

“Closing Tax Reserve” means the reserve for taxes to be established in accordance with Section 7.06 of the Asset Purchase Agreement.

“Liquidating Trust” means the trust established for the benefit of the Foundation pursuant to Section 4.3 of the Plan of Liquidation.

“Plan of Conversion” means the Associated Hospital Service of Maine Plan of Recapitalization and Conversion dated September 15, 1999 ~~coincident herewith~~, adopted by the Corporation’s Board of Directors and submitted to the Superintendent.

“Plan of Liquidation” means the Plan of Complete Liquidation and Dissolution of the Converted Insurer.

“Superintendent” means the Maine Superintendent of Insurance.

“Trustee” or “Trustees” means the person or persons designated to serve on the Board of Trustees of the Maine Health Access Foundation, Inc. ~~Pine Tree Health Care Foundation, Inc.~~

“Transaction Expenses” means the reasonable expenses associated with the Plan of Conversion, the Charitable Trust Plan, the Plan of Liquidation and the transactions contemplated in all such plans as such transactions may be approved by the Superintendent of Insurance, including the Asset Purchase Agreement; and, including without limitations the reasonable fees and expenses of any consultants, accountants, actuaries or attorneys retained by the Corporation, by the Attorney General or the Superintendent, as provided in 5 M.R.S.A. § 194-A(4)(B).

ARTICLE III APPROVALS AND ADOPTION

This Charitable Trust Plan shall become effective when the steps set forth in this Article III have been completed:

3.1 Approval of the Charitable Trust Plan. ~~A~~The Charitable Trust Plan shall have been approved by the Superior Court in accordance with 5 M.R.S.A. § 194-A(5) ~~and if there be any modifications thereof, such modifications shall be satisfactory to BCBSME and to Anthem; and, pursuant to the Charitable Trust Plan, the Foundation shall have been duly formed and be existing.~~

3.2 Approval of the Plan of Liquidation. ~~A~~The Plan of Liquidation of the Corporation shall have been approved by the Superintendent in accordance with 24-A M.R.S.A. § 3484.

3.3 Issuance of Certificates of Authority and Approval of Transfers of Health Benefit Permits. The Superintendent shall have approved the issuance or transfer to AHPM of certificates of authority and Health Benefit Permits (as defined in the Asset Purchase Agreement) necessary to allow AHPM immediately after the Closing to continue the health insurance and health maintenance organization businesses of the Corporation without interruption.

3.4 Approval of Transfers of Stock and Amendments of Charters of HMO Subsidiaries. ~~The charters of BCBSME’s two HMO subsidiaries (Maine Partners Health Plan, Inc. and Central Maine Partners Health Plan, Inc.) shall have been amended, with the approval of the Superintendent, to remove all charitable purposes or obligations of such entities, in order that they may be operated as for-profit stock health maintenance organizations immediately following the Closing. The purposes imposed upon BCBSME’s two health insurance affiliates~~

(Maine Partners Health Plan, Inc. and Central Maine Partners Health Plan, Inc.) by virtue of 5 M.R.S.A. § 194-A(7) shall terminate upon the Superior Court's approval or approval with modifications of the Charitable Trust Plan. Nothing in this paragraph shall affect any charitable obligations of the affiliates or of any of their nonprofit partners as may exist pursuant to either (a) the bylaws or articles of incorporation of the nonprofit partners or (b) the common law or statutes of the State of Maine, or any decision by any court or administrative agency of the State of Maine or the United States.

3.5 Form A Approvals, etc. Pursuant to 24-A M.R.S.A. §§222 and 3476 and all other applicable law, the Superintendent shall have approved the acquisition by AHPM of the business of BCBSME, including the stock of its two HMO subsidiaries as provided in the Asset Purchase Agreement.

3.6 Approval of the Plan of Conversion by the Superintendent. ~~A~~The Plan of Conversion and the transactions contemplated thereby, including the bulk reinsurance transaction between BCBSME and AHPM contemplated by the Asset Purchase Agreement, shall have been approved by the Superintendent after notice and hearing in accordance with 24 M.R.S.A. § 2301(9-D), 24-A M.R.S.A. § 3483, and all other applicable law.

~~3.7 Satisfaction of Conditions. The conditions to closing in Article VIII of the Asset Purchase Agreement shall have been satisfied or waived in accordance with said Agreement.~~

ARTICLE IV STATUTORY REQUIREMENTS

In accordance with 5 M.R.S.A. § 194-A(5)(B), the Foundation meets the following requirements:

4.1 Newly-Formed Entity. The Foundation will be a newly-formed Maine non-profit corporation, independent of BCBSME;

4.2 Tax Exempt Status. The Foundation is intended to qualify for recognition as federally tax-exempt under § 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");

4.3 Control by Converted Insurer. The Foundation will not be controlled by the Converted Insurer;

4.4 Trustees of Converted Insurer. Under Article EIGHTH(G)(2) ~~Exhibit B(G)(2)~~ of the Foundation Articles, the Foundation may not have more than one (1) of its Trustees serve as a director of the Converted Insurer;

4.5 Trustees of Foundation. Under Article EIGHTH(G)(3) of the Foundation Articles, no person may serve as a Trustee of the Foundation who has been a director of BCBSME, the Converted Insurer, or any successor or affiliate of either, during the three (3) year period immediately preceding his or her appointment as Trustee of the Foundation;

4.6 Trustee Eligibility. As outlined in Section 4.3 of the Foundation Bylaws, the Trustees ~~shall~~ should be residents of the State of Maine and represent the people of the State of Maine including, but not limited to, persons representing the interests of the medically uninsured or underserved populations of Maine. In furtherance of this provision, the Attorney General will appoint a Community Advisory Committee, as described under Article IX of the Bylaws, to provide nominations to the Board of Trustees. In addition, the Attorney General will solicit nominations from the general public for appointment to the initial Board of Trustees;

4.7 Charitable Mission. The Foundation's charitable mission, as stated in the Articles and Bylaws, is to serve Maine's unmet health care needs, particularly and primarily with regard to medically underserved and uninsured populations and to provide access to care and improve the quality of care for those populations;

4.8 Use of Foundation Assets. Upon the completion of the sale of assets of the Converted Insurer and the subsequent liquidation and dissolution of the Converted Insurer, the Foundation Trustees will have access to the proceeds of the sale of assets to use in order to fulfill the Foundation's mission;

4.9 Annual Reports. Under Article EIGHTH(E) of the Articles the Foundation is required to report annually to the Attorney General as to its charitable activities and grant-making related to the use of its assets, and a copy of such report shall be available for public inspection at the principal office of the Foundation. Such report will also be available for public inspection at the Department of the Attorney General, as required by 5 M.R.S.A. § 194-A(5)(B)(4) statute;

4.10 Audited Financial Statements. The Foundation is required, pursuant to Article EIGHTH(F) of the Articles, to provide audited financial statements to the Superintendent and the Attorney General for all years during which the Foundation owns stock in the Converted Insurer and for five (5) consecutive calendar years after such ownership ceases;

4.11 Ownership of Converted Insurer. Upon the conversion of BCBSME to a domestic stock insurer, the Foundation will own all of the interest in the Converted Insurer;

4.12 No Grant-Making Conflicts. Pursuant to Section 13.4 of the Bylaws, the Foundation must have in place procedures and policies to prohibit conflicts of interest is prohibited from engaging in grant-making activities that may benefit the Converted Insurer, its affiliates, or any person who owns or controls any ownership interest in either the Converted Insurer, its affiliates, or any directors or officers of the Converted Insurer or its affiliates. The Converted Insurer may participate in any competitive bidding activities that may be conducted by the Foundation.

ARTICLE V IMPLEMENTATION

5.1 Formation of the Foundation. Prior to the Closing, the transactions contemplated in the Asset Purchase Agreement shall have been approved by the Superintendent of Insurance, the Foundation shall have been incorporated as a charitable, non-profit organization in

accordance with the Charitable Trust Plan as approved by the Superior Court, and the Community Advisory Committee and the Initial Board of Trustees shall have been appointed by the Attorney General.

