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July 31, 2019

BY HAND AND E-MAIL

Mr. John Schoenecker
Chairman's Staff
United States Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200
[redacted]

Mr. Chris Arneson
Ranking Member's Staff
United States Senate
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200
[redacted]

Re: Thomas Jason Free

Dear Messrs. Schoenecker and Arneson:

As a follow-up to our initial submission on April 30, 2019 and our supplemental submission on June 20, 2019 in response to the U.S. Senate Committee on Finance ("Finance Committee") letter to Mr. Free dated March 27, 2019, below please find narrative responses to the requests in the letter stated to the best of Mr. Free's present knowledge. For your convenience, we have reproduced below each item that was requested in **bold faced font**. Also, enclosed is a password-protected flash drive containing the remaining responsive documents that Mr. Free has located to date following a diligent and reasonable search of his files. The documents are identified as Bates Nos. FREE00015587 – FREE00021786. The password is the same as the one that was used in our prior response.

Introduction

Mr. Free is a commercial real estate broker licensed in GA, AL, TN, FL, and NC. Mr. Free has over 29 years of experience in the real estate industry. His first exposure to conservation easements occurred in 2012 when a preexisting real estate client of Mr. Free wanted to participate in such a transaction. Mr. Free assisted his client with consummating the transaction, which was named Wild Boar and was overseen and executed by the law firm of Baker, Donelson, Bearman, Caldwell, & Berkowitz PC. From this experience, Mr. Free learned that since the 1970s, Congress has incentivized private land owners to conserve property through conservation easements and which has resulted in the preservation of over 55 million acres of land in perpetuity for important public benefits.

Mr. Free learned further about conservation easements in 2015 at The Business of Conservation conference in Atlanta. During the conference, Mr. Free had a conversation with an IRS agent who was attending the conference about her views of the validity of the transaction. The IRS agent told Mr. Free that the transaction met the requirements of the Internal Revenue Code. Mr. Free also attended two conferences sponsored by the Georgia Society of CPAs where there were presentations on conservation easements.

Mr. Free was involved in a total of only nine transactions between 2012 and 2018. With respect to the Wild Boar transaction, Mr. Free was merely an advisor or consultant and did not arrange the transaction. With respect to the Gray Mountain transaction, Mr. Free was involved but did not market the transaction. Eight of the transactions involved conservation easements and one transaction involved a fee simple donation. Through these transactions, Mr. Free enabled thousands of acres in Appalachian Tennessee and Georgia to be conserved and thereby protected the property from development in perpetuity. Among other things, these transactions provided a series of public benefits, including protecting the viewshed for the benefit of the general public, protecting the habitat of fish, wildlife, plants and their associated ecosystems, preserving open space for the scenic enjoyment of the general public, and preserving open space based on governmental conservation policies.

Mr. Free's last conservation easement transaction was consummated in 2018. Mr. Free ceased implementing new conservation easements once the IRS raised concerns about the transactions.

While the letter to Mr. Free specifically identifies four transactions, we have provided documents and responses below with respect to all nine transactions in which Mr. Free was involved. We have provided a broader response in order to fully cooperate with the Finance Committee in its investigation.

Please note that we dispute certain references in the Finance Committee's requests, including to the term "investors," which might suggest that the partners in the partnerships were anything other than true partners.

1. **You are identified either in a database accompanying a Brookings Institution report dated December 20, 2017 as having originated one or more partnership or pass-through entities that appear to be a vehicle for a listed transaction described in IRS Notice 2017-10, or you appear to be associated with such entities based on publicly available information. Such entities appear to be the following:**

Crockett Investors, LLC
Forestar Investors, LLC
Mill Creek Investors, LLC
Tennessee Ranch Estates Investors, LLC

a. Are you associated with these entities in any way?

Response

With respect to the identified transactions, Mr. Free serves as an officer and director of Tennessee Ranch Estates Investors, LLC ("TREI"), Forestar Investors, LLC ("FI"), Mill Creek Investors, LLC ("MCI"), and Crockett Investors, LLC ("CI").

b. Is the information contained in the database correct?

Response

The database contains a listing of nearly 280 separate entities. Per the documentation tab, the information in the data tab appears to come from Forms D filed by various entities. The information on the data tab for the four identified entities matches what the entities listed on their Form D. However, the database does not contain all of the information from the Form D filed by the entities. We have not reviewed the information in the database for any other entities or the information on all of the tabs that attempt to extrapolate from the information on the data tab.

c. If it is not correct, please describe the nature of the entities listed immediately above, their purposes, and how or whether they created, distributed, or provided tax deductions for charitable contributions pursuant to 26 U.S.C. § 170 to their partners.

Response

Please see our response to Question 1(b).

2. For each entity from which you distributed to investors tax deductions from the contribution of real property or easements to charity, please provide:

a. The date(s) the partnership or pass-through entity(s) was formed,

Response

With respect to the Wild Boar transaction, Wild Boar Bluff Investments, LLC ("WBBI") was formed on October 5, 2012. Wild Boar Bluff, LLC ("WBB") was formed on December 9, 2011.

