



Illinois Metropolitan Investment Fund

Investing together for
our communities

IMET PARTICIPANT UPDATE

SEPTEMBER 24, 2018

Dear IMET liquidating trust participant:

The following is to update you on certain developments relating to the First Farmers Financial repo matter.

Christy Powell
Superintendent of Finance
& Personnel
Geneva Park District
Chairman

Brian Murphy
Village Administrator
Village of Plainfield
Vice Chairman

Gary Szott
Director of Finance/Treasurer
Village of Bloomingdale
Treasurer

John Harrington
Director of Finance
Village of Minooka
Secretary

Scott Anderson
Director of Finance &
General Services
Village of Buffalo Grove
Trustee

Chris Minick
Director of Finance
City of St. Charles
Trustee

Sofia Anastopoulos, CFA
Executive Director

Debra A. Zimmerman
Associate Director

IRS Subordination Update

On June 25, 2018, the IRS filed two separate claims against the Overall Receivership Estate totaling \$33,989,671.80. The IRS advised the Overall Receiver that it needed to formally file such claims in order for the IRS to make its final determination as to whether it will subordinate its claims in favor of the aggrieved investors. The IRS told the Overall Receiver that it hoped to confirm its final position on subordination by year-end. As we have previously advised, the Overall Receiver will not make any distributions until the issue of the IRS's claim is resolved.

Update on USDA Lawsuit

As previously advised, on September 18, 2017, the United States District Court for the Northern District of Florida granted the USDA's Motion to Dismiss the lawsuit brought by IMET and other investors against the USDA. IMET and other investors have appealed this decision to the Eleventh Circuit Court of Appeals. The Eleventh Circuit Court of Appeals has requested oral argument from the parties during the week of January 28, 2019. Approximately six weeks before the oral argument, IMET's counsel will be informed as to the specific date and time the oral argument will take place. IMET's counsel in the USDA litigation expects that the Eleventh Circuit Court of Appeals will issue a decision approximately sixty days after hearing oral argument, although there is no guarantee that the court will provide a ruling at that time.

Update on Cash on Hand

As of September 17, 2018, the Overall Receiver had a cash balance on hand of \$79,736,700.01. The vast majority of funds are being held in interest bearing money market accounts.

Banes Lawsuit

The Overall Receiver continues to pursue a fraudulent transfer claim against the BCM High Income Fund, LP and BCM High Income GP, LLC (collectively "Banes") which received over \$22 million from First Farmers Financial for three phony loans which First Farmers had originally sold to Banes. Written discovery and depositions are proceeding. The parties have agreed to participate in a second mediation in October 2018. The parties have agreed to use Peter Borowitz, a finance and restructuring attorney formerly with the law firm of Debevoise & Plimpton in New York who has significant mediation experience, as the mediator.

UCF Escrow Litigation

The Overall Receiver continues to pursue a claim against Robert J. Guidry Investments, LLC ("Guidry") for \$1.5 million held in escrow after Guidry failed to close on its purchase of the UCF Orlando hotel following an auction for the sale of this hotel. The Overall Receiver was able to later sell this hotel to a different buyer, but is seeking the return of the monies held in escrow. The Court denied motions for summary judgment filed by both the Overall Receiver and Guidry who each sought the return of the monies in escrow. The Court is proceeding to set an evidentiary trial where the court will consider the various factual and legal arguments and evidence.

Should you have any questions, don't hesitate to call Sofia Anastopoulos at IMET or IMET's outside counsel, Randall Lending of Vedder Price 312-609-7500.

Sincerely,

Christy Powell
Chairman