

**NOTICE TO INTERESTED PERSONS  
REGARDING PROPOSED TRANSACTION INVOLVING THE  
SEATTLE AREA PLUMBING & PIPEFITTING INDUSTRY JOURNEYMEN AND  
APPRENTICESHIP TRAINING TRUST AND THE UNITED ASSOCIATION LOCAL 32  
OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPEFITTING  
INDUSTRY OF THE UNITED STATES AND CANADA**

**Tentative Authorization**

1. You are hereby notified that a written submission, Application No. E-00785, has been filed on behalf of the Seattle Area Plumbing & Pipefitting Industry Journeymen and Apprenticeship Training Trust (the “Training Trust” or “Applicant”) with the United States Department of Labor (“DOL”) seeking authorization 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 the “Proposed Transaction” described below:
  - (a) The proposed sale (the “Sale”) of certain unimproved real property located in Renton, King County, Washington (the “Property”), described below, owned by the Training Trust to the United Association Local 32 of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada (“Local 32”).
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 DOL pursuant to 96-62, the restrictions of Section 406(a)(1)(A) and 406(a)(1)(D) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) shall not apply to the Proposed Transaction. The Proposed Transaction as herein described constitutes a prohibited transaction under Section 406(a)(1)(A) of ERISA, which prohibits the sale or exchange of any property between a plan and a party in interest and Section 406(a)(1)(D) of ERISA which prohibits the transfer to, or use by or for the benefit of a party in interest, of any assets of the plan.
4. Identifying Information:
  - (a) Name of Applicant: Seattle Area Plumbing & Pipefitting Industry Journeymen and Apprenticeship Training Trust
  - (b) Address of Applicant: 595 Monster Road SW, Suite 100, Renton, WA 98057
  - (c) Training Trust Employer Identification Number: 91-0840638

5. The Final Authorization, if granted, will be subject to the following conditions:
  - a.) the Sale will be a one-time transaction for cash;
  - b.) at the time of the Sale, the Training Trust will receive the greater of either: (1) the fair market value of the Property, as established by a qualified, independent appraiser (\$350,000); or (2) the updated appraised value of the Property as of the date of the Sale;
  - c.) the Training Trust will not pay any commissions, fees, or other expenses with respect to the Sale;
  - d.) the terms and conditions of the Sale are at least as favorable to the Training Trust as those which the Training Trust could have obtained in an arm's-length transaction with an unrelated party;
  - e.) Local 32 will reimburse the Training Trust for the cost of the Building Permit Application;
  - f.) Local 32 will reimburse the Training Trust for the cost of acquiring the land located adjacent to its property (the "K&M Land") from Ashton Capital Corporation (on behalf of K&M Holdings), including all associated fees and expenses;
  - g.) the Training Trust will retain a right of first refusal in the event Local 32 desires to sell the land and/or its building; and
  - h.) the Trustees of the Training Trust representing the participating employers (the "Employer Trustees") determine, among other things, (1) whether it is in the best interest of the Training Trust to proceed with the Sale; (2) review and approve the methodology used in the appraisal that is being relied upon; and (3) ensure that such methodology is applied by the qualified, independent appraiser in determining the fair market value of the Property on the date of the Sale. The trustees representing Local 32 (the "Union Trustees") will recuse themselves from all determinations in connection with the Sale.

## **Background**

6. The Training Trust provides training and continuing education to eligible participants and beneficiaries in northwest Washington State. Eligible participants and beneficiaries include apprentice and journeyman plumbers and pipefitters covered by the collective bargaining between Local 32 and the Mechanical Contractors Association - Western Washington ("MCA").

The Training Trust is governed by a joint board of Trustees consisting of three Union Trustees and three Employer Trustees.

Local 32 is a labor union located in Renton, Washington and it is a party in interest with respect to the Training Trust.

7. Local 32 wishes to buy a 35,000 square foot portion of Training Trust property located to the southwest of the Training Trust's Training Center at 595 Monster Road SW, Renton, WA 98057 (the "Training Center"). After acquiring the Property, Local 32 would then build its own office building adjacent to the Training Center. Access to the Training Center and the Local 32 offices would be shared.
8. Local 32 intends to purchase the Property within 90 days following receipt of Final Authorization from the DOL. The Trustees of the Training Trust have determined that is in the best interest of the Training Trust, and its participants and beneficiaries, to sell the property to Local 32. At the time of the sale, the Training Trust will receive the greater of either: (1) the fair market value of the Property, as established by a qualified, independent appraiser (\$350,000); or (2) the updated appraised value of the Property as of the date of the Sale.

