



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Approve Funding for Flex Spending Plan

**MEETING DATE:** September 17, 1997

**SUBMITTED BY:** City Manager

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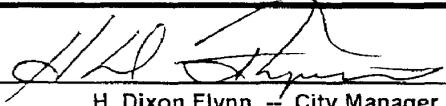
**RECOMMENDED ACTION:** That the City Council approve the funding for the flexible spending account.

**BACKGROUND INFORMATION:** L & H Administrators were the third party administrator for the City's flexible spending account. L & H had a multi-state public and private sector client base for which they administered various health plans. Their public sector clients include the State of Nevada, cities and counties in California, Nevada, and Arizona, school districts, and closer to home, the University of the Pacific and locally, the Bank of Lodi.

We were recently informed that L & H defaulted in its obligations. The City of Lodi has contacted the Fresno Co. District Attorney's office (L & H's California office was in Fresno) and was informed that the matter has been referred to the United States Attorney. Currently the United States Attorney in Fresno, in conjunction with the Department of Labor and the Federal Bureau of Investigation (Phoenix office) is conducting an investigation into this matter.

The financial impact to the participants from the City of Lodi is \$15,506.27. We are requesting that the City Council approve the restoral of this money which was deducted from employees pay checks but not returned by L & H, to the employee accounts, subject to the City's right to recoup the funds from L & H.

APPROVED: \_\_\_\_\_

  
H. Dixon Flynn -- City Manager



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Additionally, checks sent to four employees from L & H, totaling \$1,261.33 were returned for insufficient funds ("bounced checks). Due to the financial hardship caused by this unexpected event we are reimbursing these employees for their loss.

The City intends to continue with the plan and is in the process of contracting with a qualified new administrator to assume administration of it.

**COST:** \$16,767.60

**FUNDING:** Contingency Fund

Respectfully submitted,

\_\_\_\_\_  
H. Dixon Flynn, City Manager

cc: City Attorney

APPROVED: \_\_\_\_\_  
H. Dixon Flynn -- City Manager

RESOLUTION NO. 97-150

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING THE FUNDING TO CITY OF LODI EMPLOYEES  
RELATING TO THE FLEXIBLE SPENDING ACCOUNT

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RESOLVED, that the Lodi City Council does hereby approve the funding to City of Lodi Employees relating to the default of L & H Administrators relating to the Flexible Spending Plan.

Dated: September 17, 1997

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I hereby certify that Resolution No. 97-150 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 17, 1997 by the following vote:

AYES: Council Members -  
NOES: Council Members -  
ABSENT: Council Members -  
ABSTAIN: Council Members -

ALICE M. REIMCHE  
City Clerk