5.2 — Conversion of BCBSME to Stock Insurer; Conversion Stock Subject to Irrevocable Proxy.

- (a) — ~~At the direction of the Superintendent, BCBSME shall be converted into the Converted Insurer, whose name shall be “AHS Liquidating Corp.” Immediately thereafter, the stock of the Converted Insurer shall be issued to the Foundation pursuant to the Plan of Conversion and 24 M.R.S.A. § 2301(9-D)(E)(3).~~
- (b) — ~~Upon its issuance, the stock of the Converted Insurer shall be subject to the requirement that it be voted unanimously in favor of (i) the Asset Purchase Agreement and the transactions contemplated thereby, and (ii) the Plan of Liquidation and the transactions contemplated thereby. In furtherance of this requirement, the Conversion Stock shall upon its issuance be subject to a directed proxy in the favor of Anthem to vote the Conversion Stock as directed in the preceding sentence. Such proxy shall be deemed coupled with an interest and shall be irrevocable.~~

5.3 — Completion of the Asset Sale. ~~At the Closing, immediately following the Conversion of Blue Cross, (i) the Converted Insurer shall (A) convey to AHPM substantially all of the assets of the Converted Insurer as provided in the Asset Purchase Agreement, and (B) perform the other obligations provided for in the Asset Purchase Agreement, and (ii) AHPM shall (A) assume substantially all of the liabilities of the Converted Insurer as provided in the Asset Purchase Agreement, (B) pay to the Converted Insurer the consideration provided in the Asset Purchase Agreement, (C) pay \$17,500,000 to the Escrow Agent, (D) pay to the Liquidating Trustee the amount of the Closing Tax Reserve, and (E) perform the other obligations provided for in the Asset Purchase Agreement. Immediately thereafter, the Converted Insurer shall pay or make adequate provision for the payment of all other remaining liabilities of the Converted Insurer in accordance with the Plan of Liquidation, including the payment or adequate provision for the payment of Transaction Expenses.~~

5.4 — Distribution of Funds; Liquidation and Dissolution. ~~Immediately following the completion of the asset sale and the disposition of certain proceeds thereof as set forth in Section 5.3 of this Charitable Trust Plan, the Converted Insurer shall (A) set aside a sum sufficient to pay or make adequate provision for any and all outstanding claims or obligations, together with a reasonable reserve for expenses relating to winding up the affairs of the Converted Insurer, including filing tax returns, making claims for tax refunds, challenging tax audits, and otherwise winding up the business and affairs of the Converted Insurer, and (B) then authorize the distribution to the Foundation as the sole shareholder of the Converted Insurer of the balance of the net proceeds of the sale pursuant to the Asset Purchase Agreement and any other assets of the Converted Insurer. Thereupon, pursuant to the Plan of Liquidation, the Converted Insurer shall pay the sum referred to in clause (A) of the preceding sentence to the Liquidating Trustee, who will act pursuant to the Plan of Liquidation, and implementing documents as contemplated~~

~~thereby, and the Converted Insurer shall then proceed to wind up, liquidate and dissolve the Converted Insurer pursuant to 24 A.M.R.S.A. §3484 and the Plan of Liquidation.~~

ARTICLE VI
CONTINUING SUPERIOR COURT JURISDICTION

This Modified Charitable Trust Plan is subject to the continuing jurisdiction of the Maine Superior Court and may not be amended without prior notice to the Maine Attorney General and prior approval of the Maine Superior Court.

ARTICLES OF INCORPORATION

Changes Articles First through Eighth on Secretary of State's Form

FIRST: delete "Pine Tree Health Care Foundation, Inc." and insert "Maine Health Access Foundation, Inc."

THIRD: change the registered agent to "Nelson A. Toner, 100 Middle Street, P.O. Box 9729, Portland, Maine 04104-5029."

FOURTH: delete the number "3" in the first two blanks and replace with the number "9."

ARTICLE SECOND -- EXHIBIT A

- A. Exempt Purpose. The Corporation is organized and shall at all times be operated exclusively for charitable, educational and non-profit purposes as a tax exempt organization organized under the laws of the State of Maine with all such powers as are authorized to non-profit corporations by the Maine Non-Profit Corporation Act. ~~The primary activities of the Corporation shall be:~~ The primary activities of the Corporation shall be to foster improved access to health care and improved quality of health care to medically uninsured and medically underserved persons within the State of Maine, and to serve other unmet health care needs within the State of Maine, particularly with regard to medically uninsured and underserved populations. Subject to its mission, the corporation may conduct such other activities and/or business for all purposes that may lawfully be carried on or performed by a corporation under the Maine Non-Profit Corporation Act, as amended.

~~(1) To serve the unmet health care needs of the State of Maine, particularly with regard to medically uninsured and underserved populations;~~

~~(2) To provide access to care and to improve the quality of care for the medically uninsured and underserved populations of the State of Maine;~~

~~(3) To conduct such other activities and/or business and for all other purposes that may be lawfully carried on or performed by a corporation formed under the Maine Non-Profit Corporation Act, as amended.~~

The Corporation's programs and grants should give priority to supporting activities aimed to achieve measurable improvements in the access to health care of citizens of the State of Maine, and particularly to achieve measurable improvements in the access to health care by medically uninsured and underserved populations of the State of Maine.

- B. Non-Exempt Activities Prohibited. Notwithstanding any other provision of these Articles, this Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code") or the corresponding section of any future tax code, or (b) by a corporation, contributions to which are deductible under § 170(c)(2) of the Code.

- C. Compliance With Charitable Trust Plan.

(1) The Corporation, pursuant to 5 M.R.S.A. § 194-A, shall take such actions and execute such any and all documents as that may be required (i) in order to comply with any Order issued by the Maine Superior Court in conjunction with a Charitable Trust Plan, dated September 15, 1999, and (ii) to receive the charitable assets from the Liquidating Trust established pursuant to and a Plan of Recapitalization and Conversion of Associated Hospital Services of Maine, dated September 15, 1999, as approved by the Superintendent of Insurance, such actions to include the voting of the shares of the AHS Liquidating Corporation in favor

of the transactions contemplated by such Plan as approved by the Superintendent,
all pursuant to 5 M.R.S.A. § 194 A., and (ii) in order to carry out the transactions
contemplated by said Plans.

- (2) ~~The shares of any converted stock insurer owned wholly or in part by the Corporation shall be voted as provided in such Charitable Trust Plan and Plan of Recapitalization and Conversion in favor of the Asset Purchase Agreement between Anthem Insurance Companies, Inc. and Associated Hospital Services of Maine, dated July 13, 1999 (the "Asset Purchase Agreement") and transactions contemplated thereby, and the Plan of Complete Liquidation and Dissolution of AHS Liquidating Corp., dated September 15, 1999, (the "Plan of Complete Liquidation and Dissolution") all pursuant to 24 A M.R.S.A. § 3484 and 13 A M.R.S.A. Chapter 11, to transfer assets and to dissolve such converted stock insurer all pursuant to 24 A M.R.S.A. § 3484 and 13 A M.R.S.A. Chapter 11 (governing dissolutions);~~
- (3) ~~The Corporation shall execute any other documents required to consummate the Asset Purchase Agreement and the transactions contemplated thereby, and the Plan of Complete Liquidation and Dissolution~~
- (4) ~~The Corporation shall take any other action that may be necessary to effectuate the provisions hereof.~~

ARTICLE EIGHTH -- EXHIBIT B

Other provisions of these Articles:

