

Sen. Robert F. Martwick

## Filed: 3/22/2021

|    | 10200SB2107sam001         LRB102 16153 RPS 23690 a             |
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| 1  | AMENDMENT TO SENATE BILL 2107                                  |
| 2  | AMENDMENT NO Amend Senate Bill 2107 by replacing               |
| 3  | everything after the enacting clause with the following:       |
| 4  | "Section 5. The Illinois Pension Code is amended by            |
| 5  | changing Sections 7-108, 7-109, and 7-132 as follows:          |
| 6  | (40 ILCS 5/7-108) (from Ch. 108 1/2, par. 7-108)               |
| 7  | Sec. 7-108. "Participating Instrumentality" <u>.</u> +         |
| 8  | (a) A political entity created under the laws of the State     |
| 9  | of Illinois, without general continuous power to levy taxes,   |
| 10 | and which is legally separate and distinct from the State of   |
| 11 | Illinois and any municipality and whose employees by reason of |
| 12 | their relation to such political entity are not employees of   |
| 13 | the State of Illinois or a municipality, and, for the purposes |
| 14 | of providing annuities and benefits to its employees, the      |
| 15 | Firefighters' Pension Investment Fund, as created under        |
| 16 | Article 22C of this Code.                                      |

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1 (b) A not-for-profit organization, which is incorporated 2 under the laws of the State of Illinois, or an association, 3 membership in which is limited to municipalities or limited to 4 townships and authorized by statute.

5 (Source: P.A. 77-1615.)

6 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

7 Sec. 7-109. Employee.

(1) "Employee" means any person who:

9 Receives earnings as payment for (a) 1. the 10 performance of personal services or official duties out of the general fund of a municipality, or out of any special 11 12 fund or funds controlled by a municipality, or by an 13 instrumentality thereof, or а participating 14 instrumentality, including, in counties, the fees or earnings of any county fee office; and 15

16 2. Under the usual common law rules applicable in determining the employer-employee relationship, has the 17 18 status of an employee with a municipality, or anv 19 instrumentality thereof, participating or а 20 instrumentality, including aldermen, county supervisors 21 and other persons (excepting those employed as independent 22 contractors) who are paid compensation, fees, allowances or other emolument for official duties, and, in counties, 23 the several county fee offices. 24

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(b) Serves as a township treasurer appointed under the

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1 School Code, as heretofore or hereafter amended, and who 2 receives for such services regular compensation as 3 distinguished from per diem compensation, and any regular employee in the office of any township treasurer whether 4 5 or not his earnings are paid from the income of the permanent township fund or from 6 funds subject to 7 distribution to the several school districts and parts of 8 school districts as provided in the School Code, or from 9 both such sources; or is the chief executive officer, 10 chief educational officer, chief fiscal officer, or other 11 employee of a Financial Oversight Panel established pursuant to Article 1H of the School Code, other than a 12 13 superintendent or certified school business official, 14 except that such person shall not be treated as an 15 employee under this Section if that person has negotiated 16 with the Financial Oversight Panel, in conjunction with the school district, a contractual agreement for exclusion 17 from this Section. 18

19 (c) Holds an elective office in a municipality,
20 instrumentality thereof or participating instrumentality.
21 (2) "Employee" does not include persons who:

(a) Are eligible for inclusion under any of thefollowing laws:

"An Act in relation to an Illinois State
 Teachers' Pension and Retirement Fund", approved May
 27, 1915, as amended;

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## 2. Articles 15 and 16 of this Code.

However, such persons shall be included as employees to the extent of earnings that are not eligible for inclusion under the foregoing laws for services not of an instructional nature of any kind.

6 However, any member of the armed forces who is 7 employed as a teacher of subjects in the Reserve Officers 8 Training Corps of any school and who is not certified 9 under the law governing the certification of teachers 10 shall be included as an employee.

