

95.869 Board of trustees to operate fund and direct policies -- Membership -- Removal for cause -- Option to convert pension benefits to annuity benefits -- Repeal of ordinances establishing pension fund -- Liquidation and distribution of residual assets -- Report.

- (1)
 - (a) The responsibility for the proper operation of the fund and the direction of its policies shall be vested in a board of trustees.
 - (b) If there are no active members of the fund, the board of trustees shall consist of four (4) members who shall be: (a) the mayor ex officio; (b) the city treasurer or chief financial officer ex officio; and (c) one (1) retired member of each department who shall be elected by ballot by the retired members of the respective departments. The mayor ex officio and the city treasurer ex officio shall serve for terms of one (1) year under rules adopted by the board. The two (2) retired members of the police and fire department shall serve for terms of at least one (1) year with a maximum of two (2) years under rules adopted by the board. If there are active members of the fund, there shall be two (2) additional board members who shall be one (1) active member of the fund from each department elected by ballot by the active members of the fund from the respective departments and who shall serve for terms of at least one (1) year with a maximum of two (2) years under rules adopted by the board. If all of the active members or all of the retired members are from one (1) department, then both of the active-member board members or both of the retired board members shall be elected from that department.
 - (c) If there are fewer than six (6) active and retired members of the fund, the board of trustees shall be composed of the mayor, city treasurer or chief financial officer, and two (2) employees appointed by the mayor, one (1) from the city police department and one (1) from the city fire department, who shall serve for one (1) year and until their respective successors are appointed and qualified. If all of the members of the pension fund are from one (1) department, no appointment shall be made from the other department.
 - (d) If there are fewer than six (6) active and retired members of the fund from one (1) department, the board of trustees shall be composed of the mayor, city treasurer or chief financial officer, one (1) retired member of the department with six (6) or more active or retired members of the fund who shall be elected by ballot by the retired members of the department, and one (1) employee appointed by the mayor from the department with fewer than six (6) active and retired members of the fund who shall serve for one (1) year and until their respective successors are appointed and qualified.
 - (e) In the event of a vacancy of an elected member, the pension board may fill the vacancy by appointment until the next regular election.
- (2) The board of trustees membership shall be restructured according to the provisions of this section at the time of the next scheduled election of board members after July 15, 2020.
- (3) Any member of the board convicted of an offense relating to mismanagement or embezzlement of the fund created pursuant to KRS 95.852 shall be removed from

the board and shall be prohibited from serving on the board. If the board member removed is an ex officio member, the city council shall appoint a replacement until another person shall fill the office entitled to a seat on the board. If the board member removed is an active policeman or firefighter, the board shall fill the vacancy by appointment of another active policeman or firefighter until the next regular election.

- (4) If there are fewer than twelve (12) active and retired members or beneficiaries of the policemen's and firefighters' pension fund, the governing body of the fund may elect to offer to individuals entitled to benefits from the fund a one (1) time irrevocable option to convert monthly pension benefits from the fund to monthly annuity benefits from an insurance company for the same amount. An insurance company accepting a benefit transfer shall honor any features and options available under the existing plan. If the governing body of the fund elects to offer the option to convert monthly pension benefits to monthly annuity benefits, it shall provide to individuals entitled to benefits from the fund sufficiently complete and appropriate disclosures to assist in making an informed decision.
- (5) If all liabilities to all individuals entitled to benefits from the policemen's and firefighters' pension fund have been satisfied, the ordinances establishing the fund may be repealed by the majority vote of the duly elected members of the entire legislative body. If repealed, the fund's board of trustees shall, within sixty (60) days of repeal, proceed with the liquidation of any residual assets of the fund. All residual assets liquidated pursuant to this subsection shall be distributed by the board of trustees to the city's general fund so long as the return of assets complies with federal and state law governing the distribution of assets. Within thirty (30) days following the distribution of residual assets, the board of trustees of the fund shall as its last act file a complete report with the legislative body of the city of the actions taken to terminate the fund and liquidate residual assets of the fund for retention by the city clerk the same as for other city records.

Effective: July 15, 2020

History: Amended 2020 Ky. Acts ch. 121, sec. 8, effective July 15, 2020. -- Amended 2016 Ky. Acts ch. 31, sec. 30, effective July 15, 2016. -- Amended 1998 Ky. Acts ch. 260, sec. 1, effective July 15, 1998. -- Amended 1994 Ky. Acts ch. 286, sec. 1, effective July 15, 1994. -- Amended 1990 Ky. Acts ch. 83, sec. 1, effective July 13, 1990. -- Amended 1982 Ky. Acts ch. 437, sec. 1, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 188, sec. 87, effective July 15, 1980. -- Created 1956 Ky. Acts ch. 16, sec. 19, effective July 1, 1956.