### **Merits of the Transaction**

9. The Training Trust believes that the Sale is in the best interest of the Training Trust because it will be selling a portion of its real property that is otherwise illiquid. The Trustees intend to use the proceeds of the Sale to fund its renovation of the Training Center. The Sale will also maintain the convenience of having the Local 32 offices and the Training Center in close to proximity to one another. This is significant to Local 32 journeymen and apprentices.
10. Further, the Sale is a one-time sale of real property owned by the Training Trust for a fair market value established by a qualified independent appraiser which will not require the continuous or future monitoring by the DOL.

### **The Appraisal**

11. The Training Trust initially requested an appraisal of an 11,814 square foot portion of Training Trust property located to the southwest of the Training Trust's Training Center at 595 Monster Road SW, Renton, WA 98057.

The fair market value of the Property was determined to be \$120,000.00, pursuant to an appraisal dated December 7, 2015 by Brian O'Connor (the "Appraiser") who is certified by the State of Washington and is a member of the Appraisal Institute. O'Connor Consulting Group has derived 0% of its current revenue on a prior year's basis from all parties in interest in the Sale.

The Property was appraised on November 30, 2015 using the sales comparison approach analyzing highest and best use. The Appraiser surveyed the market for properties that were most applicable to the Property for price per square foot. These sales were analyzed and adjusted for time, location, size, and physical characteristics. Based on that analysis, the Appraiser identified a range of value from \$9.24 per square foot to \$13.36 per square foot with an average of \$10.54 per square foot, yielding a market value of \$10.00 per square foot.

After the completion of the appraisal, the Training Trust subsequently determined that it was required to convey a minimum of 35,000 square feet to Local 32 due to the application of Renton Municipal Code Section 4-2-130A. The ordinance provides that there is a 35,000 square foot minimum lot size for lots created after September 1, 1985 in an industrial zone.

The Appraiser confirmed on May 11, 2016 that his market value determination of \$10.00 per square foot did not change despite the increase in the amount of property to be conveyed to Local 32 from 11,814 square feet to 35,000 square feet. Accordingly, the revised fair market value was determined to be \$350,000.00.

### **Comparison of Substantially Similar Cases**

Authorization by the Department of Labor has been requested pursuant to PTE 96-62 which requires that the transaction be “substantially” similar to (1) two individual exemptions that were granted by the Department of Labor within the past 5 years (ending on the date of filing of the submission); or (2) one individual exemption granted within the past 10 years and a transaction authorized pursuant to PTE 96-62 within the past 5 years.

The Applicant has identified the following individual Prohibited Transaction Exemption granted by the Department of Labor within the past 10 years and two transactions granted by the Department of Labor pursuant to PTE 96-62 within the past 5 years as substantially similar to the Tentative Authorization:

A. **PTE 2011-24, Oregon-Washington Carpenters Employers Apprenticeship and Training Trust Fund, 76 Fed. Reg. 77266 (December 12, 2011)**

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

PTE 2011-24 was a one-time transaction for cash. The Sale is also a one-time transaction for cash.

PTE 2011-24 also required the plan to receive the greater of the proposed purchase price, or the fair market value of the property being sold at the time of the transaction as

established by a qualified, independent appraiser. The terms of the Sale require that the Training Trust receive the greater of either: (1) the fair market value of the Property, as established by a qualified, independent appraiser (\$350,000); or (2) the updated appraised value of the Property as of the date of the Sale.

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 Training Trust will also not pay any fees, commissions, or other expenses in connection with the Sale.

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 Training Trust than the terms it would have received under similar circumstances than arm's length negotiation with an unrelated party.

In PTE 2011-24, the objective of the union was to buy property from an apprenticeship plan to construct its headquarters building. The apprenticeship plan also mentioned in its application that the close proximity of the union headquarters would be convenient to the participants receiving training and education at the training center since they are represented by the union. In the proposed transaction, the objective of the union is to buy property from the Training Trust to construct its headquarters. In the proposed transaction, the Training Trust believes that the convenience of having the union headquarters close to the training center is desirable.

In PTE 2011-24, the plan trustees appointed by the union recused themselves from voting with respect to the decision of the plan to enter into the proposed sale. In the proposed transaction, the Union trustees will recuse themselves from all determinations in connection with the land sale transaction.

**B. FAN 2016-01E, Indiana/Kentucky/Ohio Regional Council of Carpenters Joint Apprenticeship and Training Fund (March 7, 2016)**

FAN 2016-01E, Indiana/Kentucky/Ohio Regional Council of Carpenters Joint Apprenticeship and Training Fund (March 7, 2016) was a transaction that involved the sale of real property by an apprenticeship training trust to a local union. The proposed transaction also involves the sale of real property by an apprenticeship training trust to a local union.

FAN 2016-01E was a one-time transaction for cash. The proposed transaction is also a one-time transaction for cash.

FAN 2016-01E also required the plan to receive the greater of the proposed purchase price, or the fair market value of the property being sold at the time of the transaction as established by a qualified, independent appraiser. The terms of the Sale require that the Training Trust receive the greater of either: (1) the fair market value of the Property, as

established by a qualified, independent appraiser (\$350,000); or (2) the updated appraised value of the Property as of the date of the Sale.

