

## NOTICE TO INTERESTED PERSONS

Little Rock Diagnostic Clinic, P.A. (“LRDC”) hereby notifies you that a written submission has been filed with the United States Department of Labor (the “Department”) seeking authorization, pursuant to class exemption 96-62 (“PTCE 96-62”), 61 FR 39988, July 31, 1996, as amended by 67 FR 44622, July 3, 2002, from the application of the prohibited transaction restrictions under section 406 of the Employee Retirement Security Act of 1974 (“ERISA”) and from the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986 (the “Code”), as amended, to the proposed transaction (the “Proposed Transaction”) described below.

The submission has met the requirements for tentative authorization under PTCE 96-62.

If the Proposed Transaction is authorized by the Department, pursuant to PTCE 96-62, the restrictions of sections 406(a)(1)(A), (b)(1) and (b)(2) of ERISA and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (E) of the Code, shall not apply to the sale by the Little Rock Diagnostic Clinic, P.A. Profit Sharing Plan (the “Plan”) of a 2.2 acre real estate tract (the “2.2 Acre Tract”) which is owned by the Plan and is adjacent to the LRDC building, to LRDC Real Estate, LLC (the “LLC”), a limited liability company composed of shareholders of LRDC, the Plan sponsor.

The authorization is subject to the following conditions:

- The terms and conditions of the Proposed Transaction are at least as favorable to the Profit Sharing Plan as those obtainable in an arm’s length transaction with an unrelated party.
- The Proposed Transaction is a one-time transaction for cash.
- **The Plan pays no real estate fees or commissions in connection with the Proposed Transaction.**
- **The fair market value of the 2.2 Acre Tract has been determined by a qualified, independent appraiser, who updates the independent appraisal on the date the Proposed Transaction is consummated.**

### GENERAL BACKGROUND

The Proposed Transaction will (1) allow the Plan to dispose of illiquid investments; (2) allow participants in the Plan to direct the investment of the proceeds in other investments with better opportunity for growth; and (3) accommodate daily valuations and transfers via a 24-hour telephone service and web-based system of all accounts of a participant in the Plan.

LRDC, which is located in Little Rock, Arkansas, is a professional corporation. LRDC is also the sponsor of the Plan. On December 31, 2004, the Plan had 161 participants and assets of \$24,844,263.

### **DESCRIPTION OF THE INTEREST BEING SOLD BY THE PLAN**

On June 20, 1982, the Department granted Prohibited Transaction Exemption (PTE) 82-126 at 47 FR 31357. This exemption permitted the Plan to lease a parcel of land consisting of 4.368 acres to the LRDC Land Company (the Land Company), a partnership composed of parties in interest with respect to the Plan. The partnership constructed a building and leased the building to the LRDC. Such lease provided for a term of 18 years with two extensions of five years each. At the end of the lease plus extensions, the building and land will be owned by the Plan.

The subject 2.2 Acre Tract is adjacent to the building occupied by the LRDC. The 2.2 Acre Tract was acquired by the Plan from unrelated parties in 1976 for a cash purchase price of \$56,500. Since that time, the Plan has held the 2.2 Acre Tract as unimproved real estate. Such property has never been used by, or leased to, anyone, including parties in interest. Also since the time it has owned the 2.2 Acre Tract, the Plan has received no income and it has paid no real estate taxes or maintenance costs. These expenses have been borne exclusively by the LRDC.

The appraised value of the 2.2 Acre Tract has been as follows: December 31, 2000--\$225,000; December 31, 2001--\$225,000; December 31, 2002--\$225,000; December 31, 2003--\$290,000; and December 31, 2004--\$290,000. In this regard, in an appraisal report dated February 17, 2004, Ronald E. Bragg, MAI, a qualified independent appraiser from Little Rock, Arkansas, placed the fair market value of the 2.2 Acre Tract at \$290,000 as of December 31, 2003. Mr. Bragg also updated his 2004 appraisal report on February 10, 2005. He concluded that as of December 31, 2004, the fair market value of the 2.2 Acre Tract would remain at \$290,000 due to "limited demand and the availability of alternate sites in the immediate area." Further, in an addendum to his 2005 appraisal report, Mr. Bragg stated that he did not believe a premium for the 2.2 Acre Tract would be appropriate due to the proximity of such property to the other property occupied by the LRDC.

The 2.2 Acre Tract is also situated near the campus of Baptist Medical Center. As indicated in Mr. Bragg's appraisal, although there has been development around the Baptist Medical Center campus, there is significant other undeveloped real estate remaining around the campus. Though the 2.2 Acre Tract has appreciated in recent years, this is due to rising real estate prices as a whole.

The LRDC is in need of additional parking. Although a fair amount of the 2.2 Acre Tract is not suitable for parking, there is approximately one acre which is suitable. Therefore, the LLC proposes to purchase the property from the Plan in order to construct a parking lot. Accordingly, authorization is requested from the Department so that the parties may engage in the Proposed Transaction.

**The Proposed Transaction will be a one-time transaction for cash. In addition, the Plan will pay no real estate fees or commissions in connection with the Proposed Transaction. Moreover, the independent appraisal will be updated on the date the Proposed Transaction is consummated.**

### **PTCE 96-62 SUBMISSION REQUIREMENTS**

Because the Plan will incur no fees, commissions or other costs in connection with the sale, the Proposed Transaction will pose little, if any, risk of abuse or loss to the participants and beneficiaries of the Profit Sharing Plan.

The Applicants have identified as substantially similar to the Proposed Transaction, the following individual **exemption** granted by the Department within the past 120 months and the following **transaction**, which received final authorization from the Department under PTCE 96-62 within the past 60 months:

#### **Individual PTEs --**

IPTE 2000-23, 63 Fed. Reg. 33377, May 23, 2000. A prohibited transaction exemption was granted to Bay Internists, Inc. Profit Sharing Plan for the sale of unimproved real estate to a general partnership which was a party in interest with respect to the plan. The property was adjacent to the corporate offices of the employer. The appraisal considered the adjacency of the land and concluded there was no premium. The sale was a one time cash transaction. The purchase price was the current fair market value of the property, as established at the time of the sale by an independent qualified appraiser. The plan paid no commissions or other expenses associated with the proposed sale.

#### **Authorization pursuant to PTCE 96-62 --**

01-03E, E00207, March 3, 2001. A prohibited transaction exemption was granted to Little Rock Diagnostic Clinic, PA Profit Sharing Plan for the sale of the same tract. This transaction is for the same tract as the previous transaction; the previously approved transaction was never consummated. In the prior exemption, the appraisal considered the adjacency of the land and concluded there was no premium. The sale was a one-time cash transaction. The proposed purchase price was the current fair market value of the property, as established at the time of the sale by an independent qualified appraiser. The plan was to pay no commissions or other expenses associated with the proposed sale.

As a person who may be affected by the Proposed Transaction, you have the right to comment. Written comments should be addressed to:

Office of Exemption Determinations  
Employee Benefits Security Administration  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Room N-5649

Washington, D.C. 20210  
Attention: Submission No. **E-00439**

Comments may also be submitted by facsimile to 202/219-0204 or by E-mail to Ms. Anna Mpras, [Mpras.Anna@dol.gov](mailto:Mpras.Anna@dol.gov).

The comment period will close on **July 6, 2005**. Final authorization of the Proposed Transaction will not occur until the Department reviews all comments received in response to this Notice.