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of The Commercial Club of Chicago

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November 14, 2012

The Honorable Pat Quinn
Governor
Office of the Governor
James R. Thompson Center
100 West Randolph Street
Suite 16-100
Chicago, IL 60601-3112

Dear Governor Quinn:

As you well know, the Illinois budget has crumbled under the heavy weight of the state's unfunded pension obligations. We've watched and waited as our state's leaders have time and again been unable to make the choices necessary to put us back on sound financial ground. Our latest sobering analysis has led us to conclude, as I have shared in the attached memo sent today to members of the Commercial Club, that under current circumstances the pension system is unfixable.

We base that statement on more than just the overwhelming numbers. The magnitude of the unfunded obligations, combined with a total lack of political courage to rectify the situation, leads us to believe that our pension systems can no longer be salvaged sufficiently to meet their current obligations. This is tragic, both for those who participate in the systems and those who pay for them, but it did not come without warning or proposed solutions.

If this was only a problem of accounting or math, a viable solution would lie within reach. But this is a problem of political courage, and it is clear our leaders and members of our General Assembly have chosen to roll over Illinois taxpayers rather than make the tough decisions necessary to save the state. It is a disservice to pensioners. But moreover, it is a slap in the face to the 95% of Illinois residents who do not participate in these pension systems. Lawmakers continue to live in denial on behalf of the 5% that do. It is time to level with the people of Illinois. The problem is "unfixable" because you, collectively, won't fix it.



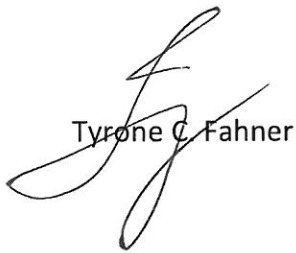
THE COMMERCIAL CLUB
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*Honorary Members

From now forward, we will support proposals that cut to the core of the problem. We will dismiss and oppose those proposals that don't, and expose those legislators who sponsor them.

Illinois has become the poster child for state finances gone awry. We stand ready to assist those elected officials who earnestly seek to address our state's fiscal issues. However, we will only do so when our political leaders have the courage to make the changes necessary to save our state.

Very truly yours,



Tyrone C. Fahner