11 designated by the governing body of a (b) Are municipality in which a pension fund is required by law to 12 13 be established for policemen or firemen, respectively, as 14 performing police or fire protection duties, except that 15 when such persons are the heads of the police or fire 16 department and are not eligible to be included within any such pension fund, they shall be included within this 17 Article; provided, that such persons shall not be excluded 18 19 to the extent of concurrent service and earnings not 20 designated as being for police or fire protection duties. 21 However, (i) any head of a police department who was a 22 participant under this Article immediately before October 23 1, 1977 and did not elect, under Section 3-109 of this Act, 24 to participate in a police pension fund shall be an 25 "employee", and (ii) any chief of police who became a 26 participating employee under this Article before January 1 1, 2019 and who elects to participate in this Fund under Section 3-109.1 of this Code, regardless of whether such 2 3 person continues to be employed as chief of police or is employed in some other rank or capacity within the police 4 5 department, shall be an employee under this Article for so long as such person is employed to perform police duties 6 by a participating municipality and has not lawfully 7 8 rescinded that election.

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9 (b-5) Were not participating employees under this 10 Article before the effective date of this amendatory Act of the 100th General Assembly and participated as a chief 11 of police in a fund under Article 3 and return to work in 12 13 any capacity with the police department, with any 14 oversight of the police department, or in an advisory 15 capacity for the police department with the same 16 municipality with pension which that was earned, regardless of whether they are considered an employee of 17 the police department or are eligible for inclusion in the 18 19 municipality's Article 3 fund.

20 (c) Are contributors to or eligible to contribute to a 21 Taft-Hartley pension plan to which the participating 22 municipality is required to contribute as the person's 23 employer based on earnings from the municipality. Nothing 24 this paragraph shall affect in service credit or 25 creditable service for any period of service prior to the 26 effective date of this amendatory Act of the 98th General -6- LRB102 16153 RPS 23690 a

Assembly, and this paragraph shall not apply to individuals who are participating in the Fund prior to the effective date of this amendatory Act of the 98th General Assembly.

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5 (d) Become an employee of any of the following participating instrumentalities on or after the effective 6 date of this amendatory Act of the 99th General Assembly: 7 8 the Illinois Municipal League; the Illinois Association of 9 Park Districts: the Illinois Supervisors, County 10 Commissioners and Superintendents of Highways Association; 11 an association, or not-for-profit corporation, membership in which is authorized under Section 85-15 of the Township 12 Code; the United Counties Council; or the Will County 13 14 Governmental League.

15 <u>(e) Are members of the Board of Trustees of the</u> 16 <u>Firefighters' Pension Investment Fund, as created under</u> 17 <u>Article 22C of this Code, in their capacity as members of</u> 18 <u>the Board of Trustees of the Firefighters' Pension</u> 19 <u>Investment Fund.</u>

(3) All persons, including, without limitation, public defenders and probation officers, who receive earnings from general or special funds of a county for performance of personal services or official duties within the territorial limits of the county, are employees of the county (unless excluded by subsection (2) of this Section) notwithstanding that they may be appointed by and are subject to the direction 10200SB2107sam001 -7- LRB102 16153 RPS 23690 a

1 of a person or persons other than a county board or a county officer. It is hereby established that an employer-employee 2 3 relationship under the usual common law rules exists between 4 such employees and the county paying their salaries by reason 5 of the fact that the county boards fix their rates of compensation, appropriate funds for payment of their earnings 6 and otherwise exercise control over them. This finding and 7 8 this amendatory Act shall apply to all such employees from the date of appointment whether such date is prior to or after the 9 10 effective date of this amendatory Act and is intended to 11 clarify existing law pertaining to their status as participating employees in the Fund. 12

13 (Source: P.A. 99-830, eff. 1-1-17; 100-281, eff. 8-24-17; 14 100-1097, eff. 8-26-18.)

(40 ILCS 5/7-132) (from Ch. 108 1/2, par. 7-132)
 Sec. 7-132. Municipalities, instrumentalities and
 participating instrumentalities included and effective dates.

18 (A) Municipalities and their instrumentalities.