With respect to the Little Sequatchie transaction, Little Sequatchie River, LLC ("LSR") and Little Sequatchie River Investors, LLC ("LSRI") were both formed on July 18, 2014.

With respect to the Tennessee Ranch transaction, Tennessee Ranch Estates, LLC ("TRE") was formed on February 27, 2015. TREI was formed on October 12, 2015.

With respect to the Forestar transaction, FI was formed on October 27, 2015. Forestar Development Group, LLC ("FDG") was formed on February 5, 2007.

With respect to the Mill Creek transaction, MCI and Mill Creek 770, LLC ("MC770") were formed on June 6, 2016.

With respect to the Crockett transaction, Crockett 941, LLC ("C941") was formed on July 22, 2016. Crockett Investors 941, LLC was formed on August 9, 2016. On August 15, 2016, Crocket Investors 941, LLC changed its name to CI.

With respect to the Norma Dean transaction, Norma Dean I Investors, LLC ("NDI") and Norma Dean I, LLC ("ND") were both formed on October 13, 2017.

With respect to the Gray Mountain transaction, Gray Mountain Investors, LLC ("GMI") was formed on October 25, 2017. Gray Mountain, LLC ("GM") was formed on October 13, 2017.

With respect to the New River transaction, New River Investors, LLC ("NRI") and New River Propco, LLC ("NRP") were both formed on February 1, 2018.

b. The date(s) the partnership or pass-through entity(s) acquired the real property and the cost(s) of acquiring the real property involved,

Response

Please note that while this request asks about the cost of acquiring the property, we have assumed that the request relates to the purchase price and not the legal and other incidental costs incurred when acquiring property.

With respect to the Wild Boar transaction, Mr. Free only assisted his real estate client with the transaction and does not have specific information about the transaction.

With respect to the Little Sequatchie transaction, Land South TN, LLC originally acquired the property on November 3, 2011 as part of a 6,000 acre tract. A 705 acre parcel was transferred to LSR on November 24, 2014 in exchange for ownership interests in LSR. LSR's basis in the 705 acre tract equaled $260,330.

With respect to the Tennessee Ranch transaction, a related entity purchased 190 lots, roads, and other improvements on December 29, 2014 in a below-market value sale for $1,432,601. On December 17, 2015, the related entity transferred all the property via quitclaim deed to TRE.

With respect to the Forestar transaction, FDG acquired the property on April 3, 2007 for $2,900,000.

With respect to the Mill Creek transaction, Dr. Walter Huling and Mary Jo Huling acquired the 770 acres through multiple conveyances between 1966 and 1975. Following their deaths, the property passed to their heirs who contributed it to MC770 on June 6, 2016. We do not have cost information about the 1966 through 1975 acquisitions.

With respect to the Crockett transaction, members of the Winzer family originally acquired the property on August 6, 1993. The property changed hands among family members over the years until being transferred to C941 on July 22, 2016.

With respect to the Norma Dean transaction, KT Group, LLC ("KT") acquired a part of a larger 3,326 acre tract on December 31, 2007. The property's proportionate share of the acquisition price was $398,893. KT and related entities transferred the property to ND on December 15, 2017 in return for an ownership interest.

With respect to the Gray Mountain transaction, KT acquired part of a larger 3,326 acre tract on December 31, 2007. The property's proportionate share of the acquisition price was $388,521. KT transferred the property to GM on December 19, 2017 in return for an ownership interest.

With respect to the New River transaction, KT acquired part of a larger 3,326 acre tract on December 31, 2007. The property's proportionate share of the acquisition price was $361,873. KT and related entities transferred the property to GM on December 15, 2017 in return for an ownership interest.

c. A description of the real property as recorded in local land and real property tax records,

<u>Response</u>

A description of each property can be found in Exhibit B of the Private Placement Memorandum (the "PPM") for the transactions, which were produced in our response to the Finance Committee dated April 30, 2019 and our supplemental submission dated June 20, 2019.

d. The dates that interests in the partnership or pass-through entity(s) were sold to each of the investors,

<u>Response</u>

With respect to the Wild Boar transaction, the partners of WBBI purchased their interests between October 15, 2012 and October 31, 2012. WBBI purchased its 95 percent interest in WBB on October 31, 2012.

With respect to the Little Sequatchie transaction, the partners of LSRI purchased their interests between August 29, 2014 and November 28, 2014. LSRI purchased its 95 percent interest in LSR on November 28, 2014.

With respect to the Tennessee Ranch transaction, the partners of TREI purchased their interests between October 16, 2015 and December 15, 2015. TREI purchased a 98 percent interest in TRE on December 17, 2015.

With respect to the Forestar transaction, the partners of FI purchased their interests between November 10, 2015 and December 17, 2015. FI purchased a 98 percent interest in FDG on December 17, 2015.

With respect to the Mill Creek transaction, the partners purchased their interests between July 18, 2016 and December 16, 2016. MCI purchased a 97 percent interest in MC770 on December 16, 2016.

With respect to the Crockett transaction, the partners of CI purchased their interests between October 25, 2016 and December 16, 2016. CI purchased a 98 percent interest in C941 on December 16, 2016.

