



STATE OF OREGON

INTEROFFICE MEMO

Governor

DATE: July 20, 1983

FROM: Gerry Thompson

SUBJECT: Conference call with Senator Hatfield

Participating in the conference call were Senator Mike Thorne, Senator Hatfield, Pat Amedeo, Gerry Frank and Gerry Thompson.

I began the conference call by apologizing for you not being available, explained that in the interest of time and in the interest of Senator Hatfield's tight schedule, we made the decision that as soon as Senator Thorne could be available, we would proceed with the call. It was obvious that Hatfield was miffed because you were not participating and perhaps even insulted. There was obviously some confusion as to whose time schedule we were trying to accommodate.

Following the conference call I called Gerry Frank personally and explained to him that the priority of timing was Senator Hatfield's schedule because it was our understangingd he would be tied up all day in the appropriations committee, Senator Thorne was practically unreachable because he was in the fields harvesting and Governor Atiyeh whose schedule appeared to be the most flexible. I explained you were called to a live broadcast, that it was unavoidable and done in the best interest of the project.

Senator Hatfield carefully explained his involvement with the Port of Morrow. -- basically the same story he had given you. Senator Thorne explained his concerns and his lack of involvement. We all agreed that all parties had the same objective: diversification for the Port of Morrow.

Pat carefully explained both our lack of involvement and our involvement to date.

Senator Hatfield thought there were two alternatives: either Boeing drop the idea of going ahead with their arrangement and the port start over again without any help from the state or the state give assurances they would enter into good faith negotiations.

It was at this point that I took exception. I indicated that the second alternative had been our objective from the beginning, but

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tried to indicate strongly that our opportunity to be involved up until May 11 had been very limited by some of the players. Because it was difficult to express all the happenings, I terminated the call with the agreement that Pat, Ed Zajonc and I would immediately involve all the players including representation from the Senator's office and begin to move forward with good faith negotiations.

In my call to Gerry Frank I carefully illustrated the state's involvement and its timetable. I indicated that the Land Board made a decision late last year to introduce legislation to transfer the Boardman property to the land board in order to develop good management as well as plan future long-range arrangements for the development of the property, either while Boeing held the lease or after termination of the lease. I told him that Ed Zajonc and others visited with the Port of Morrow on February 10, 1983 to review with them the proposed legislation and why we were proceeding with it. On May 11 Ed Zajonc was visited by representatives of the Port of Morrow as well as Ann Warner from Senator Hatfield's office with brought to us the first knowledge that there were any plans underway from the Senator's office. It was at this point that Ed Zajonc brought the same people to my office and at that meeting I indicated we were going down two separate tracks and we needed to bring all players to the table to make certain that all interests were involved and any actions taken by the legislature would be in the best interests of everyone. There was a distinct feeling from that meeting (and I relayed this to Gerry Frank) that none of the parties involved could understand why the state of Oregon had to be involved, much less the Governor. They received a quick education on the Land Board, legislative action, etc.

I strongly suggested that we all get to the table and a meeting was scheduled for May 17. Port of Morrow individuals, as well as Ann Warner, Ed Zajonc, Pat unable to attend. That meeting was less than satisfactory in that the Port of Morrow people basically expected the property to be handed to them, did not want to deal through the state of Oregon, refused to accept the fact there was legislation to transfer the property and refused to release details of their project. It was at this meeting that we finally drummed out of them that they wanted the air strip as well as the property abutting the air strip, some 2,500 acres.

I closed that meeting by asking them to meet or to give Ed a proposal to at least begin discussions.

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Some time following that a letter in very general vague terms was sent to Ed Z. Following this meeting we also became aware of efforts on Wayne Schwandt's part to scuttle our legislation. We informed them that Mike Thorne would be an important player in this project.

Then on July 12 you met with representatives from the Port of Morrow, Pat and Ed Zajonc. I was not at that meeting.

The whole gist of my conversation was to point out to Gerry there had been a lack of communications, although the Senator's office still maintains there has been communications with Pat as well as Wayne Schwandt who indicates he has talked to several "high state officials." The fact remains the only contact was somewhere prior to the May 17 meeting. Tom Imeson indicated to Pat there was some work being done on the Port of Morrow and would not cause us any problems. This was dropped in the timber conversations and nothing more was said.

Hatfield and Gerry Frank are offended that Mike Thorne has not involved himself, yet I tried to make it clear that the Port of Morrow are the ones who refused to communicate with Mike. Nevertheless, after a very unsettling morning of discussions, the following plan has been devised.

I have talked with Ann Warner from Senator Hatfield's office, told her we would be calling everyone together again. We need a discussion regarding the Port of Morrow's proposal as well as additional needs created through the recent legislation.

Ed Zajonc is arranging a meeting at Boardman with all the players to once again sit down at the table and see if we can begin to bring closure to at least a proposal to put before the Land Board and the Emergency Board. Ed, Pat and myself and maybe Greg McMurdo will be going to Boardman if it can be arranged the end of the first week in August. We will include Senator Thorne in our meeting and keep Hatfield's office apprised.

This is a strange situation in that I believe Senator Hatfield has put himself too far out front on this issue prior to involving the state and is now in a box he cannot get out of.

Our objective will be to find a comfortable middle of the road position for the Senator as well as accomplish the port's objectives.