A. Tax Exempt Status.

- (1) It is intended that the Corporation shall be entitled to exemption from federal income tax under § 501(c)(3) of the Code, and it is expected that the Corporation shall and shall not be a private foundation under § 509(a) of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not engage in any activity or exercise any power which would deprive it of any exemption from federal income tax which the Corporation may receive under § 501(c)(3) of the Code and contributions to which a deduction may be claimed under §§ 170(c)(2) and 2055(a)(2) of the Code.
- (2) If, as expected, the Corporation is a private foundation under Section 509(a) of the Code, then notwithstanding any other provision of these Articles or the bylaws of the Corporation the following provisions shall apply:
 - (a) The Trustees shall distribute the income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code.
 - (b) The Trustees shall not engage in any act of self-dealing as described in Section 4941(d) of the Code; nor retain any excess business holdings as defined in Section 4943(c) of the Code; nor make any investments in such manner as to incur tax liability under Section 4944 of the Code; nor make any taxable expenditures as defined in Section 4945(d) of the Code.
- (3)(2) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office; ~~provided that the Corporation shall have the power to make an election under § 501(h) of the Code. Likewise, n~~ No substantial part of the activities of the Corporation shall be the provision of "commercial-type insurance" within the meaning of § 501(m) of the Code. Furthermore, the Corporation shall not engage in any activities that are unlawful under applicable federal, state or local laws.
- (4)(3) The Corporation is not organized for pecuniary profit and shall not have any capital stock. All the assets and income of the Corporation shall be used

exclusively for its charitable, ~~scientific~~, and educational purposes. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its Trustees, officers, or other private persons; provided, however, that nothing contained herein shall be construed to prevent the payment by the Corporation of the reasonable compensation and expenses to Officers and employees of the Corporation for services rendered.

- B. Dissolution. This Corporation may not be dissolved or its legal existence terminated without prior notice to the Maine Attorney General and prior approval of the Maine Superior Court. If this Corporation be dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board of Trustees then determines is qualified both as an exempt organization under § 501(c)(3) of the Code and as an organization engaged in activities substantially similar to those of the Corporation (within the meaning of 13-B, M.R.S.A. §407), ~~with the prior approval of the Maine Attorney General and Maine Superior Court.~~ Upon dissolution of the Corporation, and after payment of its just debts and liabilities, all remaining assets shall be distributed exclusively to (a) an exempt organization under § 501(c)(3) of the Code, or (b) to the extent such assets are not distributed in accordance with clause (a) above, to such organizations as specified by the Board of Trustees and approved by the, ~~upon approval of the Maine Attorney General and Maine Superior Court,~~ and subject to the limitations provided for herein.
- C. No Discrimination. The Corporation shall be an equal opportunity employer, and shall not discriminate on the basis of age, race, religion, color, creed, sex, ~~financial status,~~ handicap physical or mental disability, sexual orientation or national origin:
- (1) in the persons served, or in the manner of service; or
 - (2) in the hiring, assignment, promotion, salary determination, or other conditions of staff employment; or
 - (3) in the membership of the Board of Trustees.
- D. Conflicts of Interest. In accordance with 5 M.R.S.A. § 194-A (5) (B) (7), the Board of Trustees shall adopt procedures and policies to prohibit conflicts of interest, including those associated with grant-making activities that may benefit any for-profit entity owned by the Corporation, the affiliates of any such entity, any person who owns or controls any ownership interest in such entity or its affiliates, and any directors or officers of such entity or its affiliates.
- E. Annual Report. The Corporation shall report annually to the Maine Attorney General, pursuant to 5 M.R.S.A. § 194-A (5) (B) (4), as to its charitable activities and grant-making relating to the use of its assets; a copy of such report shall be available for public inspection, during normal business hours, at the principal office of the Corporation.

- F. Audited Financial Statements. Pursuant to 5 M.R.S.A. § 194-A (5) (B) (5), at all times when the Corporation owns stock in a converted stock insurer, and for five (5) consecutive calendar years after any such ownership ceases, the Corporation shall provide audited financial statements on a calendar-year basis, and any other reports as may be required, to the Maine Superintendent of Insurance and the Maine Attorney General at such time and in such manner as the Superintendent or the Attorney General prescribes.
- G. Trustee Matters.
- (1) The Trustees of the Corporation shall be Directors for purposes of the Maine Non-Profit Corporations Act.
 - (2) The Corporation shall not have more than one (1) of its Trustees serve at any time as a director of a domestic stock insurer owned wholly or in part by the Corporation.
 - (3) No person shall serve as a Trustee of the Corporation who has been a director or officer of Associated Hospital Services of Maine, AHS Liquidating Corp., or any successor or affiliate of either, during the three (3) year period immediately preceding his or her appointment as Trustee of the Corporation.
 - (4) The Corporation shall have a Board of Trustees comprised of Maine residents people who representing the people of the State of Maine including, but not limited to, persons representing the interests of the medically uninsured and underserved populations of the State.
 - (5) Any Trustee, acting alone, after receiving requisite authorization from the Board of Trustees, is authorized to take all actions necessary to carry out the intent of the Charitable Trust Plan, the Plan of Complete Liquidation and Dissolution and the Asset Purchase Agreement, and the transactions contemplated thereby, as such documents have been approved by the Maine Superior Court and the Superintendent of Insurance.
 - (6) The Trustees shall exercise their powers and discharge their duties in good faith with a view to the interests of the Corporation, as provided in 13-B M.R.S.A. § 716.
- H. References. Each reference in these Articles of Incorporation to a Section in the Internal Revenue Code or the Maine Non-Profit Corporation Act shall be deemed to include a reference to such code or such act as the same may hereafter be amended and to be the corresponding provision of any such future United States Internal Revenue or Maine-Profit Corporation Act, as the case may be.
- I. ~~Non-Competition.~~

- (1) — ~~For a period of ten (10) years after the sale of assets of Associated Hospital Services of Maine (“BCBS ME”) to Anthem Insurance Companies, Inc., (the “Purchaser”), (the “Restricted Period”), the Corporation shall not (i) engage, directly or indirectly, in any business anywhere in the world that supplies products or services of the kind supplied by BCBS ME (the “Business”) as of the closing date of such sale (the “Closing Date”), or, without the prior written consent of Purchaser, directly or indirectly, own an interest in, manage, operate, join, control, lend money or render financial or other assistance to, or participate in or be connected with, as a partner, stockholder, consultant or otherwise, any person that competes with Purchaser or the Business in supplying products or services of the kind supplied by the Business as of the Closing Date, provided, however, that, for the purposes of this provision, ownership of securities having no more than five percent (5%) of the outstanding voting power of any competitor which are listed on any national securities exchange or traded actively in the national over the counter market shall not be deemed to be in violation of this provision so long as the person owning such securities has no other connection or relationship with such competitor, or (ii) lend money, render financial or other assistance or make grants, donations and contributions for the purpose of competing with the Purchaser or the Business in supplying products or services of the kind supplied by the Business as of the Closing Date.~~
- (2) — ~~For the Restricted Period, the Corporation shall not in any way, directly or indirectly, for the purpose of conducting or engaging in any business that supplies products or services of the kind supplied by the Business: (i) call upon, solicit, advise or otherwise do, or attempt to do, business with any customers of the Business with which the Business had any dealings prior to the Closing Date, (ii) take away or interfere or attempt to interfere with any custom, trade, business or patronage of Purchaser or the Business, (iii) request any present or future provider, employer, subscriber, or members of the business to curtail or cancel their participation or business with Purchaser or its affiliates, (iv) discuss with any such provider, subscriber or member any aspect of the arrangement between the provider, employer, subscriber or member and Purchaser or its affiliates, (v) interfere with or attempt to interfere with any officers, employees, representatives or agents of Purchaser or the Business, or hire, or induce or attempt to induce any of them to leave the employ of Purchaser or violate the terms of their contracts or any employment arrangements, with Purchaser, (vi) solicit, canvas or accept any business for or on behalf of any third party engaged in a business which competes with any aspect of Business, or (vii) be a party to any act which would divert, diminish, or prejudice the Business or the goodwill or business of Purchaser or its affiliates.~~
- (3) — ~~The Restricted Period shall be extended by the length of any period during which either the Business or the Corporation is in breach of the terms of this provision.~~
- (4) — ~~Notwithstanding the foregoing, this provision shall not be interpreted to restrict the activities of the Corporation to the extent that such activities include the support of any program to fund insurance or otherwise provide healthcare to~~

individuals or groups for whom access to commercial health insurance is problematic by reason of cost, availability, or other barriers; provided, however, that the provision of any third party administration, insurance or other similar service components of the Corporation's activities has not been awarded to another party without affording Purchaser an opportunity to bid competitively to provide the same.