With respect to the Norma Dean transaction, the partners of NDI purchased their interests between October 30, 2017 and December 15, 2017. NDI purchased its 98 percent interest in ND on December 15, 2017.

With respect to the Gray Mountain transaction, the partners of GMI purchased their interests between November 21, 2017 and December 19, 2017. GMI purchased its 98 percent interest in GM on December 19, 2017.

With respect to the New River transaction, NRI's partners purchased their interests between July 17, 2018 and December 17, 2018. NRI purchased its 98 percent interest in NRP on December 17, 2018.

e. The date(s) conservation easements on the real property were granted,

<u>Response</u>

With respect to the Wild Boar transaction, WBBI granted a conservation easement to Foothills Land Conservancy ("Foothills") on December 26, 2012.

With respect to the Little Sequatchie transaction, LSRI granted a conservation easement on the property to Foothills on December 4, 2014.

With respect to the Tennessee Ranch transaction, TRE granted a conservation easement to Foothills on December 29, 2015.

With respect to the Crockett transaction, CI granted a conservation easement to Foothills on December 22, 2016.

With respect to the Mill Creek transaction, MCI granted a conservation easement to Foothills on December 22, 2016.

With respect to the Norma Dean transaction, NDI granted a conservation easement to Foothills Land Conservancy on December 28, 2017.

With respect to the Gray Mountain transaction, GMI granted a conservation easement to Foothills on December 28, 2017.

With respect to the New River transaction, NRP granted a conservation easement to Foothills on December 22, 2018.

Please note that the Forestar transaction did not involve a conservation easement.

f. The 501(c)(3) organization to which the real property or easements were contributed,

Response

With respect to the Wild Boar, Little Sequatchie, Tennessee Ranch, Crockett, Mill Creek, Norma Dean, Gray Mountain, and New River transactions, the relevant section 501(c)(3) organization was Foothills. The Forestar transaction did not involve a conservation easement and the contribution was to the City of Calhoun.

g. The total amount of deductions allocated and the tax years in which they were allocated,

Response

When the entities decided to conserve the lands in question, a charitable contribution was made and reported on the entities' respective tax returns. The value of the contribution was based on an appraisal of the before and after value of the conservation easement (as required by Treas. Reg. § 1.170A-14(h)). The owners of the entities reported their proportionate share of the contribution on their tax returns for such year.

With respect to the Wild Boar transaction, WBB made and reported a charitable contribution on its 2012 return in the amount of of $15,469,000. As a 95 percent owner, WBBI reported its proportionate share of the contribution on its 2012 return.

With respect to the Little Sequatchie transaction, LSR made and reported a charitable contribution on its 2014 return in the amount of $7,655,000. As a 95 percent owner, LSRI reported its proportionate share of the contribution on its 2014 return.

With respect to the Tennessee Ranch transaction, TRE made and reported a charitable contribution on its 2015 return in the amount of $13,052,000. As a 98 percent owner, TREI reported its proportionate share of the contribution on its 2015 return.

With respect to the Forestar transaction of its fee simple donation, FDG made and reported a charitable contribution on its 2015 return in the amount of $14,584,000. As a 98 percent owner, FI reported its proportionate share of the contribution on its 2015 return.

With respect to the Mill Creek transaction, MC770 made and reported a charitable contribution on its 2016 return in the amount of $10,291,000. As a 97 percent owner, MCI reported its proportionate share of the contribution on its 2016 return.

With respect to the Crockett transaction, C941 made and reported a charitable contribution on its 2016 return in the amount of $10,716,000. As a 98 percent owner, CI reported its proportionate share of the contribution on its 2016 return.

With respect to the Norma Dean transaction, ND made and reported a charitable contribution on its 2017 return in the amount of $11,530,000. As a 98 percent owner, NDI reported its proportionate share of the contribution on its 2017 return.

With respect to the Gray Mountain transaction, GM made and reported a charitable contribution on its 2017 return in the amount of $11,466,000. As a 98 percent owner, GMI reported its proportionate share of the contribution on its 2017 return.

With respect to the New River transaction, NRP made and reported a charitable contribution on its 2018 return in the amount of $13,930,000. As a 98 percent owner, NRI reported its proportionate share of the contribution on its 2018 return.

h. The total number of investors in each entity, and

<u>Response</u>

With respect to the Wild Boar transaction, Mr. Free only assisted his real estate client with the transaction. As a result, Mr. Free does not have specific information about the number of partners in the entities and does not have access to the entities' tax returns.

With respect to the Little Sequatchie transaction, four partners owned interests in LSR as of December 31, 2014 and 20 partners owned interests in LSRI as of December 31, 2014.

With respect to the Tennessee Ranch transaction, three partners owned interests in TRE and 26 partners owned interests in TREI as of December 31, 2015.

With respect to the Forestar transaction, three partners owned interests in FDG and 40 partners owned interests in FI as of December 31, 2015.

With respect to the Mill Creek transaction, four partners owned interests in MC770 as of December 31, 2016 and 41 partners owned interests in MCI as of December 31, 2016.

