I. What are Opportunity Zones?

a. Opportunity Zones were established by the Tax Cuts and Jobs Act of 2017, 26 U.S.C. § 1400Z, and are low-income census tracts that are nominated for that designation by each State's Executive Officer and certified by the U.S. Treasury Secretary. They offer preferential tax treatment for new investments in these zones.

b. An Opportunity Zone is a community development tool intended to incite investment, improve job access, and facilitate wealth creation in distressed communities.

II. What is the difference between an Opportunity Zone and Tax Code §1031?

a. Under Section 1031 of the Tax Code, a taxpayer may defer recognition of capital gains and related federal tax liability on the exchange of certain types of property.
   i. Owner must be the same on the titles;
   ii. All proceeds must be reinvested; and
   iii. Properties must be "like kind."

b. In regard to Opportunity Zones, an investor may defer the capital gain tax liability by investing in one of the areas designated and certified as a Qualified Opportunity Zone.

i. Investment in an Opportunity Zone will minimize the tax exposure if held for a certain amount of time.

III. Why invest in an Opportunity Zone?

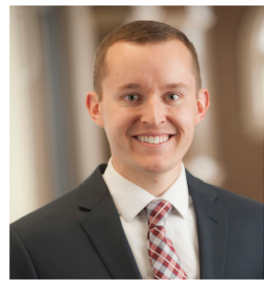
a. Investment in Opportunity Zones brings businesses and jobs to low-income neighborhoods.

b. Opportunity Zones provide tax incentives for investors who invest their capital gains into Qualified Opportunity Funds.

c. Allows for deferral or complete exclusion of capital gains that are invested in an Opportunity Zone.
   i. Reduced 10-15% if the investment is held for five to seven years.
   ii. Reduced 100% for investments held for ten years.

Thomas Niezer focuses his practice on real estate law, land use planning, and real estate finance law, with a dual emphasis in commercial transactions and residential real estate development, sales, and purchases. He also focuses on eminent domain actions representing municipalities and individual property owners on public roadway and utility projects and business transactions for small- to medium-sized businesses.

PHONE: 260-423-8898 EMAIL: tmn@barrettlaw.com



Tom Ludwiski counsels clients on general corporate matters, mergers and acquisitions, federal and state taxation, and tax controversies. Prior to joining Barrett McNagny, Tom spent three years at a public accounting firm as a Senior Tax Associate. He has experience working with companies of all sizes handling tax planning, business tax returns, and representation before taxing authorities.

PHONE: 260-423-8870 EMAIL: tel@barrettlaw.com

Shyann Boyer is a 2019 summer law clerk for Barrett McNagny. She has completed her second year of law studies at the Indiana University Robert H. McKinney School of Law in Indianapolis and is a Drew Young Fellowship Recipient and a member of Phi Delta Phi.

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215 East Berry Street | Fort Wayne, IN 46802
260.423.9551
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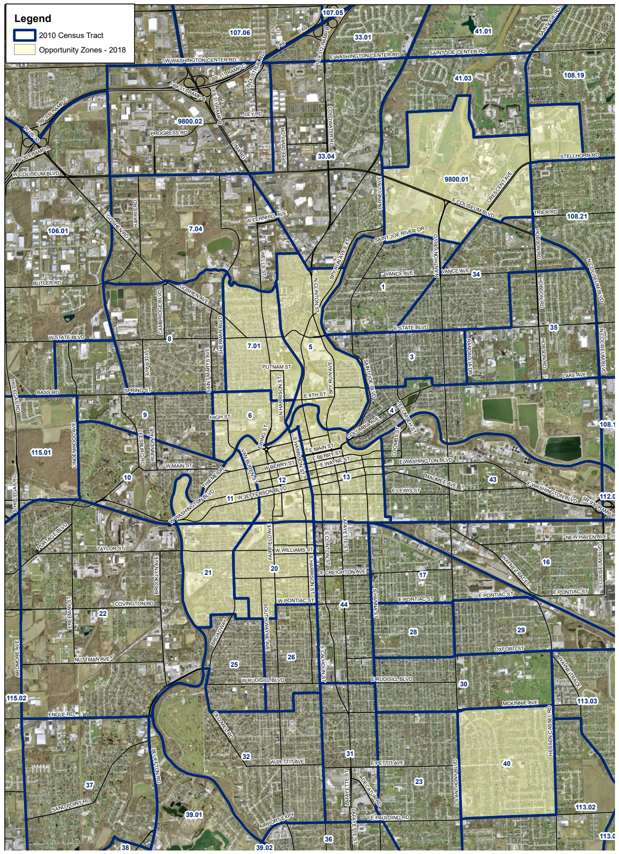
OPPORTUNITY ZONES



FORT WAYNE, ALLEN COUNTY OPPORTUNITY ZONES

- Ten census tracts
- Three areas:

(1) PFW
- 1.51 square miles
- 41.6% poverty rate

(2) McMillen
- 0.88 square miles
- 27.9% poverty rate

(3) Downtown
- Eight census tracts
- 4.05 square miles
- 36.9% poverty rate in the eight census tracts

Information compiled by Shyann Boyer.

I. Indiana

a. An advisory committee was created to recommend to Governor Holcomb locations that fit the definition of low-income.
   i. Factors considered when analyzing location to designate:
      1. Existing economic development programs and local coordination efforts;
      2. Economic and community data;
      3. Likelihood of attracting short and long-term investment;
      4. Growing industry sectors within the community; and
      5. Information submitted through the online application.

b. Governor Holcomb selected 156 census tracts (within 58 counties and 83 cities/towns) and the U.S. Treasury Secretary certified those areas as Opportunity Zones via delegation of his authority to the IRS.

c. There are 17 census tracts in the Northeast Region of Indiana: Adams; Allen (10); DeKalb; (2); Huntington; Steuben; Wabash; and Wells. For a map of the locations, visit iedc.in.gov.

II. Steps to investing

a. Investor sells existing asset;
b. Invests gain portion of sale into a Qualified Opportunity Fund; and
c. Defers entire amount of gain that is invested.
d. An Investor will pay tax on the deferred amount at the earlier of (1) the sale of the interest or (2) December 31, 2026, subject to the tax rates in effect at the time of recognition.

III. Fund Formation

a. A fund is a partnership or corporation organized for the purpose of investing in Opportunity Zone assets.

IV. The Fund

a. Investors have two options:
   i. Invest in a retail fund (QOZ mutual fund); or
   ii. Create their own fund for a site-specific project.
b. Once capitalized, the fund has certain timelines to meet regarding deployment of cash into qualifying investments.

V. Pitfalls

a. Is it the right investment for the specific investor? Does the tax benefit outweigh the cost incurred?
b. Investor must have capital gains to invest.
   i. Good news: investors can choose how much capital gain they wish to invest. They don't have to invest all gains.
c. Investor must hold investment for 5, 7, or 10 years to receive the long-term benefit.
   i. Investor will still receive deferral benefit.

VI. How to get started in Fort Wayne

a. Investors do not have to look for projects if they do not want to. The City of Fort Wayne has 10 key investment opportunities that qualify through public-private partnerships.

VII. Contacts

City of Fort Wayne
(260) 427-1127
Sharon Feasel, *Development Finance Administrator*
Nancy Townsend, *Redevelopment Director*

Greater Fort Wayne Inc.
(260) 420-6945
Ellen Cutter, *Vice President of Economic Development*
Kirk Moriarty, *Director of Downtown and Urban Development*

- To review the Fort Wayne Opportunity Zone Prospectus visit oppzones.gfwinc.com.