CITY OF SAMMAMISH
WASHINGTON
RESOLUTION NO. R2015-627

A RESOLUTION OF THE CITY OF SAMMAMISH,
WASHINGTON, AUTHORIZING THE CITY MANAGER TO
REIMBURSE CITY EMPLOYEES FOR AMOUNTS OTHERWISE
DUE UNDER THE CITY’S 2014 IRC SECTION 125 PLAN

WHEREAS, the City since 2003 had contracted with Administrators Northwest, Inc. ("ANI") to serve as the Plan Service Provider for the City’s IRC Section 125 health care and child care expense reimbursement plan ("Plan"); and

WHEREAS, City staff had periodically inspected and reviewed ANI, and ANI for many years had provided excellent service to the City; and

WHEREAS, ANI has ceased to timely or properly process certain reimbursement requests submitted by City employees, and is now in default of its contract with the City; and

WHEREAS, City employees wishing to participate in the Plan were required to utilize ANI in order to participate in the Plan, contributed their own funds to ANI for processing and reimbursement in accordance with the law, and could make claims against the City for ANI’s failure to properly make such reimbursement as required under the Plan and federal law; and

WHEREAS, the City investigated the potential of suing ANI for breach of contract, and concluded that the cost of a successful lawsuit would materially exceed the amount of recovery from ANI, and further concluded that ANI is unlikely to have assets sufficient to satisfy judgment in the City’s favor; and

WHEREAS, the City has executed a contract with a new and reputable Plan Service Provider to handle the 2015 plan and that provider is willing to review the outstanding 2014 reimbursement claims for compliance with federal law;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAMMAMISH,
WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. City Manager Authorization. The City Council hereby authorizes the City Manager to expend City funds in an amount not to exceed $20,600 to reimburse City employees to whom ANI failed to make proper reimbursement payments as required by ANI’s contract with the City to serve as the Plan Service Provider for the City’s IRC Section 125 Plan. As a condition of such reimbursement, any affected City employee must first execute an agreement in a form acceptable to the City Attorney acknowledging that (a) the Section 125 balances they provided the City are accurate (b) that such reimbursement by the City fully satisfies ANI’s obligation toward such employee, and (c) assigning to the City any restitution paid to the employee by or on behalf of ANI in the future.
The City Manager is further authorized to cooperate with any state or federal law enforcement investigations into ANI, and to seek restitution from ANI as part of any civil or criminal proceedings instigated against ANI by any law enforcement agency.

The City Manager and the Deputy City Manager have specifically recommended that the City Council adopt this Resolution. In accordance with the ICMA Code of Ethics and high standards of professionalism, the City Manager and Deputy City Manager accordingly elect not to participate in the reimbursement plan authorized herein.

Section 2. Effective Date. This Resolution shall take effect immediately upon signing.

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE 7th DAY OF APRIL, 2015.

CITY OF SAMMAMISH

[Signature]
Mayor Thomas E. Vance

ATTEST/AUTHENTICATED:

[Signature]
Melanie Anderson/City Clerk

Approved as to form:

[Signature]
Mike Kenyon, City Attorney

Filed with the City Clerk: March 25, 2015
Passed by the City Council: April 7, 2015
Resolution No.: R2015-627