With respect to the Crockett transaction, five partners owned interests in C941 as of December 31, 2016 and four partners owned interests in CI as of December 31, 2016.

With respect to the Norma Dean transaction, three partners owned interests in ND as of December 31, 2017 and 40 partners owned interests in NDI as of December 31, 2017.

With respect to the Gray Mountain transaction, three partners owned interests in GM as of December 31, 2017 and 40 partners owned interests in GMI as of December 31, 2017.

With respect to the New River transaction, three partners owned interests in NRP as of December 31, 2018 and 45 partners owned interests in NRI as of December 31, 2018.

i. The total equity investments by all of the partners to the entity.

<u>Response</u>

With respect to the Wild Boar transaction, WBBI sold 95 units to its partners for a total of $2,000,700. WBBI then purchased a 95 percent interest in WBB.

With respect to the Little Sequatchie transaction, LSRI sold 50 units to its partners for a total of $1,414,000. LSRI then purchased a 95 percent interest in LSR.

With respect to the Tennessee Ranch transaction, TREI sold 100 units to its partners for a total of $2,618,330. TREI then purchased a 98 percent interest in TRE.

With respect to the Forestar transaction, FI sold 100 units to its partners for a total of $2,572,600. FI then purchased a 98 percent interest in FDG.

With respect to the Mill Creek transaction, MCI sold 100 units to its partners for a total of $2,118,600. MCI then purchased a 97 percent interest in MC770.

With respect to the Crockett transaction, CI sold 50 units to its partners for a total of $2,100,000. CI then purchased a 98 percent interest in C941.

With respect to the Norma Dean transaction, NDI sold 50 units to its partners for a total of $2,500,000. NDI then purchased a 98 percent interest in ND. ND's original partners contributed the subject property in exchange for interests in ND.

With respect to the Gray Mountain transaction, GMI sold 100 units to its partners for a total of $2,600,000. GMI then purchased a 98 percent interest in GM.

With respect to the New River transaction, NRI sold 100 units to its partners for a total of $3,000,000. NRI then purchased a 98 percent interest in NRP.

Please provide copies of all promotional materials provided to investors, or any other communications made prior to an investor's participation in the transaction, including but not limited to presentations, memoranda, letters, emails, and notes, however formal or informal, describing the investment opportunities or the amount of tax benefits expected as a result of or potential result of the investment.

Response

Prior to their participation in a transaction, Mr. Free generally communicated with real estate clients and CPAs by sending a summary email that explained the proposed offering, the development options, and provided a copy of the PPM. Others learned of the transactions primarily through word of mouth. Mr. Free would occasionally meet with potential partners through in-person meetings where he would describe the proposal. In that context, the potential partner would also be provided with a copy of a PPM either in person or through a file-share. The PPMs were produced in our prior Finance Committee response dated April 30, 2019 and our supplemental submission dated June 20, 2019. Mr. Free also provided his real estate clients with a brochure entitled "What is a conservation easement?" which was produced in our supplemental submission dated June 20, 2019. E-mail correspondence is contained on the flash drive enclosed.

Note that Mr. Free did not participate in the marketing of the Gray Mountain transaction to third parties; rather, the marketing was done by the two arrangers of the transaction. Beyond the PPM and deal summary, Mr. Free has no further responsive documents.

3. **For each of the entities responsive to Question #2, indicate whether the appraisals for the contributed properties involved include the dates and costs related to the partnership or pass-through entity acquiring the ownership of the real property. For each, describe the extent to which you provided such**

information to the appraisers for their appraisals of the contributed property at issue.

Response

With respect to the Wild Boar transaction, WBB owned a 1,170 acre parcel. WBBI did not own the land. Instead, it owned 95 percent of WBB. WBB commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. Claud Clark III of Clark-Davis completed the appraisal in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") and relevant IRS guidance. The prior purchase history is available online. Mr. Clark included excerpts of this prior history in his appraisal.

With respect to the Little Sequatchie transaction, LSR owned a 705 acre parcel. LSRI did not own the land. Instead, it owned 95 percent of LSR. LSR commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. David R. Roberts, SRA, of Tennille and Associates completed the initial restricted use appraisal ("RUA") in accordance with the USPAP and relevant IRS guidance. Mr. Roberts knew how LSR and its former owners acquired the property and included this history in the RUA. Mr. Roberts included copies of the deeds transferring the property to LSR in his final appraisal. We cannot confirm where Mr. Roberts obtained the deeds. Mr. Roberts passed away in 2017.

With respect to the Tennessee Ranch transaction, TRE owned a 1,000 acre parcel. TREI did not own the land. Instead, TREI owned 98 percent of TRE. TRE commissioned an appraisal of the property to determine the fair market value of the charitable contribution. David R. Roberts, SRA, of Tennille and Associates completed the initial RUA in accordance with the USPAP and relevant IRS guidance. Mr. Roberts received a copy of the purchase deed and included a copy in his appraisal report. The purchase deed lists the purchase price of the property. We cannot confirm whether TRE provided the deed to Mr. Roberts or whether he uncovered this information during his USPAP review of the property.