(a) The following described municipalities, but not including any with more than 1,000,000 inhabitants, and the instrumentalities thereof, shall be included within and be subject to this Article beginning upon the effective dates specified by the Board:

24 (1) Except as to the municipalities and

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instrumentalities thereof specifically excluded under this 1 Article, every county shall be subject to this Article, 2 3 and all cities, villages and incorporated towns having a population in excess of 5,000 inhabitants as determined by 4 the last preceding decennial or subsequent federal census, 5 shall be subject to this Article following publication of 6 7 the census by the Bureau of the Census. Within 90 days after publication of the census, the Board shall notify 8 9 any municipality that has become subject to this Article 10 as a result of that census, and shall provide information authorities of the 11 the corporate municipality to 12 explaining the duties and consequences of participation. 13 The notification shall also include a proposed date upon 14 which participation by the municipality will commence.

However, for any city, village or incorporated town that attains a population over 5,000 inhabitants after having provided social security coverage for its employees under the Social Security Enabling Act, participation under this Article shall not be mandatory but may be elected in accordance with subparagraph (3) or (4) of this paragraph (a), whichever is applicable.

(2) School districts, other than those specifically
excluded under this Article, shall be subject to this
Article, without election, with respect to all employees
thereof.

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(3) Towns and all other bodies politic and corporate

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which are formed by vote of, or are subject to control by, the electors in towns and are located in towns which are not participating municipalities on the effective date of this Act, may become subject to this Article by election pursuant to Section 7-132.1.

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Any other municipality (together 6 (4) with its 7 instrumentalities), other than those specifically excluded 8 from participation and those described in paragraph (3) 9 above, may elect to be included either by referendum under 10 Section 7-134 or by the adoption of a resolution or ordinance by its governing body. A copy of such resolution 11 or ordinance duly authenticated and certified by the clerk 12 13 of the municipality or other appropriate official of its 14 governing body shall constitute the required notice to the 15 board of such action.

16 (b) A municipality that is about to begin participation shall submit to the Board an application to participate, in a 17 form acceptable to the Board, not later than 90 days prior to 18 the proposed effective date of participation. The Board shall 19 20 act upon the application within 90 days, and if it finds that 21 the application is in conformity with its requirements and the 22 requirements of this Article, participation by the applicant 23 shall commence on a date acceptable to the municipality and 24 specified by the Board, but in no event more than one year from 25 the date of application.

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(c) A participating municipality which succeeds to the

functions of a participating municipality which is dissolved or terminates its existence shall assume and be transferred the net accumulation balance in the municipality reserve and the municipality account receivable balance of the terminated municipality.

(d) In the case of a Veterans Assistance Commission whose 6 7 employees were being treated by the Fund on January 1, 1990 as 8 employees of the county served by the Commission, the Fund may 9 continue to treat the employees of the Veterans Assistance 10 Commission as county employees for the purposes of this 11 Article, unless the Commission becomes a participating instrumentality in accordance with subsection (B) of this 12 13 Section.

14 (B) Participating instrumentalities.

(a) The participating instrumentalities designated in
paragraph (b) of this subsection shall be included within and
be subject to this Article if:

(1) an application to participate, in a form
acceptable to the Board and adopted by a two-thirds vote
of the governing body, is presented to the Board not later
than 90 days prior to the proposed effective date; and

22 (2) the Board finds that the application is in 23 conformity with its requirements, that the applicant has 24 reasonable expectation to continue as a political entity 25 for a period of at least 10 years and has the prospective financial capacity to meet its current and future obligations to the Fund, and that the actuarial soundness of the Fund may be reasonably expected to be unimpaired by approval of participation by the applicant.

5 The Board shall notify the applicant of its findings 6 within 90 days after receiving the application, and if the 7 Board approves the application, participation by the applicant 8 shall commence on the effective date specified by the Board.

9 (b) The following participating instrumentalities, so long 10 as they meet the requirements of Section 7-108 and the area 11 served by them or within their jurisdiction is not located 12 entirely within a municipality having more than one million 13 inhabitants, may be included hereunder:

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i. Township School District Trustees.

15 ii. Multiple County and Consolidated Health
16 Departments created under Division 5-25 of the Counties
17 Code or its predecessor law.

