

## SUPREME JUDICIAL COURT OF MAINE

# Town of Burlington v. Hospital Administrative District No. 1

769 A.2d 857 (Me. 2001) · Decided April 12, 2001

### SUMMARY

The Maine Supreme Judicial Court held that Hospital Administrative District No. 1 functions as a political subdivision for purposes of Maine's Freedom of Access Act. The court concluded that the district's management contract with Quorum Health Resources and compensation records for certain management employees were public records subject to disclosure. The court also held that the compensation records were not protected trade secrets and affirmed the Superior Court's judgment.

### CASE DETAILS

|                       |                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Supreme Judicial Court of Maine                                                                                                                                                                         |
| WRITING FOR THE COURT | Calkins, J.; Wathen, C.J.; Clifford, J.; Rudman, J.; Dana, J.; Saufley, J.; Alexander, J.                                                                                                               |
| JURISDICTION          | Maine                                                                                                                                                                                                   |
| DECIDED               | April 12, 2001                                                                                                                                                                                          |
| DISPOSITION           | affirmed                                                                                                                                                                                                |
| PROCEDURAL POSTURE    | The hospital parties appealed from a Superior Court judgment, entered after trial of consolidated Freedom of Access Act and declaratory judgment actions, ordering disclosure of the requested records. |
| STANDARD OF REVIEW    | Statutory construction is reviewed de novo; factual findings are reviewed for clear error.                                                                                                              |
| PRECEDENTIAL VALUE    | Published precedential opinion of the Supreme Judicial Court of Maine.                                                                                                                                  |
| PARTIES               | Hospital Administrative District No. 1, Ronald Victory, Cedric Russell, Quorum Health Resources, LLC v. Town of Burlington                                                                              |

### TOPICS

[municipal law](#)[administrative law](#)[statutory interpretation](#)[health law](#)

### PRACTICE AREAS

[municipal law](#)[administrative law](#)[freedom of information](#)[health law](#)[statutory interpretation](#)

## QUESTIONS PRESENTED

1. Whether Hospital Administrative District No. 1 functions as a political subdivision subject to Maine's Freedom of Access Act.
2. Whether the Quorum management contract and management-employee compensation records are public records under the Freedom of Access Act.
3. Whether the requested compensation records qualify as trade secrets exempt from disclosure under the Freedom of Access Act.
4. Whether the court was required to decide the constitutionality of the enabling legislation's public-records provision.

## HOLDINGS

1. Hospital Administrative District No. 1 functions as a political subdivision for purposes of Maine's Freedom of Access Act because its governmental functions, legislative creation, public control, revenue powers, debt structure, and reversion of assets give it characteristics of a political subdivision.
2. The Quorum management contract and the compensation records of the hospital's management employees are public records because they are in connection with the transaction of public or governmental business.
3. The compensation records are not trade secrets because the hospital parties failed to show that the information was the subject of reasonable efforts to maintain its secrecy; therefore, the trade-secret exemption does not apply.
4. The court declined to decide the constitutional challenge because the dispute could be resolved under the general provisions of the Freedom of Access Act without relying on section 10-A.

## KEY QUOTATIONS

*"Because HAD #1 functions as a political subdivision, we conclude that it meets the definition of "political subdivision" in FOAA." (¶ 17)*

*"Because the compensation records at issue have not been the subject of efforts to maintain their secrecy, they are not trade secrets, and the exemption in section 402(3)(B) of FOAA is not applicable to the compensation records of Victory and the chief financial officer of the hospital." (¶ 22)*

*"The entry is: Judgment affirmed." (¶ 22)*

## FACTUAL BACKGROUND

Hospital Administrative District No. 1 was created by Maine legislation to operate Penobscot Valley Hospital and is governed by directors elected by voters in fourteen towns. The district possesses governmental powers, including the authority to issue bonds and levy taxes, and its towns bear responsibility for its debts while its assets revert to the towns upon dissolution. The Town requested the district's contract with Quorum Health Resources and compensation records for hospital management employees. The hospital parties resisted disclosure, asserting that the district was not a political subdivision, that the records were not public records, and that the compensation information was protected as a trade secret.

## PROCEDURAL HISTORY

The Town of Burlington brought an action under Maine's Freedom of Access Act seeking records from Hospital Administrative District No. 1 and related parties. HAD No. 1 separately sought a declaration concerning its obligation to produce the records. The Superior Court concluded that the records were subject to disclosure and rejected the trade-secret and constitutional challenges. The Supreme Judicial Court of Maine affirmed.

## DISPOSITION

affirmed

## CASES CITED

- Springfield Terminal Ry. Co. v. Dep't of Transp., 2000 ME 126, 754 A.2d 353 (Me. 2000)
- Casco N. Bank v. Bd. of Trs. of Van Buren Hosp. Dist., 601 A.2d 1085 (Me. 1992)
- Young v. Greater Portland Transit Dist., 535 A.2d 417 (Me. 1987)
- Conn. Humane Soc'y v. Freedom of Info. Comm'n, 591 A.2d 395 (Conn. 1991)
- Mem'l Hosp.-West Volusia, Inc. v. News-Journal Corp., 729 So. 2d 373 (Fla. 1999)
- News & Observer Publ'g Co. v. Wake County Hosp. Sys., Inc., 284 S.E.2d 542 (N.C. Ct. App. 1981)
- Cleveland Newspapers, Inc. v. Bradley County Mem'l Hosp. Bd. of Dirs., 621 S.W.2d 763 (Tenn. Ct. App. 1981)
- Telford v. Thurston County Bd. of Comm'rs, 974 P.2d 886 (Wash. Ct. App. 1999)
- Osier v. Osier, 410 A.2d 1027 (Me. 1980)
- State v. Good, 308 A.2d 576 (Me. 1973)
- Bangor Publ'g Co. v. Town of Bucksport, 682 A.2d 227 (Me. 1996)
- Rich v. Fuller, 666 A.2d 71 (Me. 1995)
- Lewiston Daily Sun, Inc. v. City of Auburn, 544 A.2d 335 (Me. 1988)
- Memphis Publ'g Co. v. Shelby County Health Care Corp., 799 S.W.2d 225 (Tenn. Ct. App. 1990)
- Marks v. McKenzie High Sch. Fact-Finding Team, 878 P.2d 417 (Or. 1994)