With respect to the Forestar transaction, FDG owned a 69.45 acre parcel. FI did not own the land. Instead, it owned 98 percent of FDG. FDG commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. David Roberts completed the initial RUA in accordance with the USPAP and relevant IRS guidance. Mr. Roberts knew of the original purchase deed and included the sales history in his appraisal report. The sales history included in the RUA confirms Mr. Roberts learned of the sales price from the buyer, FDG. Mr. Roberts included a copy of the purchase deed in his final appraisal. We cannot confirm where Mr. Roberts obtained the deed.

With respect to the Mill Creek transaction, MC770 owned a 770 acre parcel. MCI did not own the land. Instead, it owned 97 percent of MC770. MC770 commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. David R. Roberts, SRA, of Tennille and Associates completed the initial RUA in accordance with the USPAP and relevant IRS guidance. Mr. Roberts knew how MC770 and its former owners acquired the property and included this history in the RUA. Mr. Roberts included a copy of the deed transferring the property from the family to MC770 in his final appraisal. We cannot confirm where Mr. Roberts obtained the deed.

With respect to the Crockett transaction, C941 owned a 941 acre parcel. CI did not own the land. Instead, it owned 98 percent of C941. C941 commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. David R. Roberts, SRA, of Tennille and Associates completed the initial RUA in accordance with the USPAP and relevant IRS guidance. Mr. Roberts knew how C941 and its former owners acquired the property and included this history in the RUA. Mr. Roberts included copies of the deeds transferring the property from the family to C941 in his final appraisal. We cannot confirm where Mr. Roberts obtained the deed.

With respect to the Norma Dean transaction, ND owned a 1,016 acre parcel. NDI did not own the land. Instead, it owned 98 percent of ND. ND commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. W. McCrae Greene of Greene Real Estate Services completed the qualified appraisal in accordance with the USPAP and relevant IRS guidance. Mr. Greene knew how ND and its former owners acquired the property and included this history in the appraisal. Mr. Greene included copies of the acquisition deeds and the deeds transferring the property to ND in his final appraisal.

With respect to the Gray Mountain transaction, GM owned a 1,012 acre parcel. GMI did not own the land. Instead, it owned 98 percent of GM. GM commissioned a qualified appraisal of the property to determine the fair market value of the charitable contribution. W. McCrae Greene of Greene Real Estate Services completed the qualified appraisal in accordance with the USPAP and relevant IRS guidance. Mr. Greene knew how GM and its former owners acquired the property and included this history in the appraisal. Mr. Greene included copies of the acquisition deeds and the deeds transferring the property to GM in his final appraisal.

With respect to the New River transaction, NRP owned a 1,016 acre parcel. NRI did not own the land. Instead, it owned 98 percent of NRP. NRP commissioned an initial appraisal of the property to determine the fair market value of the charitable contribution. W. McCrae Greene of Greene Real Estate Services completed the qualified appraisal in accordance with the USPAP and relevant IRS guidance. Mr. Greene knew how NRP and its former owners acquired the property through his prior work on related parcels.

4. **For all entities responsive to Question #2, please provide copies of all appraisals (or other statements of value) for each contribution of real property, regardless of whether the appraisals were final copies, that were**

provided to investors, or were used to support the value of a charitable contribution under 26 U.S.C. § 170.

Response

With respect to the Little Sequatchie transaction, a copy of Mr. Roberts' RUA and his final qualified appraisal were produced with our supplemental submission dated June 20, 2019 and is contained on the flash drive enclosed.

With respect to the Tennessee Ranch transaction, a copy of Mr. Roberts' RUA and his final qualified appraisal were produced with our supplemental submission dated June 20, 2019. TRE also hired Alpha and Omega Services to perform a review appraisal to confirm that Tennille and Associates complied with USPAP standards, used proper appraisal techniques, and analyzed the appraisal for reasonable support and documentation. A copy of the review appraisal was produced with our supplemental submission dated June 20, 2019.

With respect to the Forestar transaction, a copy of Mr. Roberts' RUA and his final qualified appraisal were produced with our supplemental submission dated June 20, 2019. FDG also hired Ray Veal of Integra Realty Resources to perform a review appraisal to confirm that Tennille and Associates complied with USPAP standards, used proper appraisal techniques, and analyzed the appraisal for reasonable support and documentation. A copy of the review appraisal was produced with our supplemental submission dated June 20, 2019.

With respect to the Mill Creek transaction, a copy of Mr. Roberts' RUA and his final qualified appraisal were produced with our supplemental submission dated June 20, 2019. MC770 also hired Ray Veal of Integra Realty Resources to perform a review appraisal to confirm that Tennille and Associates complied with USPAP standards, used proper appraisal techniques, and analyzed the appraisal for reasonable support and documentation. A copy of the review appraisal was produced with our supplemental submission dated June 20, 2019.

With respect to the Crockett transaction, a copy of Mr. Roberts' RUA and his final qualified appraisal were produced with our supplemental submission dated June 20, 2019. C941 also hired Ray Veal of Integra Realty Resources to perform a review appraisal to confirm that Tennille and Associates complied with USPAP standards, used proper appraisal techniques, and analyzed the appraisal for reasonable support and documentation. A copy of the review appraisal was produced with our supplemental submission dated June 20, 2019.