18 iii. Public Building Commissions created under the
19 Public Building Commission Act, and located in counties of
20 less than 1,000,000 inhabitants.

iv. A multitype, consolidated or cooperative library system created under the Illinois Library System Act. Any library system created under the Illinois Library System Act that has one or more predecessors that participated in the Fund may participate in the Fund upon application. The Board shall establish procedures for implementing the 10200SB2107sam001

1 transfer of rights and obligations from the predecessor 2 system to the successor system. 3 v. Regional Planning Commissions created under Division 5-14 of the Counties Code or its predecessor law. 4 5 vi. Local Public Housing Authorities created under the Housing Authorities Act, located in counties of less than 6 7 1,000,000 inhabitants. 8 vii. Illinois Municipal League. 9 viii. Northeastern Illinois Metropolitan Area Planning 10 Commission. 11 ix. Southwestern Illinois Metropolitan Area Planning Commission. 12 x. Illinois Association of Park Districts. 13 14 xi. Illinois Supervisors, County Commissioners and 15 Superintendents of Highways Association. 16 xii. Tri-City Regional Port District. xiii. An association, or not-for-profit corporation, 17 18 membership in which is authorized under Section 85-15 of 19 the Township Code. 20 xiv. Drainage Districts operating under the Illinois 21 Drainage Code. xy. Local mass transit districts created under the 22 Local Mass Transit District Act. 23 24 xvi. Soil and water conservation districts created 25 under the Soil and Water Conservation Districts Law. 2.6 xvii. Commissions created to provide water supply or

sewer services or both under Division 135 or Division 136
 of Article 11 of the Illinois Municipal Code.

3 xviii. Public water districts created under the Public
4 Water District Act.

xix. Veterans Assistance Commissions established under
Section 9 of the Military Veterans Assistance Act that
serve counties with a population of less than 1,000,000.

8 xx. The governing body of an entity, other than a 9 vocational education cooperative, created under an 10 intergovernmental cooperative agreement established participating municipalities 11 between under the 12 Intergovernmental Cooperation Act, which by the terms of 13 the agreement is the employer of the persons performing 14 services under the agreement under the usual common law 15 rules determining the employer-employee relationship. The governing body of such an intergovernmental cooperative 16 entity established prior to July 1, 17 1988 may make participation retroactive to the effective date of the 18 19 agreement and, if so, the effective date of participation 20 shall be the date the required application is filed with 21 the fund. If any such entity is unable to pay the required 22 employer contributions to the fund, then the participating 23 municipalities shall make payment of the required 24 contributions and the payments shall be allocated as 25 provided in the agreement or, if not so provided, equally 26 among them.

xxi. The Illinois Municipal Electric Agency. 1 2 xxii. The Waukegan Port District. 3 xxiii. The Fox Waterway Agency created under the Fox Waterway Agency Act. 4 5 xxiv. The Illinois Municipal Gas Agency. xxv. The Kaskaskia Regional Port District. 6 7 xxvi. The Southwestern Illinois Development Authority. 8 xxvii. The Cairo Public Utility Company. 9 xxviii. Except with respect to employees who elect to 10 participate in the State Employees' Retirement System of 11 Illinois under Section 14-104.13 of this Code, the Chicago 12 Metropolitan Agency for Planning created under the 13 Regional Planning Act, provided that, with respect to the 14 benefits payable pursuant to Sections 7-146, 7-150, and 15 7-164 and the requirement that eligibility for such benefits is conditional upon satisfying a minimum period 16 of service or a minimum contribution, any employee of the 17 Chicago Metropolitan Agency for Planning that 18 was 19 immediately prior to such employment an employee of the 20 Chicago Area Transportation Study or the Northeastern Illinois Planning Commission, such employee's service at 21 22 the Chicago Area Transportation Study or the Northeastern 23 Illinois Planning Commission and contributions to the 24 State Employees' Retirement System of Illinois established 25 under Article 14 and the Illinois Municipal Retirement 26 Fund shall count towards the satisfaction of such

1 requirements.

2 xxix. United Counties Council (formerly the Urban 3 Counties Council), but only if the Council has a ruling 4 from the United States Internal Revenue Service that it is 5 a governmental entity.

6 xxx. The Will County Governmental League, but only if
7 the League has a ruling from the United States Internal
8 Revenue Service that it is a governmental entity.

