



Illinois Metropolitan Investment Fund

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April 24, 2015

Dear IMET Liquidating Trust Participant:

IMET PARTICIPANT UPDATE – APRIL 24, 2015

Since the annual meeting on March 10, 2015, there have been a number of developments relating to the First Farmers Financial (“FFF”) Repo B matter and related recoveries.

Appointment of Overall Receiver

IMET continues to work closely with counsel for Pennant Management, Inc. (“Pennant”), as well as counsel for the two other largest victims of the FFF Fraud, the University of Wisconsin Credit Union (“UWCU”) and Harvard Savings Bank (“HSB”) related to the recovery efforts. IMET raised a number of concerns to Pennant, UWCU and HSB concerning the November 10, 2014 Order Appointing Receiver (the “Initial Receiver Order”) which was entered prior to IMET’s intervention in the *Pennant v. First Farmers Financial* lawsuit pending in the United States District Court for the Northern District of Illinois (Case No. 14: CV 7581) (the “Pennant Lawsuit”). IMET advised Judge St. Eve in the Pennant Lawsuit that the Initial Receiver Order should be modified to remove the control and authority of Pennant over the recovery and distribution of proceeds process and have an overall receiver appointed to manage the recovery process. As a result, IMET worked with Pennant, UWCU, HSB and Defendants to come up with an overall receivership structure and proposed agreed order to replace the Initial Receiver Order.

On April 23, 2015, the Court entered an Agreed Order Clarifying, Modifying and Expanding the Duties of Receiver Michael Nanosky and to Appoint An Overall Receiver and Regarding Payments to Attorneys and Other Professionals and Related Items (the “Overall Receiver Order”). A copy of the Overall Receiver Order is enclosed for your reference. Under the Overall Receiver Order, Patrick Cavanaugh of High Ridge Partners, LLC, was appointed by the Court as the overall receiver (the “Overall Receiver”).

IMET and other victims of the First Farmers fraud sought and were successful in obtaining the Court’s appointment of the Overall Receiver in order to increase transparency in the asset recovery process. The Overall Receiver, as a neutral third party, will report directly to the Court and has a fiduciary duty to the receivership estate. IMET desired and was successful in removing Pennant from controlling the asset recovery and distribution process, authority and power that Pennant had under the Initial Receiver Order.

Mr. Cavanaugh has been appointed the Overall Receiver responsible for overseeing the overall recovery efforts, and Michael Nanosky of Janus Hotels continues to act as receiver (the “Nanosky Receiver”) for the hotel properties and other real property sales, subject to the ultimate supervision of the Overall Receiver.

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Associate Director

The Overall Receiver (and not Pennant) is now responsible for making future distributions of recoveries to the FFF Fraud victims, including IMET. The Overall Receiver is also tasked with reviewing all Interim Fee Applications submitted to the Court by attorneys and other professionals, including the legal fees of Greenberg Traurig, LLP (“Greenberg”) counsel for Pennant. As you may recall, at Pennant’s direction, on December 29, 2014, the Nanosky Receiver paid \$562,761.35 out of recovered assets to Greenberg to pay for Pennant’s legal services for the period of September through November 2014, including bringing the Pennant Lawsuit against FFF and other defendants as well as in assisting in the recovery of assets. On January 20, 2015, IMET filed an objection to the aforementioned payment by the Nanosky Receiver to Greenberg. The Overall Receiver is now vested with authority to review and consider and report to the Court concerning its views regarding all attorney and other professional fee applications, including the propriety of the payment of the \$562,761.35 to Greenberg.

Any Interested Persons as defined in the Overall Receiver Order, which includes IMET Participants, are permitted to provide input and express concerns to the Overall Receiver regarding all such attorney and other professional fee applications, including all fee applications filed by Greenberg. Under the Overall Receiver Order, Greenberg is to formally file its fee application relating to the \$562,761.35 previously paid to Greenberg by the Nanosky Receiver without a Court order on or before May 11, 2015. **IMET Participants who want to have the ability to provide input to the Overall Receiver concerning such interim fee applications of attorneys and other professionals must notify the Overall Receiver in writing of its desire to provide comments, in accordance with paragraph 41 (footnote 3) of the Overall Receiver Order.** Written notice to the Overall Receiver shall be given to Patrick Cavanaugh at the following address:

Patrick D. Cavanaugh
High Ridge Partners
140 South Dearborn Street
Suite 420
Chicago, IL 60603
312-456-5636 (phone)

Status of Sale of Hotel Properties

As we previously reported, the largest asset of the Nanosky Receivership Estate are the five hotel properties--one of which is completed, two which are substantially completed, and two which need substantial work.