In FAN 2016-01E, the terms and conditions 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 and conditions of the Sale are 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 FAN 2016-01E, the plan did not pay any commissions, costs or other expenses in connection with the sale of the property. In the proposed transaction, the Training Trust will also not pay any commissions, costs or fees with respect to the Sale.

In FAN 2016-01E, the plan trustees who also served as union officials recused themselves from all determinations in connection with the land sale transaction. In the proposed transaction, the Union Trustees will recuse themselves from all determinations in connection with the Sale.

In FAN 2016-01E, land was bought by the apprenticeship training trust with the intention to retain the parcel of land for possible later expansion of its training facility. In the proposed transaction, the Training Trust bought land from a neighboring land owner as an investment and to potentially accommodate any future expansion of its training facility. Similar to FAN 2016-01E, the future expansion of the training facility no longer became necessary once Local 32 approached the Training Trust about buying the land since it would be able to use space currently occupied by Local 32 in its existing facility once Local 32 vacates the Training Center to move into its office building that is to be built on the Property.

In FAN 2016-01E, the apprenticeship training trust and the local union found that having the union hall and training facilities in close proximity created "certain synergies." In the proposed transaction, the Training Trust and Local 32 would like to create similar "synergies" by having the union hall and training facilities in close proximity.

In FAN 2016-01E, no other parties had approached the apprenticeship training trust about buying the land prior to its proposed transaction with the local union. In the proposed transaction, the Training Trust has not been approached by any other willing buyers about the acquisition of the subject land.

In FAN 2016-01E, the subject property was split into two lots in order to accommodate the sale from the apprenticeship training trust to the local union. In the proposed transaction, the Training Trust must similarly subdivide its property in order to accommodate a sale of a portion of its real property to Local 32.

**C. FAN 2014-06E, Pipefitters Local Union No. 533 Education Training Program (November 8, 2014)**

FAN 2014-06E, Pipefitters Local Union No. 533 Education Training Program (November 8, 2014) was a transaction that involved the sale of real property by an apprenticeship training trust to a local union. The proposed transaction also involves the sale of real property by an apprenticeship training trust to a local union.

FAN 2014-06E was a one-time transaction for cash. The proposed transaction is also a one-time transaction for cash.

FAN 2014-06E also required the plan to receive the greater of the proposed purchase price, or the fair market value of the property being sold at the time of the transaction as established by a qualified, independent appraiser. The terms of the proposed transaction require that the Training Trust receive the greater of either: (1) the fair market value of the Property, as established by a qualified, independent appraiser (\$350,000); or (2) the updated appraised value of the Property as of the date of the Sale.

In FAN 2014-06E, the terms and conditions 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 and conditions of the Sale are 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 FAN 2014-06E, the plan did not pay any commissions, costs or other expenses in connection with the sale of the property. In the proposed transaction, the Training Trust will also not pay any commissions, costs or fees with respect to the Sale.

In FAN 2014-06E, any trustee with a personal interest in the proposed transaction recused themselves from any vote concerning the sale. In the proposed transaction, the Union Trustees will recuse themselves from all determinations in connection with the Sale.

In FAN 2014-06E, the plan determined that the sale of the property would be in the best interest of participants and beneficiaries because the sale proceeds could be used to pay plan expenses. In the proposed transaction, the plan has determined that the Sale would be in the best interest of participants and beneficiaries because the Sale proceeds could be used to pay plan expenses, including the renovation of its Training Center.

**Right to Comment**

As an interested party, you have the right to submit comments to the Department of Labor on the Tentative Authorization. If you decide to do so, you should submit your comments to the following address:

By mail (USPS):

Employee Benefits Security Administration  
Office of Exemption Determinations  
U.S. Department of Labor  
200 Constitution Avenue, N.W., Suite 400  
Washington, DC 20210  
Attn: Scott Ness

By private carrier (Fedex, UPS, etc.)

Employee Benefits Security Administration  
Office of Exemption Determinations  
U.S. Department of Labor  
122 C Street, N.W., Suite 400  
Washington, DC 20001-2109  
Attn: Scott Ness

Comments may also be submitted by facsimile to (202) 219-0204 or by e-mail to Ness.Scott@dol.gov.

Please direct any questions regarding this notice or the proposed transaction to Scott Ness at 202-693-8561.

The comment period will close on April 25, 2017. Final Authorization will not occur until the Department reviews all comments received in response to this notice.

Be sure to refer to the submission number which is E-00785. Comments must be received by the Department of Labor no later than April 25, 2017. All comments will be made available to the public.

The transaction will only be consummated after the issuance of a Final Authorization. If the Department of Labor authorizes the transaction, the approximate date on which the transaction will occur is within 90 days after such Final Authorization.