

NOTICE TO INTERESTED PERSONS
REGARDING PROPOSED TRANSACTION INVOLVING
PIPEFITTERS LOCAL UNION No. 533 EDUCATION TRAINING PROGRAM

- 1) You are hereby notified that a written submission, No. E-00752, has been filed on behalf of the Pipefitters Local Union No. 533 Education Training Program (the Plan) with the United States Department of Labor (DOL) seeking authorization, pursuant to Prohibited Transaction Exemption (PTE) 96-62 (61 FR 39988 (July 31, 1996), as amended at 67 FR 44622 (July 3, 2002)) for:

- a. The proposed sale of certain unimproved real property located at 9900 Hickman Mills Drive, Kansas City, Missouri 64137 (the Property) described below owned by the Plan (the Proposed Transaction) to Pipefitters Local Union No. 533 (the Union).

- 2) The submission has met the requirements for Tentative Authorization under PTE 96-62. The Department is now considering whether to provide Final Authorization.
- 3) If Final Authorization is granted by the Department pursuant to PTE 96-62, the restrictions of section 406(a)(1)(A), 406(a)(1)(D) and 406(b)(1) and (2) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) shall not apply to the Proposed Transaction. In this regard, the Proposed Transactions as described herein would constitute prohibited transactions under sections 406(a)(1)(A) and 406(a)(1)(D) because the sale of property between the Plan and a party in interest, is a transfer of assets of the Plan to a party in interest that is a fiduciary. Additionally, the sale could also be deemed a violation of ERISA section 406(b)(1) and section 406(b)(2) as an act of self-dealing by a party in interest that is a fiduciary and an act where the fiduciary of the Plan has interests on both sides of the transaction.

- 4) Identifying Information:

- a) Name of Submitters: Pipefitters Local Union No. 533 Education Training Program
b) Address of Submitters: 9876 Hickman Mills, Kansas City, Missouri, 64137
c) The Plan's Employer Identification Number: 44-0610083
d) Name and Address of Plan Administrator: Pipefitters Local Union No. 533
Education Training Program, 9876 Hickman Mills, Kansas City, Missouri, 64137

- 5) The authorization is subject to the following conditions:

- a) The sale is a one-time transaction for cash;
b) The Plan will receive the greater of:
a. the sale price negotiated by the parties: \$551,050.00;
b. the fair market value as identified in the appraisal conducted by a qualified independent appraiser (a QIA) on May 9, 2014; and
c. the updated appraised value to be determined by the QIA as of the date of the sale.
c) The terms and conditions of the sale are at least as favorable to the Plan as those obtainable in an arm's length transaction with an unrelated third party;

- d) The Plan will not pay any commissions, costs, or other expenses in connection with the sale to any real estate professional or any other individual due to the sale;
- e) The Plan's Board of Trustees (the Trustees) have determined that the sale of the Property would be in the best interest of participants and beneficiaries as the sale proceeds could be used to pay Plan expenses or invested in a fashion that would permit greater returns than any returns that could be realized through retention of the Property, and any Trustee with a personal interest in the Proposed Transaction will recuse themselves from any vote concerning the sale;
- f) The Trustees will review and, if appropriate, approve the methodology used by the QIA to ensure that such methodology is properly applied in determining the fair market value of the Property, updated as of the date of the sale, and will determine whether it is prudent to go forward with the proposed transaction.

BACKGROUND

- 6) The Plan is an apprenticeship training plan that is funded by a trust fund established through collective bargaining and administered by the Plan's Board of Trustees. The Union is a labor union located in Kansas City, Missouri, and it is a party in interest to the Plan. The Plan trains apprentices and journeyman pipefitters to work in the pipefitting industry. The Union intends to buy the property from the Plan within 90 days following receipt of Final Authorization from the DOL. The Trustees of the Plan have determined that it is in the best interest of the Plan and the Plan Participants and Beneficiaries to sell the property to the Union. The Trustees and the Union negotiated a tentative sale price of \$551,050.
- 7) The Property is a 4.34 +/- acre tract of land in southern Kansas City, Missouri. The Property is located north of the elevated I-470 and east of the US-71 highway in an undeveloped area with only one developed site. The Property is situated on Hickman Mills Drive just north of where it passes under the I-435 west-bound ramp.
- 8) The Plan and the Union are the only two parties involved in the Proposed Transaction. The Proposed Transaction is not part of a larger integrated transaction. A chronology of the events leading up to the transaction is as follows: The Plumbers and Pipefitters Training Center Corporation (the Corporation) originally purchased the Property in December 2008 from an independent third party for \$511,000, and the Plan, as 50% owner of the Corporation, paid half the purchase price. In September 2012, the Plan purchased the remaining interest in the Property from the Corporation, in order to construct a new facility on the property so it could expand its operations. Before the Plan could expand its operations using the Property, apprenticeship enrollment decreased, and the Plan has found ways to use its existing facilities more effectively.
- 9) The Trustees have decided to sell the Property and use the proceeds to fund the apprenticeship school activities, based on the fact that apprenticeship enrollment has decreased, the Plan has no useful purpose for the land, the Property generates no income for the Plan, and the holding of the Property imposes a property tax burden on the Plan. Therefore, the Trustees requested an exemption for the Union to purchase the Property at its fair market value. The potential buyer, the Union, is located at 8600 Hillcrest Road, Kansas City, MO 64138. Its location is two miles from 9900 Hickman Mills Drive. The Union intends to construct a new union hall on the property.