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## xxxi. The Firefighters' Pension Investment Fund.

10 (c) The governing boards of special education joint 11 agreements created under Section 10-22.31 of the School Code without designation of an administrative district shall be 12 13 included within and be subject to this Article as 14 participating instrumentalities when the joint agreement 15 becomes effective. However, the governing board of any such 16 special education joint agreement in effect before September 5, 1975 shall not be subject to this Article unless the joint 17 agreement is modified by the school districts to provide that 18 the governing board is subject to this Article, except as 19 20 otherwise provided by this Section.

The governing board of the Special Education District of Lake County shall become subject to this Article as a participating instrumentality on July 1, 1997. Notwithstanding subdivision (a)1 of Section 7-139, on the effective date of participation, employees of the governing board of the Special Education District of Lake County shall receive creditable 10200SB2107sam001 -16- LRB102 16153 RPS 23690 a

1 service for their prior service with that employer, up to a maximum of 5 years, without any employee contribution. 2 Employees may establish creditable service for the remainder 3 of their prior service with that employer, if any, by applying 4 5 in writing and paying an employee contribution in an amount determined by the Fund, based on the employee contribution 6 rates in effect at the time of application for the creditable 7 8 service and the employee's salary rate on the effective date of participation for that employer, plus interest at the 9 10 effective rate from the date of the prior service to the date 11 of payment. Application for this creditable service must be made before July 1, 1998; the payment may be made at any time 12 13 while the employee is still in service. The employer may elect 14 to make the required contribution on behalf of the employee.

15 The governing board of a special education joint agreement 16 created under Section 10-22.31 of the School Code for which an administrative district has been designated, if there are 17 employees of the cooperative educational entity who are not 18 employees of the administrative district, may elect to 19 20 participate in the Fund and be included within this Article as a participating instrumentality, subject to such application 21 22 procedures and rules as the Board may prescribe.

The Boards of Control of cooperative or joint educational programs or projects created and administered under Section 3-15.14 of the School Code, whether or not the Boards act as their own administrative district, shall be included within 1 this Article participating and be subject to as 2 instrumentalities when the agreement establishing the 3 cooperative or joint educational program or project becomes 4 effective.

5 The governing board of a special education joint agreement 6 entered into after June 30, 1984 and prior to September 17, 7 1985 which provides for representation on the governing board 8 by less than all the participating districts shall be included 9 within and subject to this Article as a participating 10 instrumentality. Such participation shall be effective as of 11 the date the joint agreement becomes effective.

governing boards of educational service centers 12 The 13 established under Section 2-3.62 of the School Code shall be 14 included within and subject to this Article as participating 15 instrumentalities. The governing boards of vocational 16 cooperative agreements under education created the Intergovernmental Cooperation Act and approved by the State 17 Board of Education shall be included within and be subject to 18 19 this Article as participating instrumentalities. If any such 20 governing boards or boards of control are unable to pay the 21 required employer contributions to the fund, then the school 22 districts served by such boards shall make payment of required 23 contributions as provided in Section 7-172. The payments shall 24 be allocated among the several school districts in proportion 25 to the number of students in average daily attendance for the 26 last full school year for each district in relation to the

total number of students in average attendance for such period for all districts served. If such educational service centers, vocational education cooperatives or cooperative or joint educational programs or projects created and administered under Section 3-15.14 of the School Code are dissolved, the assets and obligations shall be distributed among the districts in the same proportions unless otherwise provided.

8 The governing board of Paris Cooperative High School shall 9 be included within and be subject to this Article as a 10 participating instrumentality on the effective date of this 11 amendatory Act of the 96th General Assembly. If the governing board of Paris Cooperative High School is unable to pay the 12 13 required employer contributions to the fund, then the school 14 districts served shall make payment of required contributions 15 as provided in Section 7-172. The payments shall be allocated 16 among the several school districts in proportion to the number of students in average daily attendance for the last full 17 school year for each district in relation to the total number 18 19 of students in average attendance for such period for all 20 districts served. If Paris Cooperative High School is 21 dissolved, then the assets and obligations shall be 22 distributed among the districts in the same proportions unless 23 otherwise provided.