J. ~~Indemnification.~~ The Corporation shall indemnify and hold harmless the Purchaser and its Affiliates (as defined under Article I of the Asset Purchase Agreement, officers, directors, employees, agents, successors, and assigns, for any and all liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses) actually suffered or incurred by them (including, without limitation, by reason of any action brought or otherwise initiated by any of them), arising out of or resulting from (1) the Excluded Liabilities, as defined under section 2.02 of the Asset Purchase Agreement, or (2) a material breach of any covenant of Associated Hospital Services of Maine to be performed after the Closing Date. To the extent that these undertakings may be unenforceable, the Corporation shall contribute the maximum amount that it is permitted to contribute under applicable law to the payment and satisfaction of all losses incurred by Purchaser.

K. ~~Assumption of Obligations.~~ Effective at the Closing Date, the Corporation, without further act, shall be bound by such terms of the Asset Purchase Agreement applicable to it and shall assume the obligations of Seller (as defined under such Asset Purchase Agreement) thereunder, including, without limitation, the obligations of non-competition and non-solicitation imposed pursuant to such Asset Purchase Agreement.

L. Amendment. Any amendment to these Articles of Incorporation shall be made by the adoption of such amendment at a meeting of the Board of Trustees upon receiving the favorable vote of three-quarters (3/4) of the Trustees then in office; provided, however, that the Articles may not be amended in such a way as to cause the Corporation to lose its status (i) as a corporation which is exempt from federal income taxation as an organization described in § 501(c)(3) of the Code, or (ii) as a cCorporation to which contributions are deductible under § 170(c)(2) of the Code, or (iii) as a corporation described in § 170(b)(11)(A)(vi) of the Code; and provided, further, that Section A of Exhibit A and sections B, C, D, E, F, G(2-4) and I of Exhibit B hereof may not be amended without prior notice to approval of the Maine Attorney General and prior approval of the Maine Superior Court; and provided, further, that no amendment to Section C of Exhibit A or Sections I, J, K or L of Exhibit B hereof shall be permitted.

**CORPORATE BYLAWS
OF
MAINE HEALTH ACCESS FOUNDATION, INC.
~~PINE TREE HEALTH CARE FOUNDATION, INC.~~**

**ARTICLE I
GENERAL**

Section 1.1. Name. The name of the Corporation shall be ~~PINE TREE HEALTH CARE FOUNDATION, INC.~~ MAINE HEALTH ACCESS FOUNDATION, INC.

Section 1.2. Location of Corporation. The Corporation shall have its principal place of business at _____, Portland Augusta, Maine.

Section 1.3. Seal. The Corporation may adopt a circular seal with the Corporation's name, the year of its organization and the word "Maine" inscribed on it. The seal may be used by causing it or a facsimile of it to be impressed or affixed or in any manner reproduced. A corporate seal may be adopted at any time by act of the Board of Trustees in accordance with these Bylaws.

Section 1.4. Registered Office. The Registered Office of the Corporation is c/o ~~David E. Warren, Verrill & Dana, LLP, One Portland Square, Portland, ME 04112-0586.~~ Nelson A. Toner, Bernstein, Shur, Sawyer & Nelson, 100 Middle Street, PO Box 9729, Portland, Maine 04104-5029. The address of the Registered Office may be changed from time to time by the Board of Trustees or by the Registered Agent.

Section 1.5. Registered Agent. The Registered Agent of the Corporation is the person designated in the Articles of Incorporation, as amended from time to time by the Board of Trustees.

**ARTICLE II
PURPOSES**

Section 2.1. General Purposes. ~~The Corporation is organized and shall be operated on a non-profit basis to:~~

- ~~(a) — Serve the unmet health care needs of the State of Maine, particularly with regard to medically uninsured and underserved populations;~~
- ~~(b) — Provide access to care and to improve the quality of care for the medically uninsured and underserved populations of the State of Maine.~~

~~The Corporation's programs and grants shall support activities aimed to achieve measurable improvements in the access to health care of citizens of the State of Maine, and~~

~~particularly to achieve measurable improvements in the access to health care by medically uninsured and underserved populations of the State of Maine.~~

~~In order to determine the best use of the assets of the Corporation, the Corporation shall, within one hundred eighty (180) days following the appointment of the Initial Trustees (as defined under Section 4.4) and periodically thereafter, but no less frequently than every five (5) years, complete a needs assessment with guidance from the Community Advisory Committee (as defined under Article IX).~~

~~Without limiting the generality of the foregoing purposes, the Corporation's programs and grants are intended to supplement, and not supplant, the activities of government. In furtherance of its stated purposes, the Corporation shall seek opportunities to collaborate with other non profit organizations or governmental entities, as well as solicit guidance from the Community Advisory Committee.~~

The Corporation is organized and shall be operated on a non-profit basis to foster improved access to health care and improved quality of health care to medically uninsured and medically under served persons within the State of Maine, and to serve other unmet health care needs within the State of Maine, particularly with regard to the medically uninsured and underserved populations of the State.

The Corporation's programs and grants shall support activities aimed to achieve measurable improvements in the access to health care by medically uninsured and underserved populations of the State of Maine.

The Corporation shall be an independent and vigorous leader on health care access issues in Maine, collaborating with other health care, regulatory and social service entities to address unmet health care needs for uninsured and medically under served populations.

In order to determine the best use of the assets of the Corporation, the Corporation within one-hundred and eighty (180) days following the Corporation's receipt of the charitable assets from the Liquidating Trust, shall complete an assessment of the health care needs of medically uninsured and under served persons within the State of Maine. For a period of five (5) years after the Corporation's receipt of charitable assets from the Liquidating Trust, the Corporation shall complete a similar needs assessment at least every two (2) years after the completion of the initial needs assessment. Thereafter, the Corporation shall complete a needs assessment no less frequently than every four (4) years. The Corporation shall consult with the Community Advisory Committee on the methodology, findings and conclusions of any needs assessment.

Without limiting the generality of the foregoing purposes, the Corporation grant shall be structured to supplement, and not supplant, directly or indirectly, the activities of government.

In furtherance of its stated purposes the Corporation shall seek opportunities to collaborate with other non-profit organizations or with governmental entities.

In furtherance of its stated purposes the Corporation shall consult with and solicit guidance from the Community Advisory Committee.

Section 2.2. Powers. This Corporation shall have all such powers as are authorized to non-profit corporations by the Maine Non-Profit Corporations Act. The Corporation shall neither have nor exercise any power, nor shall it engage directly or indirectly in any activity that would invalidate its status (i) as a corporation which is exempt from federal income taxation as an organization described in § 501(c)(3) of the Internal Revenue Code of 1986, as amended, or successor provision of federal tax law (the "Code"), or (ii) as a corporation contributions to which are deductible under § 170(c)(2) of the Code.

Section 2.3. Prohibition of the Inurement of Assets and Income to Private Persons. The Corporation is not organized for pecuniary profit and shall not have any capital stock. No part of its net earnings or of its principal shall inure to the benefit of any officer or Trustee of the Corporation, or any other individual, partnership or corporation, but reimbursements for expenditures or the payment of reasonable compensation for services rendered shall not be deemed to be a distribution of earnings or principal.

Section 2.4. Dissolution. If this Corporation is dissolved or its legal existence terminated, either voluntarily or involuntarily, or upon final liquidation of the Corporation, none of its assets shall inure to the benefit of any private individual, and all of its assets remaining after payment of all of its liabilities shall be distributed to one or more organizations which the Board of Trustees then determines is qualified both as an exempt organization under § 501(c)(3) of the Code, and as an organization engaged in activities substantially similar to those of this Corporation (within the meaning of 13-B M.R.S.A. § 407) upon prior notice to approval of the Maine Attorney General and prior approval of the Maine Superior Court.