With respect to the Norma Dean transaction and Gray Mountain transactions, a copy of the Greene Real Estate Services appraisal is contained on the flash drive enclosed. ND also hired Ray Veal of Integra Realty Resources to perform review appraisals to confirm that Greene Real Estate Services complied with USPAP standards, used proper appraisal techniques, and analyzed the appraisal for reasonable support and documentation. A copy of the review appraisals by Integra Realty Services is contained on the flash drive enclosed.

With respect to the New River transaction, a copy of the final qualified appraisal by Greene Real Estate Services is contained on the flash drive enclosed.

5. For all entities responsive to Question #2, indicate whether you prepared, or arranged to be prepared, assessments (or baseline studies or similar analyses) of the conservation value of the real property. Please provide copies of all such assessments regardless of whether the assessments were final copies, were provided to investors, or were used to support the value of a charitable contribution under 26 U.S.C. § 170.

Response

With respect to the Wild Boar, Little Sequatchie, Tennessee Ranch, Mill Creek, Crockett, Norma Dean, Gray Mountain, and New River transactions, Foothills supervised the preparation of a baseline documentation report. A copy of each of the reports was produced in our supplemental submission dated June 20, 2019 or is contained on the flash drive enclosed. This question is not applicable to the Forestar transaction.

6. For each of the entities responsive to Question #2 indicate the following:

a. Did you provide to anyone legal opinions and/or memoranda as to the federal and/or state tax treatment of the investment for the investor?

Response

No. Note, the Private Placement Memoranda and some e-mail correspondence include a general discussion of tax and other legal issues associated with owning an interest in the entities.

b. Did you recommend counsel to investors for the purpose of providing legal opinions and/or memoranda?

Response

No. The PPMs stated that investors should consult with their counsel, CPA, or financial advisor.

c. The name and contact information for the counsel responsible for drafting and/or aiding in the drafting of such opinion and/or memoranda.

Response

Not applicable.

d. Please provide copies of all such legal opinions and memoranda associated with each entity responsive to Question #2 above.

Response

Not applicable.

7. Did you provide investors with any instructions or guidance as to how to comply with federal or state tax law, whether prior to an investor's entering into the transaction or subsequent to it, including the filing of federal or state tax returns?

Response

Mr. Free did not provide tax compliance instructions or guidance to partners. As noted above, the Private Placement Memoranda and some e-mail correspondence discuss tax aspects of the transactions; however, the PPMs stated that investors should consult with their counsel, CPA, or financial advisor. Also, the partnerships issued K-1s to their partners.

Please provide copies of all such instructions and guidance as to how investors might comply with federal and state tax law as well as federal and state tax-return filing requirements.

Response

Please see the response to Question 7 immediately above.

8. With regard to IRS Notices 2017-10 and 2017-29:

a. Did you provide investors with any instructions or guidance as to how to comply with the requirements of IRS Notice 2017-10? If so, please provide copies of all such instructions and guidance as to how investors might comply with the requirements of IRS Notice 2017-10.

Response

In response to Notice 2017-10, Forms 8886 and 8918 were filed with respect to the Wild Boar, Little Sequatchie, Tennessee Ranch, Mill Creek, Forestar, Crockett, Norma Dean, Gray Mountain, and New River transactions. WBBI, LSRI, TREI, FDG, MCI, CI, GMI, and NRI each provided a draft copy of the Forms 8886 to each partner and instructed them to consult with their own tax counsel. A copy of the draft Forms 8886 were produced with our supplemental submission dated June 20, 2019 or are contained on the flash drive enclosed.

b. **For each reportable transaction for which interests in the partnership or passthrough entities were sold or otherwise exchanged after December 23, 2016, please provide copies of any and all communications by you or your agents to partners concerning IRS Notices 2017-10 and 2017-29 or the possible status of the investment as a "listed transaction."**

Response

With respect to the Wild Boar, Little Sequatchie, Tennessee Ranch, Forestar, Mill Creek, and Crockett transactions, this question is not applicable as the partners purchased their interests prior to December 23, 2016.

The PPMs for the Norma Dean, Gray Mountain, and New River transactions address IRS Notice 2017-10 and the likelihood that the investment will be viewed as a listed transaction. In addition, NDI, GMI and NRI each provided a draft copy of Forms 8886 to each of its partners.

9. **Under Federal tax law, individuals designated as material advisors to any reportable transaction must file Form 8918 to disclose certain information about the reportable transaction. A material advisor must also maintain a list identifying each entity or individual to whom the advisor was a material advisor to a reportable transaction.**

a. **Did you file the Form 8918 with the IRS for each transaction identified in IRS Notice 2017-10?**

Response

Forms 8918 were filed for each of the Wild Boar, Little Sequatchie, Tennessee Ranch, Forestar, Mill Creek, Crockett, Gray Mountain, Norma Dean, and New River transactions.

b. **Did you file with the IRS any protective disclosures in response to IRS Notice 2017-10?**

Response

Only the Forms 8918 for the Little Sequatchie transaction were filed protectively.

c. **Did you maintain an investor list as required by law?**

Response

Mr. Free maintains an investor list for each of the Little Sequatchie, Tennessee Ranch, Forestar, Mill Creek, Crockett, Gray Mountain, Norma Dean, and New River transactions. Mr.