The Philip J. Rock Center and School shall be included within and be subject to this Article as a participating instrumentality on the effective date of this amendatory Act 10200SB2107sam001 -19- LRB102 16153 RPS 23690 a

1 of the 97th General Assembly. The Philip J. Rock Center and School shall certify to the Fund the dates of service of all 2 employees within 90 days of the effective date of this 3 4 amendatory Act of the 97th General Assembly. The Fund shall 5 transfer to the IMRF account of the Philip J. Rock Center and 6 School all creditable service and all employer contributions made on behalf of the employees for service at the Philip J. 7 8 Rock Center and School that were reported and paid to IMRF by 9 another employer prior to this date. If the Philip J. Rock 10 Center and School is unable to pay the required employer 11 contributions to the Fund, then the amount due will be paid by all employers as defined in item (2) of paragraph (a) of 12 subsection (A) of this Section. 13 The payments shall be 14 allocated among these employers in proportion to the number of 15 students in average daily attendance for the last full school 16 year for each district in relation to the total number of students in average attendance for such period for all 17 districts. If the Philip J. Rock Center and School is 18 19 dissolved, then its IMRF assets and obligations shall be 20 distributed in the same proportions unless otherwise provided.

Financial Oversight Panels established under Article 1H of the School Code shall be included within and be subject to this Article as a participating instrumentality on the effective date of this amendatory Act of the 97th General Assembly. If the Financial Oversight Panel is unable to pay the required employer contributions to the fund, then the school districts 10200SB2107sam001 -20- LRB102 16153 RPS 23690 a

served shall make payment of required contributions as provided in Section 7-172. If the Financial Oversight Panel is dissolved, then the assets and obligations shall be distributed to the district served.

5 (d) The governing boards of special recreation joint agreements created under Section 8-10b of the Park District 6 Code, operating without designation of an administrative 7 8 district or an administrative municipality appointed to 9 administer the program operating under the authority of such 10 joint agreement shall be included within and be subject to 11 this Article as participating instrumentalities when the joint agreement becomes effective. However, the governing board of 12 13 any such special recreation joint agreement in effect before January 1, 1980 shall not be subject to this Article unless the 14 15 agreement is modified, by the districts joint and 16 municipalities which are parties to the agreement, to provide that the governing board is subject to this Article. 17

18 Ιf the Board returns any employer and employee 19 contributions to any employer which erroneously submitted such 20 contributions on behalf of a special recreation joint 21 agreement, the Board shall include interest computed from the 22 end of each year to the date of payment, not compounded, at the 23 rate of 7% per annum.

(e) Each multi-township assessment district, the board of
trustees of which has adopted this Article by ordinance prior
to April 1, 1982, shall be a participating instrumentality

included within and subject to this Article effective December
 1, 1981. The contributions required under Section 7-172 shall
 be included in the budget prepared under and allocated in
 accordance with Section 2-30 of the Property Tax Code.

5 (f) The Illinois Medical District Commission created under the Illinois Medical District Act may be included within and 6 subject to this Article as a participating instrumentality, 7 notwithstanding that the location of the District is entirely 8 9 within the City of Chicago. To become a participating 10 instrumentality, the Commission must apply to the Board in the 11 manner set forth in paragraph (a) of this subsection (B). If the Board approves the application, under the criteria and 12 13 procedures set forth in paragraph (a) and any other applicable rules, criteria, and procedures of the Board, participation by 14 15 the Commission shall commence on the effective date specified 16 by the Board.

17 (C) Prospective participants.

Beginning January 1, 1992, each prospective participating municipality or participating instrumentality shall pay to the Fund the cost, as determined by the Board, of a study prepared by the Fund or its actuary, detailing the prospective costs of participation in the Fund to be expected by the municipality or instrumentality.

24 (Source: P.A. 96-211, eff. 8-10-09; 96-551, eff. 8-17-09;
25 96-1000, eff. 7-2-10; 96-1046, eff. 7-14-10; 97-429, eff.

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1 8-16-11; 97-854, eff. 7-26-12.)".