Section 2.5. Tax Exempt Status. It is intended that the Corporation shall have and continue to have the status of a corporation which is exempt from federal income tax under § 501(a) of the Code as an organization described in § 501(c)(3) of such Code, and to which contributions are deductible under §§ 170(c)(2) and it is expected that the Corporation shall be a private foundation as defined in Section 509(a) of the Code, 2055(a)(2) and 2522(a)(2) of the Code which is other than a private foundation as defined in § 509(a) of the Code. The Corporation and the Board shall follow the rules for private foundations set forth in § 4941 et. seq. of the Code. The Articles of Incorporation and these Bylaws shall be construed accordingly, and all powers and activities shall be limited accordingly.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; ~~provided that the Corporation shall have the power to make an election under § 501(h) of the Code.~~ Likewise, ~~the Corporation shall not participate or intervene in any manner or to any extent in any political campaign on behalf of any candidate for public office.~~ Furthermore, the Corporation shall not engage in any activities that are unlawful under applicable federal, state or local laws, including, but not limited

to, activities prohibited for an exempt organization under § 501(c)(3) of the Code and regulations thereunder as they now exist or as they may hereafter be amended.

~~Section 2.6. Amendment. No provision of this Article II may be amended without prior notice to the prior approval of the Maine Attorney General and prior approval of the Maine Superior Court.~~

ARTICLE III MEMBERSHIP

Section 3.1. No Membership. This Corporation shall have no members.

ARTICLE IV BOARD OF TRUSTEES

Section 4.1. Management by Board. The affairs of the Corporation shall be managed by its Board of Trustees, which may exercise all powers of the Corporation and do all lawful acts and things necessary or appropriate to carry out the purposes of the Corporation.

Section 4.2. Number of Trustees. The number of Trustees shall be not less than nine (9) nor more than fifteen (15) and shall be fixed within the foregoing limits by the Board at its annual meeting or at any meeting held in lieu thereof.

Section 4.3. Eligibility. Any adult person who is a Maine resident and supports the charitable purposes of the Corporation is eligible to become a Trustee. In furtherance, and not in limitation of the generality of the foregoing provision, Trustees shall ~~should~~ be selected so that as a whole they represent the geographic, ethnic, gender, age, socioeconomic and other factors that the Board considers to represent the diversity of the population of the State of Maine, and shall include at all times at least three (3) persons representing the interests of the medically uninsured and underserved populations of the State. In addition, Trustees should have the following qualifications and qualities ~~recommended by the Council on Foundations, including, without limitation:~~

- (a) interest in and concern for the Corporation and its mission ~~fields of operation;~~
- (b) a broad perspective on health care and society in general;
- (c) objectivity and impartiality;
- ~~(d) special skills among the Trustees in asset management, philanthropic administration, community leadership and involvement in health;~~
- ~~(d)~~(e) a capacity for arriving at and accepting group decisions;

- (e)(f) willingness and ability to commit time and thought to the Corporation's affairs;
- (f)(g) the ability to recognize the validity of opposing arguments and temper the ideal with what is realistic;
- (g)(h) commitment to the Corporation as a whole and not to a special interest; and
- (h)(i) moral-sensitivity to the act of giving and to the need for giving.

The trustees should include persons with special knowledge, expertise and skills in investments and asset management, health care finance, non-profit administration and delivery of health care services.

Section 4.4. Initial Trustees Election. The Initial Board of Trustees (the "Initial Trustees") shall be appointed by the Attorney General of the State of Maine, after first soliciting nominations from the general public and from the Community Advisory Committee. In appointing the Initial Trustees, the Attorney General shall be governed by the eligibility standards set forth in Section 4.3 hereof. The Attorney General shall appoint members of the Initial Trustees to serve as officers of the Corporation as specified in section 6.1 until their successors are elected pursuant to Article VI.

Section 4.5. Trustees' Term of Office. For purposes of providing staggered terms of office only, the Initial Trustees shall be divided into three (3) classes, which will, as nearly as possible, result in one-third (1/3) of the terms of Trustees expiring in each year. Each Trustee shall serve for the term of office specified in the vote by which such Trustee was elected until his or her successor is duly elected and appointed, unless he or she sooner resigns or is removed. Approximately one-third (1/3) of the Trustees shall be elected each year at the Annual Meeting, for a term of three (3) years, beginning at the close of said Annual Meeting.

Trustees shall be limited to serving no more than three (3) two (2) consecutive terms; ~~provided, however, up to one third (1/3) of the Trustees serving at any one time may serve up to two (2) additional consecutive terms (for a total of up to twelve (12) consecutive years of service to the corporation), upon the recommendation of the Nominating Committee and with notice to the Maine Attorney General.~~ The staggered term of an Initial Trustee and the remaining term of a trustee elected to fill a resigning trustee's term shall be considered as "terms" for purposes of calculating the three term limit.

Section 4.6. Vacancies. Any vacancy occurring on the Board of Trustees may be filled by the affirmative vote of a majority of the remaining Trustees, with thirty (30) days prior written notice to the Attorney General. A person appointed to fill a vacancy which occurs other than by reason of an increase in the number of Trustees shall serve until expiration of the term that would have been served had the vacancy not occurred.

Section 4.7. Removal of Trustees. The Board of Trustees may suspend or remove a Trustee at any time, in accordance with applicable Maine law~~with or without cause by a two-thirds (2/3) affirmative vote of the Board~~, with thirty (30) days written notice to the Maine Attorney General.

Section 4.8. Resignation. Any Trustee may resign at any time by giving written notice to the President of the Corporation. Such resignation shall take effect on the date of receipt or at any later time specified therein.

Section 4.9. Compensation. Trustees as such shall not receive any stated salaries for their services, but by resolution of the Board of Trustees, the expenses of attendance, if any, and a modest *per diem* may be allowed for attendance at each regular or Special Meeting of the Board.

ARTICLE V MEETINGS

Section 5.1. Annual Meeting. The Board of Trustees shall meet annually in a public place for the purpose of electing the class of Trustees then standing for election or reelection as the case may be, for electing officers of the Corporation, and for the transaction of such other business as may come before the meeting. The Annual Meeting shall be held on such day in the month of _____ of each year and at such time and place as shall be designated by the Board of Trustees; provided, however, the Annual Meeting shall be open to the public and shall be held at such time and in such a place that members of the public of the State of Maine may reasonably attend if they wish. Notice of the occurrence of the Annual Meeting shall be published in two (2) or more newspapers of statewide circulation, at least thirty (30) days, but no more than forty five (45) days, in advance of such Annual Meeting.

Section 5.2. Regular Meetings. Regular meetings of the Board of Trustees may be held on such notice, or without notice, and at such time and at such place as may from time to time be determined by the Board of Trustees. The Board of Trustees shall provide prior notice of all regular meetings to the Community Advisory Committee and to the Attorney General. All regular meetings of the Board of Trustees shall be open to the public.

Section 5.3. Special Meetings. Special Meetings of the Board of Trustees may be called by the President of the Corporation on his or her own motion or upon written request of a majority of the Trustees, and held not less than three (3) nor more than thirty (30) days after such notice is given to each Trustee, either personally, by mail or by telephone. The Board of Trustees shall provide prior notice of all special meetings to the Community Advisory Committee and to the Attorney General. All special meetings of the Board of Trustees shall be open to the public.

Section 5.4. Waiver. Whenever under the provisions of the statutes, Articles of Incorporation or these Bylaws notice is required to be given to any Trustee, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the

time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a Trustee at any meeting shall constitute a waiver of notice of such meeting, except where a Trustee attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or Special Meeting of the Board of Trustees need be specified in the notice or waiver of notice of such meeting unless required bylaw or these Bylaws.