- 10) The Property was appraised in May of 2014, was valued using the sales comparison approach analyzing highest and best use. The appraiser surveyed the market for properties that were most applicable to the subject for price per acre. These sales were analyzed and adjusted for time of sale, location and characteristics. Based on that analysis, the Appraisers identified a range of value from \$520,509 to \$567,828 for the property, yielding a price of \$550,000 using the sales comparison approach.
- 11) It is represented that the Proposed Transaction poses little, if any, risk of abuse or loss to the Plan or to any Participant of the Plan, as the Proposed Transaction will enable the Plan to dispose of the Property at a price equal to the fair market value at the time of the transaction, as determined by a QIA.

COMPARISON OF SUBSTANTIALLY SIMILAR CASES

The applicant has identified the following individual Prohibited Transaction Exemption granted by the Department within the past 120 months and Authorized Transaction granted by the Department within the past 60 months as substantially similar to the Proposed Transaction:

- PTE 2011-24; Oregon-Washington Carpenters Employers Apprenticeship and Training Trust Fund, 76 Fed. Reg. 77266 (December 12, 2011) was a transaction involving the sale of unimproved real property by a qualified plan to a party in interest. The proposed transaction also involves the sale of unimproved real property by a qualified plan to a party in interest.

PTE 2011-24 was a one-time transaction for cash. The proposed transaction is also a one-time transaction for cash. PTE 2011-24 required the plan to receive the greater of the fair market value of the property being sold based upon a recent evaluation by an independent appraiser, or the fair market value of the property being sold at the time of transaction as determined by an updated appraisal. The terms of the proposed transaction require that the plan receives the greater of the tentative sale price negotiated by the parties (which is greater than fair market value of the property being sold based upon a recent evaluation by an independent appraiser), or the fair market value of the property being sold at the time of transaction as determined by an updated appraisal.

In PTE 2011-24, the plan did not pay any fees, commissions, or other expenses in connection with the sale of the property. In the proposed transaction, the plan will also not pay any fees, commissions, or other expenses in connection with the sale of the property.

In PTE 2011-24, the terms of the sale were no less favorable to the plan than the terms it would have received under similar circumstances than arm's length negotiation with an unrelated party. In the proposed transaction, the terms of the sale will also be no less favorable to the Plan than the terms it would have received under similar circumstances than arm's length negotiation with an unrelated party.

In PTE 2011-24, the plan trustees appointed by the union recused themselves from voting with respect to the plan's decision to enter into the proposed sale. In the proposed transaction, the Plan trustees appointed by the Union have also recused themselves from voting with respect to the Plan's decision to enter into the proposed sale.

One difference between the transactions is that in PTE 2011-24, the party in interest purchaser did not own real estate within close proximity to the property. Here, the party in interest purchaser owns additional real property two miles from the property. This is not a material difference, however. The qualified independent appraisers took into account benefits that the party in interest may derive from owning an adjacent parcel of real property in preparing their appraisal report, and they determined that there was no assemblage value to add to the property.

- FAN 2009-15E; Network Funding Corporation Employees Welfare Benefit Plan (November 14, 2009) was a transaction involving the sale of unimproved real property by a qualified plan to a party in interest. The proposed transaction also involves the sale of unimproved real property by a qualified plan to a party in interest.

FAN 2009-15E was a one-time transaction for cash. The proposed transaction is also a one-time transaction for cash.

FAN 2009-15E required the plan to receive the greater of the fair market value of the property being sold based upon a recent evaluation by an independent appraiser, or the fair market value of the property being sold at the time of transaction as determined by an updated appraisal. The terms of the proposed transaction require that the plan receives the greater of the tentative sale price negotiated by the parties (which is greater than fair market value of the property being sold based upon a recent evaluation by an independent appraiser), or the fair market value of the property being sold at the time of transaction as determined by an updated appraisal.

In FAN 2009-15E, the plan did not pay any commissions, costs, or other expenses in connection with the sale of the property. In the proposed transaction, the plan will also not pay any commissions, costs, or other expenses in connection with the sale of the property.

In FAN 2009-15E, the terms of the sale were no less favorable to the plan than the terms it would have received under similar circumstances than arm's length negotiation with an unrelated party. In the proposed transaction, the terms of the sale will also be no less favorable to the Plan than the terms it would have

received under similar circumstances than arm's length negotiation with an unrelated party.

One difference between the transactions is that in FAN 2009-15E, the plan acquired the property for investment purposes, while in the proposed transaction, the plan acquired the property intending to construct a new facility. This is not a material difference, however. In both FAN 2009-15E and the proposed transaction, the intended purpose for the property became impractical. In FAN 2009-15E, the property value had declined in recent years and the plan did not expect that it could depend on future appreciation. Here, the Plan's needs no longer require construction of a new facility. Thus, in both FAN 2009-15E and the proposed transaction, the plan owned unimproved real property that no longer suited the purpose for which it was originally acquired, that did not generate income, and that imposed burdens on the plan such as property taxes.

RIGHT TO COMMENT

As a person who may be affected by the Proposed Transaction, you have the right to comment on the Proposed Transaction. Written comments should refer to submission No. E-00752 and be sent to:

Office of Exemption Determinations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Ave., NW, Room N-5700
Washington, DC 20210
Attention: Jennifer Erin Brown

Comments may also be submitted by fax or by email to the attention of Jennifer Erin Brown by Fax @ (202) 219-0204; or Email @ brown.jennifere@dol.gov. Furthermore, if you have any questions regarding the contents of this notice, you may contact Ms. Brown by phone at 202-693-8352 (this is not a toll-free number) or at the email address listed above.

Comments must be received by the Department no later than November 9, 2014. Final authorization of this transaction will occur five days after the expiration of the comment period, unless the Department notifies the applicant otherwise.