

NOTICE TO INTERESTED PERSONS

1. You are hereby notified that an application, No. E-00773, has been filed on behalf of the Trustees of Indiana/Kentucky/Ohio Regional Council of Carpenters Joint Apprenticeship and Training Fund (the "Fund,") seeking final authorization from the United States Department of Labor (the "Department"), pursuant to class prohibited transaction exemption 96-62 (PTE 96-62), 61 FR 39988, July 31, 1996, as amended by 67 FR 44622, July 3, 2002, for:

- a. The proposed sale of certain unimproved real property located at 5400 Covert Court, Newburgh, IN 47630 (the "Property") - described in more detail below under the heading "BACKGROUND" - owned by the Fund (the "Proposed Transaction") to the Indiana/Kentucky/Ohio Regional Council of Carpenters (the "IKORCC").

TENTATIVE AUTHORIZATION

2. The application has met the requirements for Tentative Authorization under PTE 96-62. Following the completion of the distribution of this notice to all interested persons, a twenty-five (25) day comment period (described below) and an additional five (5) day period (unless extended by the Department), the Department may give final authorization of the Proposed Transaction.

3. If Final Authorization is granted by the DOL pursuant to PTE 96-62, the restrictions of sections 406(a)(1)(A), 406(a)(1)(D), 406(b)(1), and 406(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986, as amended ("the Code"), by reason of sections 4975(c)(1)(A), (D), and (E) of the Code shall not apply to the Proposed Transaction. In this regard, the Proposed Transaction, as described herein, would constitute a prohibited transaction under ERISA sections 406(a)(1)(A) and (D) and Code sections 4975(c)(1)(A) and (D) because the sale of property would be a sale between the Fund and IKORCC (a "party in interest" under ERISA and a "disqualified person" under the Code). Section 3(14)(A) of ERISA defines the term "party in interest" and section 4975(e)(2)(A) of the Code defines the term "disqualified person" to include fiduciaries of a fund, such as the Fund's Board of Trustees. Section 3(14)(D) of ERISA also defines the term "party in interest" and section 4975(e)(2)(D) of the Code defines the term "disqualified person" to include an employee organization any of whose members are covered by the plan, such as the Union.

4. Additionally, the sale could be deemed a prohibited transaction under ERISA sections 406(b)(1) and (2) and Code section 4975(c)(1)(E) as an act of self-dealing by a party in interest/disqualified person that is a fiduciary where the fiduciary of the Fund deals with the assets of the Fund in his own interest or for his own account or has interests on both sides of the transaction.

5. Identifying information:

- a. Name of Submitters: Indiana/Kentucky/Ohio Regional Council of Carpenters Apprenticeship and Journeyman Training Fund
- b. Address of Submitters: 711 Greenwood Springs Drive, Greenwood, Indiana, 46143
- c. The Fund's Employer Identification Number: 35-6059073

6. If approved by the Department, the Final Authorization is subject to the following conditions:

- a. The sale is a one-time transaction for cash;
- b. The Fund will receive the greater of:
 - i. the fair market value of \$105,000 as identified in the appraisal conducted by a qualified independent appraiser, Appraisal Company Inc., on November 5, 2015; or
 - ii. the updated appraised value to be determined by the appraiser as of the date of the sale;
- c. The terms and condition of the sale are at least as favorable to the Fund as obtainable in an arm's length transaction with an unrelated third party;
- d. The Fund 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 Fund's board of trustees has 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 Fund 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, or any trustee who is also a member of the IKORCC or who is a Council Executive Board member of the IKORCC, will recuse themselves from any vote concerning the sale;
- f. The trustees have reviewed and approved the methodology used by the appraiser to ensure that such methodology was 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

7. The Fund is an apprenticeship training plan that is funded by a trust fund established through collective bargaining and administered by the Funds' board of trustees. The Fund has approximately 1714 participants and \$20 million in total assets. The IKORCC is a labor organization located in Greenwood, Indiana, and it is a party in interest and disqualified person with respect to the Fund. The Fund trains apprentices and journeyman to work in the carpentry industry. The IKORCC intends to buy the property from the Fund within thirty (30) days following receipt of Final Authorization from the Department. The trustees of the Fund have determined that it is in the best interest of the Fund as well as the Fund's participants and beneficiaries to the sell the property to the IKORCC. The Trustees and the IKORCC negotiated

a sale price at the fair market value of \$105,000 as determined by the appraiser, which represents approximately 0.05% of the Fund's total assets.

8. The Property is a 1.3 +/- acre tract of land in Newburgh, Indiana. The Property is located at Lot 1B of the I-164 Commercial Park No. 3. This tract of land is vacant feet with no building improvements; however, there is approximately 11,750 square feet of asphalt parking.

9. The Fund and the IKORCC 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: a predecessor to the Fund (the "merging fund") originally purchased a 5.487 +/- acre tract of land in 2004 from the Union Federal Bank of Indianapolis, an independent third party, for approximately \$1,369,000. The building was originally an indoor soccer facility that went into foreclosure. Its wide-open nature, and favorable price led the merging fund to make the purchase. The merging fund purchased the land to construct a training facility on the tract of land to replace a facility in Petersburg, Indiana. The merging fund intended to retain the entire parcel for possible later expansion of its training facility but the Fund later determined such was not necessary. After the Fund finished constructing the facility, there was an unused section of that land. The Fund had the lot – which was known as Lot 1 of the I-164 Commercial Park – split by a surveyor into two lots: Lot 1A of the I-164 Commercial Park No. 3 (where the training center is located) and Lot 1B of the I-164 Commercial Park No. 3 which is the subject of this sale, the Property. The split will not become final until the deed is submitted for recording.

