



Memorandum

**TO: Board of Administration for the
Police and Fire Department
Retirement Plan**

FROM: Sandra Castellano

**SUBJECT: First Amendment with Saltzman &
Johnson Law Corporation for
Domestic Relations Order and
Disability Legal Services**

DATE: August 22, 2024

Approved

Date

8/27/2024

RECOMMENDATION

Discussion and action on authorizing the CEO to negotiate and execute a first amendment to the agreement with Saltzman & Johnson Law Corporation (“Saltzman & Johnson”), a provider of Domestic Relations Order (“DRO”) and disability legal services, to increase the not to exceed amount by \$250,000, from \$350,000 to \$600,000, through the end of the current term of the agreement on June 30, 2025. No budget action is required as funding is allocated in the 2024-2025 budget for this expense.

BACKGROUND

The Office of Retirement Services (“ORS”) contracts with Saltzman & Johnson to perform essential legal services for disability retirement processing, DROs, and miscellaneous services for conservatorships, powers of attorney, small estate affidavits, guardianships, and income withholding orders. Saltzman & Johnson also provides other legal services directly for the Board.

Below is the timeline of the current contract with Saltzman & Johnson:

- On May 21, 2021, the Board of Administration for the Police and Fire Department Retirement Plan (“Board”) authorized the CEO to negotiate and execute a contract with Saltzman & Johnson, not to exceed \$350,000, for DRO and disability legal services with a term ending June 30, 2025.

ANALYSIS

Saltzman & Johnson performs essential legal services for pension benefit administration including disability retirement processing. Since the execution of the contract with Saltzman & Johnson in 2020, ORS has significantly increased disability retirement activities. As a result, legal services for disability retirement processing have been higher than anticipated. Additional funding is needed to continue essential legal services for pension benefit administration through the term of the contract.

In October 2022, ORS implemented a new, streamlined disability application process which has enabled staff to process a higher number of disability retirement applications, making significant progress on a backlog of about 140 disability applications. In 2021, ORS processed about 13 disability retirement applications. In 2024, ORS anticipates processing over 50 disability retirement applications. This is a significant increase in disability application processing over the past several years.

With the higher number of disability applications processed, disability processing legal services from Saltzman & Johnson has increased significantly. In 2021, disability-related legal services were averaging about \$3,700 per month. During the past six months, disability-related services have averaged about \$22,500 per month, which is about 8 disability retirement applications per month (legal services for a typical disability is \$2,680). While ORS does not anticipate that this level of monthly expenses will continue indefinitely, ORS expects that it will continue through the term of the contract in June 2025, at a minimum, as ORS addresses the backlog of disability retirement applications.

Funding for legal services for DROs and miscellaneous are also required through the term of the contract. ORS anticipates reaching the not-to-exceed amount of the contract in August 2024. The table below outlines the detail of the additional funding being requested through June 30, 2025, the term of the contract. No funding has been added for other legal services for the Board as no expenses of this type are anticipated.

Legal Service	Estimated Monthly Expense	Estimated Total September Through June 2025 (10 Months)
Disability Processing	\$22,500	\$225,000
DRO & Miscellaneous	\$2,500	\$25,000
Total	\$25,000	\$250,000

Saltzman & Johnson performs essential legal services for pension benefit administration. With funding expected to be exhausted on the contract in August 2024, staff recommends authorizing the CEO to negotiate and execute a first amendment to the contract between the Board of Administration for the Police and Fire Department Retirement Plan and Saltzman & Johnson to increase the no-to-exceed amount by \$250,000, from \$350,000 to \$600,000.



Sandra Castellano
Benefits Division Manager