Section 5.5. Telephonic Meetings. The Trustees may hold a meeting by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence of the Trustee at such meeting. Notice of such meeting shall give each Trustee the telephone number at which, or other manner in which, he or she will be called. The Board of Trustees shall provide prior notice of all telephonic meetings to the Community Advisory Committee and to the Attorney General.

Section 5.6. Manner of Acting. Except as specified bylaw or these Bylaws, the Board of Trustees shall act by a majority vote of the Trustees present in person or by proxy at any duly called and held meeting of the Board of Trustees at which a quorum is present. Each Trustee shall have one (1) vote.

Section 5.7. Quorum. A majority of the Trustees shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of Trustees, the Trustees present thereafter may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business shall be transacted which might have been transacted at the meeting as originally notified.

Section 5.8. Conduct of Meeting; Record of Meetings. The President of this Corporation, or in his or her absence, the Vice President or, in his or her absence, the Treasurer, or, in his or her absence, any Trustee chosen by the Trustees present, shall call meetings of the Board of Trustees to order and shall act as the presiding officer for the meeting. The Secretary, or if he or she does not participate in the meeting, one of the Trustees designated by the Board participating in the meeting, shall keep a record of the meeting.

Section 5.9. Action by Unanimous Consent. Any action required or permitted to be taken at a meeting of the Trustees may be taken without a meeting if consents in writing, setting forth the action so taken, shall be signed by all of the Trustees then serving, and filed with the minutes of the meetings of the Board of Trustees.

Section 5.10. Informal Action by Trustees. Action of the Trustees may be taken in accordance with the provisions of Section 708 of the Maine Non-Profit Corporations Act, Title 13-B M.R.S.A. In amplification of, and not in limitation of the foregoing, action taken by agreement of a majority of Trustees shall be deemed action of the Board of Trustees if all Trustees know of the action taken and no Trustee makes prompt objection to such action.

Objection by a Trustee shall be effective if written objection to any specific action so taken is filed with the Secretary of this Corporation within thirty (30) days of such specific action.

ARTICLE VI OFFICERS AND AGENTS

Section 6.1. Officers. The officers of the Corporation shall be a President, a Vice-President, a Treasurer and a Secretary and such other officers as the Board of Trustees may from time to time designate.

Section 6.2. Election of Officers. The Board of Trustees shall choose annually the officers of the Corporation, all of whom must be Trustees.

Section 6.3. Other Officers and Agents. The Board of Trustees may appoint such other officers and agents as it shall deem necessary. Such officers and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Trustees.

Section 6.4. Compensation. The compensation, if any, of all officers and agents of the Corporation shall be fixed by the Board of Trustees.

Section 6.5. Term of Officers. The officers of the Corporation shall hold office until their successors shall have been elected and qualified. Any officer elected or appointed by the Board of Trustees may be removed with or without cause at any time by an affirmative vote of a majority of the Board of Trustees. Any vacancy occurring in any office of the Corporation shall be filled by vote of the Trustees.

Section 6.6. President. The President of the Corporation shall be elected from among the members of the Board of Trustees and shall, when present, chair all meetings of the Board of Trustees. He or she shall inform himself or herself concerning all affairs of the Corporation and see that the duties of the officers and employees of the Corporation are properly discharged; that the Bylaws of the Corporation are observed; and that all statements and returns required by law are made; and he or she shall assume such share in the management of the Corporation's business as the Trustees may determine. The President shall appoint such committees as he or she deems necessary, subject to the approval of the Trustees. The President shall perform all duties incident to the office of the President.

Section 6.7. Vice President. The Vice President shall be elected from among the members of the Board of Trustees. The Vice President shall perform such duties as are assigned to him or her by the President and the Board. In the absence of the President, he or she shall perform the duties of that office.

Section 6.8. Treasurer. The Treasurer shall be elected from among the members of the Board of Trustees. The Treasurer shall have charge and custody of and be responsible for all corporate funds and securities; keep full and accurate accounts of receipts and disbursements and books belonging to the Corporation; and deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board

of Trustees. He or she shall disburse the funds of the Corporation as may be ordered by the Board of Trustees, taking proper vouchers for such disbursements, and shall render to the President and the Board of Trustees at its regular meetings or when the Trustees shall require, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall provide a bond in such sum and with such surety or sureties as the Board of Trustees shall determine. The Treasurer shall perform such other duties as are incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Trustees.

Section 6.9 The Secretary. The Secretary shall be elected from among the members of the Board of Trustees and shall attend all meetings of the Board of Trustees and record all its proceedings in a book kept for that purpose. He or she may give, or cause to be given, notice of all Trustees' meetings and shall perform such other duties as may be prescribed by the Board of Trustees or by the President. The Secretary may certify all votes, resolutions and actions of the Board. The Secretary shall also keep a register of the post office address and telephone numbers of each Trustee; and ensure that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized; and be the custodian of the corporate records. The Secretary shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Trustees.

ARTICLE VII EXECUTIVE DIRECTOR

Section 7.1 Authority. The Board of Trustees shall select and employ a professionally trained Executive Director, the qualifications of whom shall be determined by the Board of Trustees, in its discretion and upon the advice of such counsel as it shall seek, from time to time.

Section 7.2. Responsibilities. The Executive Director shall be responsible for administering the Corporation's programs and activities in accordance with policies and objectives established by the Board of Trustees. The Executive Director shall have the authority to employ all members of the staff in accordance with position classifications, duties and qualifications established by the Board of Trustees, and shall act as liaison between the Board of Trustees and the staff. The Executive Director shall annually submit a budget for the next fiscal year and shall report at the Annual Meeting on the past year's activities. The Executive Director shall be an *ex officio* member of the Board of Trustees and is expected to attend all meetings of the Board of Trustees.

ARTICLE VIII COMMITTEES

Section 8.1. Committees. In addition to the standing committees described under this Article VIII, The Board of Trustees may establish such committees as it deems appropriate to assist and recommend in the management of the Corporation.

Section 8.2. Composition. Except as otherwise provided herein, committees shall consist of at least three (3) Trustees, one of whom shall be the chairperson of such committee.

The President shall annually appoint the members of each committee, subject to the approval by the Board of Trustees, unless the Board of Trustees specifies by resolution an alternative method of naming members of the committees. Committees, other than the Executive Committee, may have members who are not Trustees.

Section 8.3. Executive Committee. The Executive Committee shall be comprised of the President, the Vice President, the Treasurer and the Secretary and such additional Trustees, up to three (3) in number, as determined by the President, with the approval of the Board of Trustees. The President of the Board of Trustees shall serve as the chairperson of the Executive Committee. The Executive Committee shall meet on the call of the President or the Executive Director or at the request of any two (2) members of the Committee. The Executive Committee shall have the authority of the Board of Trustees for the management of the Corporation between meetings of the Board of Trustees, except as it may be limited by the resolutions of the Board of Trustees.

Section 8.4. Nominating Committee. The Nominating Committee shall be comprised of at least ~~two (2)~~ three (3) Trustees, including at least one (1) Trustee representing the interests of the medically uninsured and underserved populations of the State, and at least one (1) two (2) Members of the Community Advisory Committee. The Nominating Committee shall prepare and submit recommendations to the Board of Trustees for election at the annual meeting, a slate of nominees for Trustees of the Corporation and a slate of nominees for officers of the Board, taking into consideration the standards outlined under Article IV hereof, with consultation with and guidance from the Community Advisory Committee and with notice to the Maine Attorney General. Such slate of nominees shall be submitted to the Board of Trustees and the Maine Attorney General at least thirty (30) days prior to the date of the annual meeting of the Corporation. Prior to the expiration of the term of each Trustee, provided that such Trustee has not indicated his or her desire to resign from the Board at the expiration of such term and that the Trustee is not disqualified from consideration for other reasons, the Committee shall conduct an evaluation of such Trustee's performance on the Board of Trustees. If the Committee determines that a Trustee should not be renominated, the Committee shall forward that recommendation to the Executive Committee. If the Executive Committee concurs, it shall notify the Trustee of such decision in writing. If the Executive Committee disagrees, the Nominating Committee and the Executive Committee shall jointly determine, by majority vote of all Committee Members voting on the matter, whether the Trustee should be nominated for reelection.

