
5 developers tried to buy Seattle Fed bank building

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The Federal Reserve Bank last month dropped its appeal of a judge's ruling that set aside the planned sale of a prime, half-block property in downtown Seattle that, according to new information, five developers tried to buy.

What's next in the disposition of the property is unclear. Bank officials declined to comment.

Sabey Corp. entered into a deal in 2008 to buy the bank's former branch at 1015 Second Ave., for \$19.75 million. Bank officials agreed to sell the property to Sabey even though the Tukwila-based development company didn't submit the highest offer.

Information obtained through a Freedom of Information Act request shows that another Seattle-area company, Ariel Development, offered \$20.5 million for the high-rise development site.

Bank records also show that three other offers were received. Martin Selig Real Estate offered \$15 million. Hines offered \$17.25 million. And Touchstone Corp. offered \$19.5 million.

Federal Reserve Bank of San Francisco spokeswoman Lily Ruiz declined to say why the bank on Dec. 21 dismissed its appeal of a March 2010 ruling by a U.S. District Court Judge Robert S. Lasnik, who set aside the sale of the property to Sabey. A group of preservationists sued to stop the sale, arguing that bank officials did not follow the National Environmental Policy and Historic Preservation acts in selling the mid-20th century building.

The bank will not comment with respect to litigation matters, Ruiz wrote in an e-mail.

She did, however, say that in assessing different developers' bids, bank officials considered several criteria besides price. These included whether financing was secured, the length of time requested for due diligence and closing.

Records released by the bank show that Sabey initially offered \$18.5 million. A month later, Sabey offered \$1.25 million more.

Sabey was not the only bidder to submit a best and final offer, Ruiz wrote. Records released by the bank, however, show only one offer each from the other four developers. When asked for more information, Ruiz would not comment.

The bank moved the Seattle branch to Renton in 2008, and six months later agreed to sell the Seattle property where, under current zoning, the owner could build a commercial tower of unlimited height. Other standards, such as floor area ratio, would limit the size, however. Another possibility is a residential tower of 450 feet. A multi-family developer could get a height bonus and build taller by providing low-and moderate-income housing.

As the sale process was occurring, Art Skolnik, Washington state's former historic preservation officer, contacted bank officials to find out what they planned to do with the Seattle property. When he felt he did not receive adequate information, Skolnik and others, including architect Jim Daly and developer/philanthropist Ken Alhadeff, sued. They think the building is eligible for designation as a historic site due to its architectural character and history.

After the purchase-and-sale agreement was signed, the bank and Sabey amended the deal to allow the bank to impose a historic preservation covenant on the property, if required. In addition, the bank subsequently issued the final environmental impact statement on potential redevelopment of the site. The preservationists dismissed this as too little, too late.

While Lasnik did set aside the sale of the old branch building to Sabey, he did not rule whether the process

the bank started after entering into the sales agreement is sufficient. Based on the record in the case, Lasnik said he could not determine what's next.

The preservationists have filed a cross appeal related to this issue. The bank had nominated the building for consideration by the Seattle Landmarks Preservation Board to determine whether it is a landmark, and the board rejected the nomination. According to the court record, a bank official wrote a note of congratulations to the bank's historic preservation consultant, Susan Boyle of BOLA Architecture + Planning in Seattle, on her "success at the City's Landmark Board."

In arguments to the court, the preservationists' attorney, Peter Eglick, called this the bank's "high-five memo" and said it showed bank officials were not serious about preserving the building. Eglick and his clients think the bank improperly submitted the nomination to the city, and want the bank to allow new nominations to the city board.

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