Free does not possess an investor list for the Wild Boar transaction as he was not responsible for maintaining one.

d. Please provide all copies of Form 8918 for each transaction.

Response

A copy of Forms 8918 for each of the Little Sequatchie, Tennessee Ranch, Forestar, Mill Creek, Crockett, Gray Mountain, Norma Dean, and New River transactions were produced with our supplemental submission dated June 20, 2019 or are contained on the flash drive enclosed.

e. Please provide all copies of your investor lists for each transaction, including the names and addresses of each investor.

Response

A copy of the investor lists for Little Sequatchie, Tennessee Ranch, Forestar, Mill Creek, Crockett, Gray Mountain, Norma Dean, and New River are contained on the enclosed flash drive. Mr. Free does not possess an investor list for the Wild Boar transaction as he was not responsible for maintaining one.

10. To what extent did your partnership or pass-through entities include a vote of the partners to determine whether to contribute a conservation easement, hold for investment, or develop the real property?

Four of the transactions that Mr. Free was involved with did not hold votes to conserve property (Wild Boar, Little Sequatchie, Tennessee Ranch and Forestar). In the five remaining transactions, the partnerships provided a single opportunity to the partners to vote to conserve or develop the property. All of the partners in each of the five partnerships voted to conserve the property.

a. In any instance, did the partners ever vote in favor of developing the real property? If so, how many such votes in favor of developing the property took place?

Response

With respect to the Mill Creek, Crockett, Norma Dean, Gray Mountain and New River transactions, investors were offered a choice on how to utilize the property. Under the first option, the partners could vote to hold the property for future residential development. Under the second option, the partners could forego development and grant a conservation easement on the property. The partners in MCI, CI, NDI, GMI, and NRI each voted to forego development and conserve the property.

b. What was the total number of partner votes in which developing real property was at issue?

Response.

Votes were held with respect to the Mill Creek, Crockett, Norma Dean, Gray Mountain, and New River transactions. The majority of the partners of MCI, CI, NDI, GMI, and NRI voted to conserve the property during a single vote. The ballots that were voted were produced with our supplemental submission dated June 20, 2019 or are contained on the flash drive enclosed.

c. In any instance, did the partners ever vote in favor of holding the real property for investment? If so, how many such votes in favor of holding real property for investment took place? What was the total number of partner votes in which holding real property for investment was at issue?

Response

Please see our response to Question 10(b).

d. For each transaction, what was the projected non-tax economic profit for investors of developing the real property?

Response

There was not a stated projected non-tax economic profit. The appraisers based their fair market value determinations on comparable sales, rather than projecting fair market value based on future development.

With respect to the Wild Boar transaction, Mr. Clark determined that the property's fair market value equaled $16,858,109 based on holding the property for low-density residential development.

With respect to the Little Sequatchie transaction, Mr. Roberts determined that the property's fair market value equaled $8,460,000 based on holding the property for low-density residential development.

With respect to the Tennessee Ranch transaction, Mr. Roberts determined that the property's fair market value equaled $14,126,000 based on holding the property for low-density residential development.

With respect to the Forestar transaction, Mr. Roberts determined in the RUA that the property's fair market value equaled $14,584,000 based on holding the property for high-density retail development.

With respect to the Mill Creek transaction, Mr. Roberts determined that the property's fair market value equaled $10,792,000 based on low-density residential development.

With respect to the Crockett transaction, Mr. Roberts determined that the property's fair market value equaled $11,292,000 based on holding the property for low-density residential development.

With respect to the Norma Dean transaction, Mr. Greene determined that the property's fair market value equaled $12,700,875 based on holding the property for low-density residential development.

With respect to the Gray Mountain transaction, Mr. Greene determined that the property's fair market value equaled $12,700,075 based on holding the property for low-density residential development.

With respect to the New River transaction, Mr. Greene determined that the property's fair market value equaled $15,174,856 based on holding the property for low-density residential development.

e. For each transaction, what was the projected non-tax economic profit for investors of holding the real property for investment?

Response

Please see our response to Question 10(d).

f. For each transaction, what was the projected tax benefit for investors of contributing the real property or an easement on the real property?

Response

With respect to the Wild Boar transaction, Mr. Clark determined that the easement's fair market value equaled $15,469,000.

With respect to the Little Sequatchie transaction, Mr. Roberts determined that the easement's fair market value equaled $7,635,000.

With respect to the Tennessee Ranch transaction, Mr. Roberts determined that the easement's fair market value equaled $13,033,000.

With respect to the Forestar transaction, Mr. Roberts determined that the property's fair market value equaled $14,584,000.

With respect to the Mill Creek transaction, Mr. Roberts determined that the easement's fair market value equaled $10,026,000.

With respect to the Crockett transaction, Mr. Roberts determined that the easement's fair market value equaled $10,490,000.

