

ORDINANCE NO. 060496

Authorizing the Director of Health to execute an amendment to the annual MAST contract for service to indigent residents to provide for an extension of the term of the financial guarantees authorized by Committee Substitute for Ordinance No. 020061 through July 31, 2007, in the amount of \$2 million, and through July 31, 2008, in the amount of \$1 million; authorizing the Director of Finance to execute documents necessary to accomplish this extension; permitting the payment of funds to be made from health levy or other general municipal funds unless legally prohibited from making such payments; and requiring repayment to the City within four years of any payment.

WHEREAS, by Committee Substitute for Ordinance No. 020061 the City agreed to guarantee a line of credit obtained by MAST from Bank of America for up to \$2.0 million, including interest, until April 30, 2004; and

WHEREAS, by Committee Substitute for Ordinance No. 040164 the City agreed to continue its guarantee of the line of credit obtained by MAST from Bank of America for up to \$2.0 million, including interest, until July 31, 2006; and

WHEREAS, Bank of America is willing to extend the current MAST line of credit through July 31, 2008, contingent upon the City continuing to act as guarantor of this line of credit; NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. *Authorization to amend the current subsidy agreement.* That the Director of Health is authorized to enter into an amendment of the annual MAST contract for service to indigent residents to provide for an extension of the current financial guarantee in the amount of \$2.0 million through a period up to July 31, 2007, and in the amount of \$1.0 million through a period up to July 31, 2008.

Section 2. *Form of the amendment.* The amendment authorized by Section 1 will be in substantially the terms as follow:

AMENDMENT
ANNUAL MAST SUBSIDY

The annual MAST contract for service to indigent residents is amended to include the following provision:

Section 1. Loan Guarantee.

(a) **Purpose.** In recognition of the essential nature of prehospital emergency medical services to the people of Kansas City, Missouri, the City has made annual payments to MAST since the inception of the MAST system about 25 years ago. The payments made in fiscal year 2003-2004 and the collection of

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revenue by MAST is insufficient to pay for the necessary services. Because of the unique character of MAST as a public entity established by the City for the benefit of the citizens of Kansas City, it is appropriate that the City assist MAST in obtaining necessary financial assistance.

(b) **Guarantee authorization.** If MAST seeks financial assistance from any financial institution and is denied that assistance without the provision of a guaranty by the City, the City, acting through the director of finance, may execute such documents as are required by such financial institution and agreed to by the City, acting through the director of finance, to provide the City's guarantee of payment of the loan, draw on a line of credit, or other financial assistance.

(c) **Maximum liability.** The director of finance may commit the City to an amount not to exceed, in the aggregate, \$2.0 million including interest, through July 31, 2007, and \$1.0 million including interest, through July 31, 2008, to support the Kansas City, Missouri, operations of MAST.

(d) **Financial guarantee.** Any guarantee executed by the City will include the following, or substantially similar, language:

The City currently provides the ambulance services component of the prehospital emergency medical services system through MAST. The City reasonably believes that legally available funds in an amount sufficient to make the payments that might be required as a guarantor of certain of MAST's financial obligations through the current fiscal year (May 1, 2006 - April 30, 2007) and the ensuing fiscal year (May 1, 2007 - April 30, 2008) can be obtained. The City has funds, such as the unappropriated General Fund balance, and the financial wherewithal to make payment upon default or shortfall. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this commitment for any ensuing fiscal year beyond May 1, 2007 - April 30, 2008) is solely within the discretion of the then current governing body of the City.

(e) **Subsequent fiscal years.** The City agrees to include the provisions of this Amendment in the MAST subsidy ordinance for the subsequent fiscal year if MAST agrees to continue to provide indigent care pursuant to the subsequent contracts.

Section 2. Remaining terms.

All remaining terms of the agreement between the City and MAST by the Council, shall remain in effect.

Section 3. *Director of Finance authority.* The Director of Finance is authorized to execute the documents required by the lender or lenders, and agreed to by the director, to make the City a guarantor of MAST's financial obligations as provided in Section 2.

Section 4. *Limitation of funding sources.* It is the intention of the City to use health levy funds prior to accessing other sources of revenue for making payments required by any guarantee made by the City for the payment of MAST's financial obligations. It is recognized that health levy funds may be the subject of other contracts. If prior contractual commitments preclude the use of the health levy for this purpose, then and only then, may other sources of revenue be considered for the payment of the guarantee.

Section 5. *Repayment by MAST.* Any payment by the City made pursuant to this financial guarantee will be repaid by MAST within four years of the date of the City's payment.

Approved as to form and legality:

William D. Geary
Assistant City Attorney