

## **NOTICE TO INTERESTED PERSONS REGARDING A PROPOSED TRANSACTION INVOLVING THE ALASKAN COPPER PROFIT SHARING PLAN AND TRUST**

This Notice to Interested Persons (“Notice”) provides you with important information about a proposed transaction between the Alaskan Copper Profit Sharing Plan (the “Plan”) and Alco Investment Company (“Alco”) and your right as an interested person to provide comments to the United States Department of Labor (the “Department”) regarding the transaction.

**The Transaction.** The Plan’s assets include property located at 320 NW Hoyt St., Portland, Oregon 97209 (the “Property”). The Plan purchased the Property on December 17, 1987 for \$570,000, from Americold Corporation, which is unrelated to Alco or its affiliates. As of September 30, 2010 the value of the Property as reflected on the Plan’s audited financial statements was approximately \$2,266,470; this value for the property was based on the Multnomah County, Oregon determination of Real Market Value as of June 30, 2010, which was included on the assessment for property taxes for July 1, 2010 through June 30, 2011. The \$2,266,470 represents 7.5% of the Plan’s assets. A new tax assessment statement is expected to be received in late October 2011. The Plan has been advised that this statement will provide the same Real Market Value of \$2,266,470. The value of the Property as of September 30, 2011 for purposes of the Plan’s audited financial statements is being determined as of the date of this Notice and is expected to reflect the Real Market Value on this new tax assessment statement. The Property was leased to the United States Postal Service from December 17, 1987 to July 31, 2009 when the lease expired. The Property is currently vacant. During the 2009 Plan year, the Plan received \$83,334 in rental income for the Property, but received no rental income during the 2010 Plan year. The Property’s expenses increased from \$11,276 during the 2009 Plan year to \$36,265 during the 2010 Plan year. From purchase through 9/30/11 the Plan has made an operating gain of \$1,522,455 on rental operations and received an additional gain of \$259,280 from the local transit authority taking a corner of the property by eminent domain. The Property has been listed for lease or for sale since March 18, 2008 but no prospective tenant or buyer has made an offer.

Alco desires to appoint a corporate entity to serve as the Plan trustee and have the Plan assets managed by a third party asset management firm because the individuals currently serving as Trustees are all at or beyond retirement age. However, the Plan must sell the Property before a commercial trustee or third party asset management company will accept such appointments. The Trustees also want to diversify the Plan’s assets and divest the Plan of an asset that is not generating current income for the benefit of Plan participants and beneficiaries.

Alco proposes to purchase the Property from the Plan. The Property was appraised by a qualified independent appraiser Rebecca Horvat, MAI, on August 4, 2011. Ms. Horvat is a certified appraiser with Kidder Matthews & Segner, Inc. dba Kidder Matthews. Ms. Horvat determined the fair market value by comparing sales of comparable properties taking into account her opinion regarding the highest and best use of the Property. Ms. Horvat concluded that the Property’s fair market value is \$2,040,000, considering the Property’s redevelopment potential, and concluded that once market conditions improve the highest and best use of the Property is high-density residential development. Alco intends to hold the Property and redevelop it as market conditions improve.

**Terms of the Sale.** The material terms and conditions of the sale are:

1. The sale will be a one-time cash transaction.

2. Alco will pay the Plan, as consideration for the property, the greater of (i) the fair market value as of the date of the sale as determined by a qualified independent appraiser, or (ii) the Real Market Value as determined by the Multnomah County assessor (\$2,266,470).

3. The Plan will not pay any costs, including brokerage commissions, appraisal costs, or any other expenses associated with the sale.

4. Brian M. Lucarelli, a Plan Trustee, will (i) review and, if warranted, approve the methodology used by the qualified independent appraiser, (ii) ensure that such methodology is properly applied, and (iii) determine whether it is still prudent to proceed with the Transaction.

5. The terms and conditions of the Transaction are at least as favorable to the Plan as those obtainable in an arm's length transaction with an unrelated party.

**Tentative Authorization.** Section 406(a)(1)(A) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code"), ordinarily prohibit the sale or exchange of property between the Plan and a party in interest or disqualified person, unless such sale is subject to an exemption and approved by the Department. Alco is a party in interest within the meaning of ERISA Section 3(14)(C) and a disqualified person within the meaning of Code Section 4975(e)(2) because its employees participate in the Plan. The Department may provide exemptive relief pursuant to Prohibited Transaction Exemption 96-62, 67 Fed. Reg. 44622 (July 3, 2002) ("PTE 96-62") if the transaction is substantially similar to at least two individual exemptions granted by the Department within the last 60 months, or the granting of one substantially similar individual exemption within the last 120 months and the issuance of one substantially similar final authorization within the last 60 months.

