

JIM VENTERS - PLANT MGR.  
AIRPORT - HAYS, KS. (1)

TO: SENATOR DOLE  
FROM: JOHN PETERSEN  
RE: BAXTER-TRAVENOL PLANT CLOSING -- TALKING POINTS  
DATE: DECEMBER 3, 1984

\* I was notified of Travenol's decision to close their plant here in Hays on November 19, 1984 at approximately the same time the employees were being told. Mr. Marshall Abbey, V.P. of Travenol, called that day and advised one of my staff that the decision had already been made and that his call was merely a courtesy. I am shocked and surprised that I was not made aware of the potential that this might happen prior to 45 days before the first lay-offs are scheduled to begin. I have had an ongoing working relationship with Travenol regarding matters before the Finance Committee that affect the company and I'm disappointed they did not choose to respect that relationship prior to making this decision.

\* I immediately contacted Vernon Loucks, President of Travenol, expressing my extreme disappointment over their decision and offering to meet with him and/or Bill Graham, Travenol's Chairman, if there was an opportunity to discuss modifying their decision. In response, the company provided us with some detailed information regarding their decision which my staff and I are currently reviewing. Although Travenol has not indicated as of yet any willingness to reconsider, the material they provided along with other information we have obtained raises interesting issues regarding why they decided to move the Hays operation to Arkansas -- at least for the time being. It appears that such a move and other subsequent realignments of their manufacturing operation might result in positive tax implications for the company. If this is true I want to be sure that the Federal Tax Code is not being used to unduly damage local economies in Kansas and other states.

CEO

TAXES

\* I am also working with Mayor Melly Schmidt and City Manager Ken Carter to put together a package that might persuade Travenol to reconsider. I understand that the Mayor and other city representatives may travel to Travenol's corporate offices to make the case for Hays and we plan to have a representative from my office be attendance.

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700  
JOBS

\* I'm glad to hear the Travenol is providing its workers a severance benefit package that will take care of your needs for at least the short term. But obviously, two months pay does not take the place of permanent jobs needed to support you and your families. Whatever the results of our negotiations with Travenol, you can be assured that I will do whatever possible to lessen the negative impact on Hays and its residents.

2

TO: SENATOR 12/3/84  
FR: JOHN PETERSEN  
RE: PRESS RELEASE GIVEN BY WALT TO HAYS MEDIA OVER THE  
PHONE ON FRIDAY

Senator Dole's efforts regarding Baxter Travenol's decision to close its Hays, Kansas, manufacturing facility continue on several fronts. It is important to note that Senator Dole is not operating from the assumption that nothing can be done to reverse or at least significantly modify the company's decision. Senator Dole and his staff are currently studying information supplied by Travenol regarding why the decision was made to close the Hays facilities as opposed to other plants and where the manufacturing process will be moved both for the short and long term.

"I am very interested in having a complete and accurate understanding of why Travenol decided to close the Hays plant as opposed to other locations the company has. I have heard that there could have been some positive tax implications involved for the company. If this is true, either immediately or over the long term, I want to be sure the tax code is not in some way being used to damage local economies either in Kansas or other states."

Senator Dole is continuing to work with Mayor Schmidt, City Manager Ken Carter and other city officials in an effort to evaluate the situation and develop alternatives to lessen the negative impact on Hays. This includes looking for ways to encourage Baxter Travenol to change its decision and if necessary, to find a new business to operate the facility.

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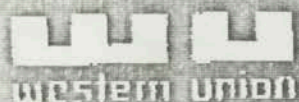
TO: SENATOR DOLE  
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RE HAYS-TRAVENOL

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Carter, the Mayor and two other Hays Commissioners are in Indiana this week at the League of Municipalities meeting. They want to go to Illinois next week to meet with Travenol and see if there is any room for negotiation. They requested that if possible someone from our office attend, preferably you. I suggested that we did not want you meeting with anybody until we had some indication Travenol would come off their position. They agreed with that general tactic. They do not seem to understand that your displeasure with Travenol is our leverage. I also suggested that the city explore some ways they could sweeten the pot if the company would stay, such as tax abatement etc.

I am reviewing the material provided to us by the company to see if there is a handle for us to provide some leverage.



# Telegram

NO. WDS. - CL. OF SVC.	FD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF <b>CWA 088305</b>	THIS MESSAGE WILL BE SENT AS A TELEGRAM UNLESS IT IS OTHERWISE INDICATED.	PRESS		OVERNIGHT TELEGRAM
					DPR	NPA	

Send the following message, subject to the Telegraph Company's conditions, rates and regulations, which are on file with regulatory authorities.

**RUSH**

**PLEASE DELIVER**

**NOVEMBER 21, 1984**

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MR. VERNON R. LOUCKS, JR.  
 PRESIDENT AND CEO  
 BAXTER-TRAVENOL LABORATORIES, INC.  
 1 BAXTER PARKWAY  
 DEERFIELD, ILLINOIS 60015

SHOCKED AND DISAPPOINTED REGARDING BAXTER-TRAVENOL'S SURPRISE  
 DECISION TO CLOSE HAYS, KANSAS, PLANT. THOUGHT WE HAD A  
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 UNITED STATES SENATE

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REPLY TELEGRAM TO SENATOR DOLE

I have your TLX and I share your disappointment concerning the closing of our Hays, Kansas plant. It was a very painful decision but one clearly required in the present industry context. The community's understanding and supportive response has been most gratifying.

Your assumption concerning our relationship was, indeed, correct. The fact that we did not discuss this decision with you significantly in advance of the announcement should not reflect on that relationship. Mr. Abbey called your office on Monday before the decision was announced in Hays and reviewed the decision with your aides. Earlier discussions would not have been useful because of the market conditions which inexorably led to the decision and, also, counsel advised against advance discussion of aspects of the \$116 million charge to earnings, for securities law reasons.

I expect to personally go to Hays in the near future and I want to confirm Mr. Abbey's previous offer to meet with you or your staff to review details of the plant closing including the benefit package for affected employees. An information package will be delivered to your office by Monday..

I think we can both best serve the people of Hays by actively searching for a new operator for the facility. We will be aggressively working to that end.

TO: SENATOR DOLF  
FROM: JOHN PETERSEN  
RE: HAYS-TRAVENOL  
DATE: DECEMBER 3, 1984

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The talking points prepared earlier were premised on the misunderstanding that you were going to visit the Travenol plant and talk to the employees. For a meeting with city officials and others, following information may prove helpful;

1. According to Travenol the declining medical products market dictated that the Hays plant be closed with that operation being consolidated with their facility in Mountain Home, Arkansas. The Ark. plant was chosen to stay open over Hays because more modern equipment is in place there and this equipment would be very expensive to move.

2. The move will take approximately 12 months beginning in January with very few of the Hays employees being transferred. A severance package is being provided including pay, temporary insurance and job counseling.

3. The plant is owned by the city being financed with IDBs. There is approximately \$400,000 left on the bonds which Travenol says they will still pay. Needless to say this will have a big negative impact on Hays. The plant represents over 10 million dollars in yearly payroll and 300 hundred thousand in local taxes.

4. I have not been able to confirm information provided by the employee who wrote you that eventually the entire operation will be moved to Puerto Rico. However, a few of the products now produced at Hays will immediately be manufactured in Puerto Rico.

5. The Hays plant has always been one of the company's best operations throughout it's 17 year history. In fact, it won an award for efficiency last year.

6. We have had no contact with upper management since your telegram exchange.

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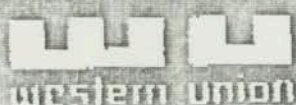
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