The hotel properties consist of the following:

- Doubletree by Hilton in Orlando, Florida. The Doubletree is a 242-room facility which is completed and operating at a profit.
- Crowne Plaza in Lake Buena Vista, Florida. This hotel is a 242-room facility which is close to completion
- Crowne Plaza in Saddlebrook New Jersey. This hotel is a 148-room facility which is close to completion.
- Renaissance in Downtown Orlando, Florida. The Renaissance is a 290-room facility which remains in need of substantial work prior to completion.
- Four Points Sheraton in Peoria, Illinois. The Four Points Sheraton is a 320-room facility which remains in need of substantial work prior to completion.

The Nanosky Receiver continues to run the Doubletree Hotel and is maintaining the other non-operating hotels.

Initially, the Nanosky Receiver, at Pennant’s direction, planned to sell the hotel properties as a group to a certain entity. A fully executed LOI was entered with this entity. Pennant and the Nanosky Receiver were spearheading this sale process. However, this entity recently advised the Nanosky Receiver that it was having financing issues and sought to renegotiate certain deal terms, including the purchase price. While this entity has subsequently expressed its desire to proceed with the

transaction, the Nanosky Receiver believes a public auction process will best maximize the value of the hotel properties because the process will be open to a greater number of potential buyers. Accordingly, the Nanosky Receiver, in conjunction with the Overall Receiver, is in the process of moving forward with a full marketing effort and public auction process with a national real estate broker specializing in the hospitality industry, Hospitality Real Estate Counselors, and a major international auction company, Auction.com. Under this process, interested buyers of the hotel properties may bid on one or more of the hotel properties and will not be required only to bid on the entire package of hotel properties. The auction is expected to occur in mid-July 2015 with a final sale following said auction.

Status of Sale of Other Real Property and Distributions to IMET and From IMET's Liquidating Trust to Eligible Participants

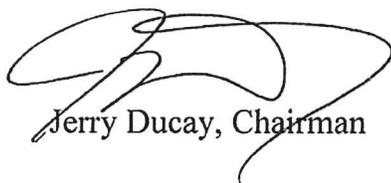
On January 30, 2015, Pennant distributed to IMET \$878,992.05 from cash recoveries, which IMET's Liquidating Trust distributed to Eligible Participants on February 6, 2015. On March 27, 2015, IMET received a second distribution of \$732,493.38 from cash recoveries. On April 13, 2015, the Nanosky Receiver closed on the sale of the residential property located at 9850 Laurel Drive in Windermere, Florida. The Laurel Drive property sold for over \$2.6 million, of which \$897,798.11 was distributed to IMET in the third distribution to IMET. On April 20, 2015, IMET's Liquidating Trust made a distribution of \$1,630,291.49 (which comprised the second and third distributions IMET received) to Eligible Participants. As of April 20, 2015, IMET's Liquidating Trust has distributed \$2,509,283.54, or approximately 5% of the \$50.4 million at issue to Eligible Participants. IMET's Liquidating Trust will continue to make additional distributions to Eligible Participants pursuant to the terms of the IMET Liquidating Trust as IMET receives additional distributions from the Overall Receiver.

Status of the USDA Claim

The National Appeals Division of the USDA recently denied Pennant's appeal of the decision of the agency which denied Pennant's claim that the USDA honor its guaranty relating to the loans subject to the FFF Repo B. As a result, the prerequisite to sue the USDA in federal district court has been exhausted and a lawsuit may now be filed against the USDA in federal district court. Under the Overall Receiver Order, the Overall Receiver is vested with authority to pursue such a claim against the USDA for the benefit of the FFF fraud victims, including IMET. The Overall Receiver is considering the next steps to be taken against the USDA.

We will continue to provide you with updates concerning the recoveries of assets for the benefit of the FFF fraud victims and developments in the Pennant Lawsuit as additional information becomes available. Should you have any questions don't hesitate to contact Laura Allen of IMET (630-571-0480 Ext. 229) or Randall Lending of Vedder Price P.C. (312-609-7564).

Sincerely,



Jerry Ducay, Chairman