Section 8.5. Finance Committee. The Finance Committee shall be comprised of the Treasurer of the Corporation, who shall serve as its chairperson, and such other Trustees and such other persons as the President may appoint, subject to approval by the Board of Trustees. The Finance Committee shall (i) review the annual budget prepared by the Executive Director; (ii) oversee the preparation of the audited financial statements of the Corporation; and (iii) oversee the investment of the Corporation's assets.

Section 8.6. Program/Grant Committee. The Program/Grant Committee shall monitor the administration of all program activities of the Corporation, and shall provide recommendations to the Board of Trustees with respect to grant-making activities.

Section 8.7. Other Committees. The Board of Trustees, by resolution adopted by a majority of the full Board of Trustees, may designate and appoint from among its members one (1) or more committees for such terms and purposes as the Board of Trustees deems appropriate. Each such committee shall only have such powers as specifically delegated to the committee by said resolution, and members of such committees shall be removed with or without cause whenever it is determined by the Board of Trustees to be in the best interest of the Corporation.

Section 8.8. Terms of Committee Members. Unless another or different term is specified at the time of election or appointment to a committee, the election or appointment to any committee of the Board shall continue to the next following Annual Meeting of the Board of Trustees.

ARTICLE IX COMMUNITY ADVISORY COMMITTEE

Section 9.1. Purpose. As soon as possible after the approval by the Maine Superior Court of that certain Charitable Trust Plan, dated September 15, 1999, pursuant to 5 M.R.S.A. § 194-A, the Attorney General shall establish a Community Advisory Committee, the purpose of which shall be to (i) provide a slate of nominees to the Board of Trustees within sixty (60) days of the Annual Meeting of the Corporation; ~~and~~ (ii) provide guidance to the Trustees concerning the conduct of periodic needs assessments; and (iii) provide guidance to the Trustees concerning any other issue relating to the activities of the Corporation.

Notwithstanding the foregoing provision, the Community Advisory Committee shall submit a slate of nominees as Initial Trustees to the Attorney General by a date determined by the Attorney General.

Section 9.2. Appointment; Number and Qualifications; Terms of Members. Initial members (the "Members") of the Community Advisory Committee shall be appointed by the Attorney General and shall serve until the election of their successors. The number of Members of the Community Advisory Committee shall be not less than fifteen (15) nor more than thirty (30) and shall be fixed within the foregoing limits by the Committee at its annual meeting or at any meeting held in lieu thereof. ~~In choosing Members, the Attorney General shall be guided by the principals contained in Section 4.3. hereof; provided, however, at least one-third (1/3) of the Members shall represent the interests of the medically underserved and uninsured populations of the State of Maine, and at least one-third (1/3) of the Members shall have expertise in the field of health care, particularly with respect to the medically underserved and uninsured populations of the State of Maine.~~ The Attorney General shall appoint at least two-thirds (2/3) of the members with persons who represent the interests of the medically underserved and uninsured populations within the State of Maine and one-third (1/3) with persons who have expertise in health care in respect to the provision of access to medically underserved and uninsured persons.

No person serving as a member of the Community Advisory Committee may at the same time serve as a Trustee.

For purposes of providing staggered terms of office only, the Members shall be divided into three (3) classes, which will, as nearly as possible, result in one-third (1/3) of the terms of Members expiring in each year. Each Member shall serve for the term of office specified in the vote by which such Member was elected until his or her successor is duly elected and appointed, unless he or she sooner resigns or is removed. Approximately one-third of the Members shall be elected each year at the Annual Meeting, for a term of three years, beginning at the close of said Annual Meeting. The Members shall designate a Chairperson at each annual meeting to serve a term of one (1) year.

Section 9.3. Vacancies. Any vacancy occurring on the Community Advisory Committee may be filled by the affirmative vote of a majority of the remaining Members, after thirty (30) days written notice to the Attorney General. A person appointed to fill a vacancy which occurs other than by reason of an increase in the number of Members shall serve until expiration of the term that would have been served had the vacancy not occurred. In filling vacancies the remaining members shall maintain the proportionate membership of persons who represent the interests of the medically uninsured and under served and persons who have expertise in health care with respect to access, as set forth in section 9.2.

Section 9.4. Removal of Members. The Community Advisory Committee may suspend or remove a Member at any time, with or without cause by a two-thirds (2/3) affirmative vote of the Members.

Section 9.5. Resignation. Any Member may resign at any time by giving written notice to the Chairperson of the Community Advisory Committee. Such resignation shall take effect on the date of receipt or at any later time specified therein.

Section 9.6. Compensation. Members as such shall not receive any stated salaries for their services, but by resolution of the Board of Trustees of the Corporation, the expenses of attendance, if any, and a modest *per diem* may be allowed for attendance at each regular meeting of the Members.

Section 9.7. Meetings. The Community Advisory Committee shall meet at least annually three (3) times per year.

~~Section 9.8. Amendment. No provision of this Article IX shall be amended without the prior approval of the Maine Attorney General and the Maine Superior Court.~~

ARTICLE X FINANCES

Section 10.1. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer(s) or person(s) as the Board of Trustees may from time to time designate.

Section 10.2. Fiscal Year. The fiscal year of the Corporation shall end on _____ unless otherwise fixed by resolution of the Board of Trustees.

ARTICLE XI INVESTMENT/SPENDING POLICY

Section 11.1. Investments. The Trustees shall administer the assets of the Corporation in accordance with the Maine Uniform Management of Institutional Funds Act, 13 M.R.S.A. §§ 4100-4109, as the same may from time to time be amended, modified or replaced, guided by ~~adopt an investment policy based upon the principles of preservation of capital and long-term growth. The Trustees may adopt an investment policy based upon a "total return" concept, where appreciation in the value of assets may be taken into account in determining the asset base against which distributions are measured.~~

Section 11.2. Annual Expenditures. Notwithstanding anything to the contrary contained herein, the Board may develop an annual spending policy, so long as such policy is in compliance with the spending rules applicable to private foundations under Sections 4941 et. seq. of the Code. In developing this policy, the Board shall take into account the principles of preservation of capital and long-term growth and shall consider the perpetual nature of the Corporation. ~~Notwithstanding anything to the contrary contained herein, the Trustees may expend an amount greater than two (2) times the annual distribution required of foundations under § 4942 of the Code, including any distribution upon dissolution of the Corporation, only with the prior written approval of the Maine Attorney General and the Maine Superior Court. This provision may not be amended by the Trustees without the prior written approval of the Maine Attorney General and the Maine Superior Court.~~

~~In developing a spending policy the Board shall take into account the principals of preservation of capital and long term growth and shall consider the perpetual nature of the Corporation.~~

ARTICLE XII LIABILITY; INDEMNIFICATION

Section 12.1. Trustees and Agents. The individual property of the Trustees, officers, employees or agents of the Corporation shall not be held liable for the debts of the Corporation.

Section 12.2. Indemnification of Trustees and Officers. To the fullest extent permitted by law, the Corporation shall in all cases indemnify any existing or former Trustee, officer, or registered agent of the Corporation who was or is a party (or is threatened to be made a party) to any threatened or pending action, suit, or other proceeding by reason of the fact that he or she is or was a Trustee, officer, employee, or agent of the Corporation (or is or was serving at the request of the Board as a director, officer, trustee, partner, fiduciary, employee, or agent of another entity), or by reason of his or her conduct in any such capacity, against expenses (including, without limitation, costs of investigation and attorneys' fees, judgments, fines, penalties, and amounts paid in settlement) actually and reasonably incurred by him or her in connection with such proceeding.

