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City of Chicago v. "Korshak" Retiree Healthcare Litigation

Urgent Notice to Participants

Dear Participants,

The time has come. **We need to act, and we will need to build a war chest.**

The Bottom Line:

1. Circumstances have changed; we cannot just wait until June 30 to act.
2. We should have engagement letters from as many of you as possible, in each of the three categories.
3. We need to build a war chest, and need your voluntary contributions

The Longer Explanation:

The City has still not announced any intention to extend or renew the current Korshak retiree healthcare settlement, which ends June 30, 2013.

Additionally, since my January letter to you, there is a major development in another case that significantly affects your interests.

You may have heard that State retirees challenged changes in state statutes on the funding and participation of retiree healthcare benefits.

Although there are some significant differences between the retiree claims for state employees and city retirees, the Sangamon County Circuit Court ruled that "Health insurance benefits are not guaranteed pension benefits protected by the [1970 Illinois Constitution's] Pension Protection Clause." If that decision holds up on appeal, it will present a huge problem for our case.

The state participants appealed the decision, and our Illinois Supreme Court has granted "direct appeal", meaning that the Supreme Court will take their case directly.

On the issue of the Illinois Constitution, the Illinois Supreme Court has the last word. It is almost impossible to conceive that a federal issue would be presented that the United States Supreme Court would review.

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The current Situation and Plan:

1. We will probably have to file an action in May, 2013 to revive the *Korshak* litigation and seek an injunction to keep your coverage in effect;
2. We need to intervene in the Illinois Supreme Court case on behalf of the City retirees, also during May.

Which leads me to Number 3—we need your engagements and your support, including financial support.

Although I am the certified class counsel for the *Korshak* (pre-1988 retirees) and *Jacobson*/"Window" class (based on retirees prior to 8/23/1989), your pension funds' trustees are the class representatives for the later retirees under the *Korshak* settlement. Your trustees have not indicated whether they intend to pursue these claims further for participants who did not retire before 8/23/1989.

So, when the current settlement ends June 30, 2013, we expect that it will likely be only us pursuing these interests for all three participant groups.

Accordingly, we would like to obtain additional engagements from participants in all three participant categories, based on participants who:

- 1) Retired before 8/23/1989, or
- 2) Began working for the city prior to 8/23/1989, or
- 3) Began working for the City after 8/22/89.

I welcome your signing the engagement agreement attached, indicating as well your category. We also need participants from all four funds. After all, this is for retiree healthcare participants in each of the four Annuity and Benefit Funds—Police, Fire, Municipal and Laborers.

This will be a major battle, against both the City and the State, and there is no certainty our efforts, either in the Illinois Supreme Court or in reviving the *Korshak* litigation will be compensated.

Need for Voluntary Contributions.

I regret that we cannot afford to do this on a purely contingent basis. I am willing to devote the time necessary to pursue this battle again for the retiree participants, but *each* of the battles since 1987 has consumed well over a million dollars in time, plus out of pocket expenses. I am willing to take on this battle again, and see it through, but only if we can raise a "War Chest" that will defray a portion of these costs, regardless of outcome.

Any money contribution is purely voluntary on your part. It will be used to defray the costs of the litigation, as well as paying our overhead, salaries; in short, carrying on the fight for you.

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We sincerely regret having to “pass the hat” for this. We hope that you will recognize and value what we’ve accomplished for you to this point: Kept your retiree healthcare alive and affordable since 1987, plus crafted the annual reconciliation that has produced millions of dollars in annual refunds of excess premiums, most of you receiving hundreds of dollars back each year, some more than that.

Any monetary contribution is entirely your choice. You are not required to contribute anything. We still would like your signed engagement, even if you cannot contribute money.

We have also contacted and heard from groups with retiree members, and hope they will contribute.

However, if we are unable to obtain at least \$50,000 to \$100,000, we will have to decline the case, return your money, and leave this battle for someone else to take up.

Accordingly, we ask that you consider sending any amount you can, and suggest that you consider sending an amount equal to the most recent refund you recently received from the reconciliation process we created. I understand that this may well mean hundreds or more for many of you. However, these are huge battles, with huge impact upon each of you.

Of course, and as always, we are happy to answer any questions you may have. Email is preferred, but, as you know, we answer our phone when it rings.

Sincerely,



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