

Seattle Steam Directors Play Dual Role In Stock-Buying Bid

BY FERGUS HOFFMAN

Stockholders of thriving Seattle Steam Corp., which heats most of downtown Seattle, are pondering a purchase offer which leaves many of them cold, it was disclosed Saturday.

The board of directors has advised the stockholders not to sell.

On the other hand, the would-be purchasers are the same directors and officers.

The corporation, formed in 1951 to take over the old coal-burning steam power operation of Puget Sound Power and Light Co., raised its funds by selling 5,238 shares of \$100 stock to its users, owners and tenants of downtown buildings.

Stockholders first heard of the purchase offer when they received a letter signed by Andrew Steers, Seattle Steam president. Steers wrote:

"The corporation has been advised that a syndicate will shortly send you an offer to purchase stock of Seattle Steam Corp. at \$110 per share."

He pointed out that "many stockholders" were persuaded to purchase stock originally to protect their steam supply. These stockholders, he said, may now wish to get out with a "nominal gain." However, he said, the board of directors felt that stockholders should give "serious consideration" to retaining their stock.

\$130 A SHARE

On the face of the company's latest report, the stock ought to bring about \$130 a share if the organization were to be liquidated now.

When the syndicate offer was mailed to stockholders a few days later, it turned out that the top name on the list of potential purchasers was that of Charles F. Clise, vice president of Seattle Steam. The next name was that of Andrew Steers.

The syndicate said it stands ready to purchase up to about \$200,000 worth of stock at the \$110 figure. The offer is good until January 31.

Other members of the syndicate are Walter L. Wyckoff, secretary; Charles H. Gordon, treasurer; F. A. Dupar, assistant secretary; C. Roy Johnson and Myron C. Law, directors, and Richard McKay, general manager. McKay holds an option to purchase 1,200 shares of Class A stock at par at any time up to November 30, 1966.

LITTLE ENTHUSIASM

A survey of some of Seattle Steam's stockholder-customers showed little enthusiasm for the offer. Although many admitted they purchased stock originally only because they didn't want to be frozen out of their buildings or forced to operate their own heating plants, they pointed out that the company is operating in the black now and future prospects are good.

Further, there are prospects of dividends. So far there has been no return from the investment, directly, but the board has promised "consideration" of a dividend at the end of the firm's fiscal year next September.

Steers said the purchase offer does not represent a move by the syndicate to gain stock control of Seattle Steam; Steers is the former president of Metropolitan Bldg. Co., a substantial stockholder in Seattle Steam.

"We want this stock strictly for its value as an investment," he said. "That's all there is to it."

"Our main thought is that perhaps some stock purchasers — people who reluctantly purchased stock originally — would like to sell. As directors of the company, we felt obliged to advise stockholders to keep their stock, but as individuals we told them we are ready to buy if they would like to sell."

He said the offer was aimed principally at companies which do business in Seattle, using Seattle buildings, but are not incorporated in this state. At the time of the original stock offer, 1,212 shares of Class B stock were sold, chiefly to these out-of-state companies.