Alco filed a request for an exemption with the Department requesting relief from the restrictions of ERISA Sections 406(a)(1)(A) & (D) and 406(b)(1) and (b)(2) and Code Sections 4975(c)(1)(A), (D) & (E) on August 18, 2011 in accordance with PTE 96-62. The proposed sale has met the requirements for tentative authorization under PTE 96-62. The Plan and Alco expect to complete the sale in December 2011 if final authorization is provided by the Department.

**Substantially Similar Transactions.** The Department has previously approved substantially similar transactions permitting profit sharing retirement plans to sell real estate to a party in interest or disqualified person. The Federal Register citations for those prior exemptions are:

- Pileco, Inc. Employees Profit Sharing Plan (PTE 2008-11), 73 Fed. Reg. 55540 (September 25, 2008)
- Hawaii Emergency Physicians Associated, Inc. Profit Sharing Plan (PTE 2007-15), 72 Fed. Reg. 51472 (September 7, 2007)

**Pileco, Inc. Employees Profit Sharing Plan (PTE 2008-11)**

Pileco, Inc. ("Pileco") sponsors a defined contribution profit sharing plan (the "Pileco Plan"). The Pileco Plan purchased real estate as an investment. The real estate represented approximately 9% of the Pileco Plan's assets. However, the plan assets needed to be liquidated in order to terminate the plan as part of a corporate transaction.

The property was purchased for \$77,912.15, but remained vacant and was not an income-producing asset. A qualified independent appraiser determined that the property's fair market value was \$270,000. The property

was listed for sale to unrelated parties at a listing price of \$278,680, but the plan did not receive any offers from third-party purchasers to purchase the property. Pileco agreed to pay the greater of (i) \$280,000, or (ii) the fair market value of the property, as established by a qualified, independent appraiser on the date of the transaction, as reflected in an updated appraisal. The Plan's Trustee, who was also a corporate officer and plan participant, would review and approve the methodology used by the appraiser and make the final determination as to whether it was prudent for the plan to proceed with the transaction.

The proposed Transaction has the following similarities to PTE 2008-11: (i) the Property is less than 10% of the Plan's total assets, (ii) there is an independent need to liquidate the Plan assets, in that case, a plan termination, and, in this case, the prudent decision to transition to a commercial trustee and independent management firm, (iii) the Property is vacant and not producing income, and (iv) the Property is listed for sale but has not received offers from independent third parties.

**Hawaii Emergency Physicians Associated, Inc. Profit Sharing Plan (PTE 2007-15)**

Hawaii Emergency Physicians Associated, Inc. (HEPA) sponsors a defined contribution profit sharing plan (the "HEPA Plan"). The HEPA Plan purchased real estate as an investment for \$1,500,000. A qualified independent appraiser determined that the fair market value of the property was \$3,250,000. The property was approximately 15% of the total value of the HEPA Plan's assets. The HEPA Plan administrator, a retirement plan committee composed of HEPA employees, determined that it was in the best interests of the HEPA Plan participants and beneficiaries to sell the property to 407 Partners LLC, a limited liability corporation, the members of which include shareholders of HEPA and participants in the HEPA Plan.

The proposed Transaction has the following similarities to PTE 2007-15: (i) the Property is not subject to debt, (ii) the Property's value has increased since the original purchase, (iii) the Transaction would increase diversification and liquidity, and (iv) the Transaction would provide the maximum possible investment return for the Plan.

**Your Right to Comment.** You have the right to submit written comments to the Department regarding the proposed sale. The comment period will expire on Monday November 14th. Comments should be sent to:

Employee Benefits Security Administration  
Office of Exemption Determinations  
Division of Individual Exemptions  
200 Constitution Ave., N.W.  
Washington, D.C. 20210  
ATTN: Karin Weng; Room N 5700

Comments may be sent via fax to (202) 219-0204 to the attention of Karin Weng or via email to [Weng.Karin@dol.gov](mailto:Weng.Karin@dol.gov).