Section 12.3. Indemnification of Employees and Agents. The Corporation may (but except as provided in Section 12.2 above shall not be required to) indemnify any other person who was or is a party (or is threatened to be made a party) to any threatened or pending action, suit, or other proceeding by reason of the fact that he or she is or was an employee or agent of the Corporation (or is or was serving at the request of the Corporation as a Trustee, officer, trustee, employee, partner, fiduciary, or agent of another entity), or by reason of his or her conduct in any such capacity, against expenses actually and reasonably incurred by him or her in connection with such proceeding. Such indemnification shall be subject to any restrictions imposed by applicable law or by the Board in its discretion.

Section 12.4. Advance Payment of Expenses. In its discretion the Board may, on such conditions as it deems appropriate, authorize the Corporation to pay or reimburse costs of investigation, attorneys' fees, and other expenses incurred by a person entitled to reimbursement under this Article, even in advance of the final disposition of the proceeding in question.

Section 12.5. Nonexclusive Remedy; Benefit. The rights provided by this Article shall not be deemed exclusive of any other right of indemnification or payment provided by contract, the Articles, vote of Trustees, or otherwise. Any right of indemnity or payment arising under this Article shall continue as to a person who has ceased to hold the office or position in which such right arose; shall inure to the benefit of his or her heirs, executors, and administrators; and shall survive any subsequent amendment of this Article.

Section 12.6. Insurance. The Corporation may, at the discretion of the Board of Trustees, purchase and maintain insurance on behalf of the persons described in Sections 12.2 and 12.3 against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person under the laws of the State of Maine.

ARTICLE XIII CONFLICTS OF INTEREST

Section 13.1. Statement of Potential Conflicts. Prior to taking his or her position on the Board of Trustees, and annually thereafter, each Trustee shall submit in writing to the President of the Board of Trustees a list of all businesses and other organizations of which he or she is an officer, Trustee, trustee, member, owner (either as a sole proprietor or a partner), a shareholder, employee or agent with which the Corporation has, or might be expected to have, a relationship or a transaction in which the Trustee might have a conflicting interest. Each written statement will be resubmitted annually with any necessary changes. The President and the Board of Trustees shall become familiar with the statements of all Trustees in order to guide the conduct of the Board of Trustees should such a conflict arise.

Section 13.2. Conduct of Meetings of the Board of Trustees When a Conflict Exists. At such time as any matter comes before the Board of Trustees which involves or may involve a conflict of interest, the affected Trustee shall make known the potential conflict, whether disclosed by his or her written statement or not. Such Trustee shall answer any questions that might be asked of him or her and shall disclose all material facts. ~~At the request of the President,~~

Such Trustee shall withdraw from the meeting for so long as the matter shall continue under discussion.

Section 13.3. Effect of Conflict. The Trustees of the Corporation may be interested, directly or indirectly, in any contract, transaction or act relating to or incidental to the operations conducted by the Corporation, and may freely make contracts, enter into transactions, or otherwise act for or on behalf of the Corporation in such matters; provided that (i) the direct or indirect interest of the Trustee in the proposed contract, transaction or act shall first be disclosed to and approved by the Board of Trustees, (ii) any Trustee directly or indirectly interested in the contract, transaction or act shall refrain from voting on the matter, and (iii) no contract, transaction or act shall be entered into or taken on behalf of the Corporation if such contract, transaction or act would jeopardize the Corporation's tax-exempt status under § 501(c)(3) or § 501(c)(4) of the Code.

Section 13.4. No Grant-Making Conflicts. Pursuant to the requirements of 5 M.R.S.A. § 194-A(5)(B)(1)(7), the Corporation must have in place procedures and policies to prohibit conflicts of interest shall be prohibited from engaging in grant-making activities that may benefit a converted stock insurer, its affiliates, any person who owns or controls any ownership interest in either a converted stock insurer or its affiliates and any directors or officers of a converted stock insurer or its affiliates. The Converted Stock Insurer, as defined in the Modified Charitable Trust Plan dated _____, and its affiliates may participate in any competitive bid or proposal process to the same extent as any other applicant or participant.

ARTICLE XIV MISCELLANEOUS

Section 14.1. Amendments. Except as otherwise provided herein, these Bylaws may be amended or repealed or new Bylaws adopted by the Trustees at an Annual or Special Meeting, upon receiving the favorable vote of three-quarters (3/4) of the Trustees then in office; provided that the notice of the meeting and of the substance of the proposed change to the Bylaws is given in accordance with the procedures and time requirements specified in Section 14.2 hereof; and, further provided that the Bylaws may not be amended in such a way as to cause the Corporation to lose its status (i) as a corporation which is exempt from federal income taxation as an organization described in § 501(c)(3) of the Code, or (ii) as a corporation to which contributions are deductible under § 170(c)(2) of the Code, ~~or (iii) as a corporation described in § 170(b)(1)(A)(vi) of the Code.~~

The following provisions of these Bylaws may not be amended without prior notice to the Maine Attorney General and prior approval of the Maine Superior Court: Article II, Article III, Article IV, Sections 5.2, 5.3 and 5.5 of Article V, Section 8.4 of Article VIII, Article IX, Article XI and Article XIV.

Section 14.2. Notice. Whenever under the provisions of the statutes, Articles of Incorporation or these Bylaws notice is required to be given to any Trustee or to the Maine Attorney General, such notice must be given in writing by personal delivery, by mail or by telephone, addressed to such Trustee, or to the Attorney General as the case may be, at his or her address as it appears on the records of the Corporation, with postage or other delivery fees

prepaid, or at his or her telephone number as it appears on the records of the Corporation. Notice by mail shall be deemed to be given at the time it is deposited in the United States Mail.

ATTEST: _____ DATE: _____
Secretary

**LEGISLATIVE COUNCIL
REQUESTS TO INTRODUCE LEGISLATION
SECOND REGULAR SESSION
November 18, 1999**

Action

SPONSOR: Sen. Amero, Jane A.

LR 3876 An Act to Promote Historic and Scenic Preservation

SPONSOR: Sen. Berube, Georgette B.

LR 3864 An Act Regarding the Payment of Child Support in Cases of Delayed Parental Notification

SPONSOR: Sen. Cassidy, Vinton E.

LR 3861 An Act to Authorize the Land Use Regulation Commission to Establish Conservation Easements

SPONSOR: Sen. Cassidy, Vinton E.

LR 3862 An Act to Divide Land Use Regulatory Commission Territories into 7 Regions

SPONSOR: Rep. Dudley, Benjamin F.

LR 3873 An Act to Amend the Low Cost Elderly Drug Program

SPONSOR: Rep. Etnier, David

LR 3875 An Act to Increase Public Participation in the Maine Residents' Property Tax and Rent Refund Program

SPONSOR: Rep. Green, Bonnie

LR 3471 An Act to Support and Expand the Maine Writing Project

SPONSOR: Sen. LaFountain III, Lloyd P.

LR 3874 An Act to Amend the Acreage Requirements for a Cemetery to Contain a Columbarium

SPONSOR: Rep. LaVerdiere, Charles C.

LR 3881 An Act to Implement the Recommendations of the Committee on Sawmill Biomass

SPONSOR: Rep. Loring, Donna M.

LR 3872 An Act Concerning the Date by Which Land Must be Acquired by the Penobscot Nation

SPONSOR: Rep. Matthews, Zachary E.

LR 3866 An Act to Enact a Patient's Bill of Rights

SPONSOR: Sen. Paradis, Judy

LR 3863 An Act to Amend the Environmental Laws to Change the
Name of the Native Americans' Representative Agency

SPONSOR: Rep. Saxl, Michael V.

LR 3869 An Act to Amend the Trainee Provisions Under the Barbering
and Cosmetology Licensure Act

JOINT RESOLUTION

SPONSOR: Rep. McKee, Linda Rogers

LR 3871 JOINT RESOLUTION MEMORIALIZING CONGRESS TO SECURE A NUCLEAR
WEAPONS ABOLITION TREATY