

6/28

CONFIDENTIAL

To: Governor

From: Gerry

Governor, on June 24, 1982, Norma Paulus called me to her office. It was my understanding this was to be a briefing by Norma and Stan Long regarding the timber rollback issues. When I arrived I was surprised to find Norma, Marla Rae, Stan Long, Greg McMurdo and Ed Zajonc in attendance.

Norma began in a very angry mood, starting the conversation off with "Stub Stewart blames Norma Paulus and Dave Frohnmayer for all of his problems." Norma wanted me to know that she is sick and tired of being painted the black hat by Pat Amedeo in this issue and that now Pat is apparently trying to paint Dave Frohn-mayer as a black hat. I made no response, refused to respond to that allegation, and I feel it is a highly unfair allegation.

Apparently Stub Stewart called Dave Frohnmayer last Wednesday and recounted to him most of the information in a confidential report being prepared by Dave and his staff. This leaves Dave and Norma to believe that someone has leaked the information to Stub and the industry. The purpose of the meeting was to badger me as to how Stub Stewart got the information and just how many more within the industry had the information.

Norma took me way back in history during the January 1982 special session. At the time Pat had the bill introduced for rollbacks and extension, Pat indicated to Norma that she was asking her to refrain from testifying at your request. She was told there would be no testimony from Norma as long as the actions did not effect the common school funds.

Norma and Stan Long have problems with the two hats that Pat must wear when representing the Board of Forestry and/or the Land Board. They feel that you are not being advised properly when you must take a position regarding the common school funds because in many instances your position must be different than in dealing with the Department of Forestry.

This does raise an interesting question, and it is one that you and I may want to discuss further. I have mentioned it to Pat. She and I have discussed it and she indicates it is difficult to represent the Board of Forestry and then switch hats when dealing with the Land Board.

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It probably is the first time that this inherent conflict of interest has arisen in years, and because the timber issue is such an emotional issue, it brings it to a very heightened forefront.

Anyway, to make a longer story shorter, the whole purpose of the meeting was to indicate to me that the source to Stub could only have been from the Governor's office. In fact, they indicate to me that their source indicates they received their information from "the Governor's office."

Stan tells me that the drafted report was handed out at a meeting where land board assistants were briefed. Stan asked that the report be returned, but Pat specifically asked that the report be retained for further study. It should be noted here that all land board assistants were allowed to retain the report.

There is no question that the industry is suing and that the factors being quoted by Stub puts the land board in a bad position. Any litigation will make the land board resolution extremely difficult. Because Stub Stewart is quoting the precise litigation factors, it is Stan Long's opinion that 14.65 million dollars versus 21 million dollars is at stake. In other words, the common school fund will lose the difference. This further frightens them that OEA will become aware and there will be litigation from OEA as it relates to the common school fund.

You should also note that at this meeting neither Fred Hansen nor Pat Amedeo were invited to participate. I made little or no comment and only indicated that I would have to give the issue some thought.

Norma and Stan wanted me to be assured of their extreme unhappiness, that the apparent leak from the Governor's office is causing them undue problems, and they question that you are being advised properly on the issues.

Well, I slept on the issue all night long and you and I had a brief conversation the following morning. Later Friday morning I discussed the issue and the allegations with Pat Amedeo. It need not be said that Pat was extremely distressed. Pat agreed with me that it was time to lay everything on the table and have an open discussion with the other land board assistants.

Friday afternoon I called all land board assistants into my office, including Ed Zajonc. I indicated I was very distressed by the serious allegations made and even more so was distressed about the new problems that would be encountered as a result by the Land Board.

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I asked that all Land Board assistants openly discuss the issues in the presence of Pat. I must tell you that Pat conducted herself in a very professional manner during a very stressful almost disgusting meeting. It became apparent that there are considerable problems in the dealing with Mike Miller. All of the Land Board assistants agreed that Pat is too defensive of the Board of Forestry when dealing with them and it makes it difficult for them to discuss issues openly with Pat. The surprising thing is that this issue was resolved in our meeting. I instructed Pat that she must instruct Mike Miller that he is to deal openly and fairly with Ed Zajonc. Pat agrees that that should be the case and she will carry out that instruction. No longer should there be paranoia with the land board assistants and Ed Zajonc as to any matters dealing with the Board of Forestry contracts with the land board.

We discussed the serious allegations and I finally let them know I was very concerned that they had been made and I was very unhappy about having been ganged up on in Norma Paulus' office, that no longer would I tolerate being ganged up on whatever the issue is that Norma wants to discuss. After considerable conversation I was adamant when I said to all land board assistants that they must deal with one another in full trust and they cannot, now was the time to say so. No one indicated they could not deal without trust.

I further indicated to them that regardless how the leak occurred, or even if a leak did occur, they now have a new problem before them. It was time to put the concerns of leaks aside and quickly come to some kinds of recommendations for the land board to deal with the litigation pending. Ed Zajonc committed hard work on this effort and I do believe it will move forward.

Ed stayed after the meeting to encourage her and let her know that he felt the meeting was good, much had been laid on the table and he agreed that we should go forward and let bygones be bygones.

The last remaining concern is calming Dave Frohnmayer down. I will call Dave from Lake Tahoe, have an in-depth conversation with him much the same as I did the land board assistants. It is possible that Pat had some conversation with Stub Stewart, that led him to developing the factors for himself. Pat knows the seriousness of the consequences should the allegations be true. I think no further action need be taken in this respect. But it would be unfair of me not to tell you in the most confidential manner that this isn't the first time that similar allegations have been made. It is a known fact that Pat does do too much talking, not only to the media, but to other uninvolved players. It is of concern and I have discussed this with Pat.

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It is perhaps only immaturity on Pat's part, but it is a serious problem. It has further come to light that in not all instances is Pat perceived as a good representative of you, not because she fails to represent the issue correctly, but because she becomes too emotionally involved in the issues and then becomes highly excitable and fails to listen to reason. Norma Paulus has of course been the first to express this, but continually we hear more and more of it. As you know, she has caused some problems with our own internal office staff. Those I can deal with and you need not be concerned. I only share this information with you so that you are alerted to a large bubbling pot that I will keep from boiling over.

Thank you for bearing with me through this lengthy memo, and be on guard when you meet with Norma Paulus Wednesday morning. Please do not be defensive. I am not being defensive with Norma and I am sure she heard my message loud and clear: I am tired of being ganged up on every time Pat Amedeo is involved.

Pat has my assurance of support and she knows you will support her also. This may be the crowning blow that calls to Pat's attention how important that matters dealt with in this office must not be discussed with anyone. I have called her attention the reported closeness she has with certain media and your concerns for her open conversations in public places that are often repeated where they should not be.

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Now, I am going to leave the office, I am going to accompany my husband on the trip, and I am going to be the dutiful wife I should be. Thank you for allowing me to go. All things should be under control. I will return Thursday evening, but will not be in the office until late Friday morning because I have a campaign executive committee meeting at 7 a.m. Friday.