With respect to the Norma Dean transaction, Mr. Greene determined that the easement's fair market value equaled $11,450,000.

With respect to the Gray Mountain transaction, Mr. Greene determined that the easement's fair market value equaled $11,445,000.

With respect to the New River transaction, Mr. Greene determined that the easement's fair market value equaled $13,900,000.

Please provide copies of all minutes, presentations, memoranda, letters, emails, notes, and any other description of the processes by which such votes were conducted, however formal or informal, reflecting the meetings (or other manners of voting) at which the votes discussed in Question #10 were held.

Response

The ballots that were voted were produced with our supplemental submission dated June 20, 2019 or are contained on the flash drive enclosed. There is some discussion of the voting process in the e-mail correspondence contained on the flash drive enclosed. There are no other documents responsive to this request.

11. To the extent not provided in response to the questions above, please provide copies of all organizational documents for the entities responsive to Question #2, meeting minutes for such entities, all formal or informal documentation relating to the relationship between such entities and their investors, all SEC filings for such entities, and all communications with any state- or local-government agency or official regarding such entities or their associated syndicated conservation easement transactions.

Response

With respect to each of the transactions, we produced operating agreements, organizational documents, entity name change and other documentation, Form D, and contribution acknowledgements (among other documents) with our supplemental submission dated June 20, 2019 and additional documents are contained on the flash drive enclosed. Please note that none of the entities maintained minutes.

12. **For each investment transaction separately provide the percentages and amounts of the total of partners' investment was:**

   a. **Charged or otherwise retained by (i) you, and (ii) by each non-partner in the entity, as compensation, commissions, or fees,**

   b. **Retained as audit or contingency reserves, and**

   c. **Retained or contributed to a tax-exempt entity to provide for maintenance of the real property or easement held by the tax-exempt entity that received the contribution.**

Response

With respect to the Wild Boar transaction, the PPM confirms that WBBI will maintain a working capital reserve of $200,000. The PPM also indicates a payment of $57,000 to Mr. Free for consulting and project management. WBBI donated $10,000 to Foothills to insure the future maintenance and monitoring of the easement.

With respect to the Little Sequatchie transaction, Supplement No. 1 to the PPM confirms that LSRI will reserve $200,000 for operating expenses. The PPM confirms that LSRI donated $20,000 to Foothills to insure the future maintenance and monitoring of the easement. The PPM also confirms that LRSI paid fees of $150,000 to Lake Mountain Management, in which Mr. Free owned an interest, and $148,823 to the manager, in which Mr. Free owned an interest.

With respect to the Tennessee Ranch transaction, TREI's LLC Agreement states that it will reserve $175,000 for operating expenses. TREI's Form D lists payments to entities related to Mr. Free in the amount of $121,378. A related entity contributed $35,000 to Foothills to insure the future maintenance and monitoring of the easement.

With respect to the Forestar transaction, FI's LLC agreement confirms that it will set aside and reserve $150,000 for operating expenses. FI's Form D lists payments to entities related to Mr. Free of $161,000. FI did not make any payments for maintenance of the fee simple donation.

With respect to the Mill Creek transaction, MCI's LLC Agreement confirms that it will reserve $300,000 for operating expenses. MCI's Form D lists payments to entities related to Mr. Free of $300,000. MCI donated $30,000 to Foothills to insure the future maintenance and monitoring of the easement.

With respect to the Crockett transaction, CI's LLC Agreement states that it will reserve $300,000 for operating expenses. CI's Form D lists payments to entities related to Mr. Free of $736,780. CI donated $30,000 to Foothills to insure the future maintenance and monitoring of the easement.

With respect to the Norma Dean transaction, NDI's LLC Agreement confirms that it will reserve $300,000 for operating expenses. NDI's Form D lists payments to entities related to Mr. Free and other executive officers, directors, and others of $720,843 for management and consulting fees, reimbursement of due diligence fees, contract assignment fees, and the conveyance of an oil and gas interest. NDI donated $30,000 to Foothills to insure the future maintenance and monitoring of the easement.

With respect to the Gray Mountain transaction, GMI's LLC Agreement confirms that it will reserve at least $30,000 for operating expenses. GMI's Form D lists payments to entities related to Messrs. Free, Lawler, Carney, and Mathis of $1,334,593 for management and consulting services, assignment of purchase agreements, and various other services provided to the issuer. GMI donated $30,000 to Foothills to insure the future maintenance and monitoring of the easement.

With respect to the New River transaction, the PPM confirms that NRI will reserve $300,000 for operating expenses. NRI's Form D lists payments to entities related to Messrs. Free, Lawler, Cash, and Snow of $1,019,686 for management and consulting services, assignment of purchase agreements, and other post-closing services. NRP donated $30,000 to Foothills to insure the future maintenance and monitoring of the easement.

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We are committed to cooperating with the Finance Committee and will endeavor to assist as much as possible.

If you have any questions or would like to discuss this submission, please do not hesitate to contact me at [redacted] or [redacted].

Respectfully submitted,

Mark D. Allison

Enclosures: as stated.

cc: Mr. Thomas J. Free
Mr. R. Lane Lawler