10. The IKORCC is operating out of an old union hall in Evansville, IN. With the state-wide consolidation and merger with the Kentucky Council, it needs a new facility to service the Local Unions and IKORCC approached the Fund about purchasing part of the lot. The Trustees of the Fund, foreseeing no need for expansion on the site, agreed. The Trustees have decided to sell the Property and use the proceeds to fund apprenticeship school activities. As the Fund's facility is completed, and the Trustees have determined that no expansion is necessary, the Fund has no useful purpose for the land, and the Property generates no income for the Fund. Therefore, the trustees requested an exemption for the IKORCC to purchase the Property at its fair market value. The potential buyer, the IKORCC, is located at 771 Greenwood Springs Drive, Greenwood, Indiana, 46143. The IKORCC's work jurisdiction covers Newburgh, Indiana, and the IKORCC would like to construct a new facility on the Property. As with other locations, it finds certain synergies to having union and training facilities in close proximity. Additionally, it does not presently own a union hall in the area; it occupies space in a local union hall nearby. No other parties have approached the Fund to purchase the parcel.

11. The Property was appraised on November 5, 2015, and was valued using the sales comparison approach analyzing highest and best use. Based on that analysis, the appraiser determined the value as \$105,000. The sale of the Property will not adversely affect the value of the Fund's remaining property. There are no outstanding liens or loans on the property.

12. The Proposed Transaction poses little, if any, risk of abuse or loss to the Fund or to any participant of the Fund, as the Proposed Transaction will enable the Fund to dispose of the

Property at a price equal to the fair market value at the time of the transaction, as determined by a qualified independent third party appraiser. The Fund's board of trustees has 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 Fund 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, or any Trustee who is also a member of the IKORCC or who is a Council Executive Board member of the IKORCC, will recuse themselves from any vote concerning the sale.

COMPARISON OF SUBSTANTIALLY SIMILAR CASES

The Department has previously approved a number of substantially similar transactions between funds and parties in interest/disqualified persons. In general, under PTE 96-62, an EXPRO applicant must identify two substantially similar individual exemptions granted by the Department within the last 60 months, or one substantially similar individual exemption within the last 120 months one substantially similar Final Authorization EXPRO within the last 60 months. The Fund is relying on the following substantially similar transactions for the purposes of this application:

- Prohibited Transaction Exemption 2011-24, issued to the Oregon-Washington Carpenters Employers Apprenticeship and Training Trust Fund, 76 FR 77266 (December 12, 2011).
- Final Authorization Number 2014-06E issued to the Pipefitters Local Union No. 533 Education Training Program (<http://www.dol.gov/ebsa/pdf/E00752.pdf>).

Both of these exemptions permitted a one-time transaction for cash for 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 at the time of the transaction as determined by an updated appraisal from a qualified third party independent appraiser. As with the requested transaction: the union trustees in the cited exemptions recused themselves from the transaction; the funds did not pay any fees, commissions, or other expenses in connection with the sale of the property; and the terms of the sale were no less favorable to the funds than the terms they would have received under similar circumstances in an arm's length transaction.

One distinction between this transaction and the transaction in FAN 2014-06E, is that in this transaction, the Trustees did not originally acquire the subject property; rather, it was purchased by a predecessor Fund that merged with this Fund in 2005. However, this is not a material difference in that the Trustees here, as with FAN 2014-06E, also decided to build a new facility on the property and close an existing facility. In both cases, too, the Fund decided that it did not need the subject real estate for its facility, or for an expansion, and so it was surplus and did not add value to its goal of training apprentices and journeymen.

A further distinction is that in FAN 2014-06E the fund was paying property taxes on the real estate that produced no income, which was a drain on its resources. Here, the property is tax exempt and thus not a drain on the Fund. However, this is not a material difference because,

while the property is not a drain financially, it does not contribute to the goal of training carpenters as would its sale, just as with FAN 2014-06E.

One distinction between this transaction and the one in PTE 2011-24 is that in that transaction the fund, when it purchased the real estate of which the sale parcel was part, it immediately divided the property into three parcels to facilitate a later sale and not include the entire parcel as security for a loan to build its facility. In PTE 2011-24, it was also intended that the union purchase a parcel from the fund so that it could finance the construction of its facility. That later became unnecessary, but the union decided for other reasons to pursue acquisition of the subject property. Here, the Fund intended to retain the entire parcel for possible later expansion of its training facility but later determined such was not necessary. However, this difference is not material, as in both cases the property was deemed not necessary to the funds' operation and could be sold to raise money for the exempt purpose.

RIGHT TO COMMENT

As a person who may be affected by the Proposed Transaction, you have the right to comment on the Proposed Transaction during the twenty-five (25) day comment period.

Written comments should be sent to:

The Office of Exemption Determinations
Employee Benefits Security Administration
U.S. Department of Labor
122 C St. N.W.
Washington, DC 20001
ATTENTION: Application No. E-00773

Comments may also be submitted by facsimile to (202) 693-8474 or by e-mail to Hesse.Erin@dol.gov

Furthermore, please direct any questions regarding this Notice or the Proposed Transaction to Erin Hesse at 202-693-8546 (this is not a toll-free number). Questions regarding benefits under the Fund should be directed to the Fund Sponsor at 317.807.1112.

Warning: Do not include any personally-identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed.

Comments must be received by the Department no later than March 2, 2016. Final authorization of this transaction will occur five days after the expiration of the comment period, unless the Department notifies the applicant otherwise.