At the May 2017 Board meeting, Regent Martha Sheehy (Sheehy) asked two questions of Bell. The first question was: "Some of us are serving on the committee [committee supporting passage of the 6 Mill Levy], some of us more actively than others. I've been unable to come to most of your meetings so far, but is there anything else that we can do as Regents to support this effort?" After Bell responded, Sheehy asked the following question: "As you start the effort, do you have any impressions as to how informed the electorate is, how much work we have left to do?" Public comment was sought during the meeting. No complaints were received during the 30-day period after the meeting pursuant to § 2-3-213. (Emphasis supplied).

On March 5, 2018, Timothy Adams (Adams) filed a complaint with the

Commissioner of Political Practices (COPP). Adams complained that several actions or
comments of Regents, including the above two questions from Sheehy, amounted to
the selected solicitation of support for a ballot issue, the 6 Mill Levy, and that the Code
of Ethics precluded Regents from using public resources to support the 6 Mill Levy. The
COPP issued its Summary Decision of Complaint Without Informal Contested Case
Hearing on April 25, 2018. All of the complaints from Adams regarding alleged
impropriety of Regent activity were dismissed with the exception of the questioning by
Sheehy regarding the 6 Mill Levy. Even though Bell's presentation was deemed to be
incidental to Regent duties, the COPP found that Sheehy had violated the Code of
Ethics by using the public conference room, recording devices and time on the agenda
to ask the above two questions.

Sheehy now seeks declaratory relief pursuant to Count 1 of the Amended Petition. Sheehy seeks a declaration that she is not a "public employee" or a state employee. If she is not a "public employee" or a state employee then the COPP may not exercise jurisdiction over the complaint of Adams. Count V further seeks a

declaration that the COPP committed an error in determining that Sheehy committed an ethical violation.

Pursuant to § 27-8-201, this Court has the power to render declaratory judgments and establish the rights, status, and other legal relations whether or not further relief could be claimed. Sheehy has standing to seek the determination of any question concerning § 2-2-136. By its Summary Decision, COPP determined that Sheehy was a "public employee" and was subject to the jurisdiction of the COPP. That finding and the conclusion and order of the COPP of an ethical violation has prejudiced Sheehy's substantial rights. It also continues to prejudice the rights of Sheehy as a Regent. It further prejudices her rights in her professional endeavors.

Before discussing the Summary Decision, the constitutional framework regarding the Board of Regents must first be analyzed. Such an analysis is alone dispositive of this case. No further analysis is necessary to reverse the COPP and declare that Martha Sheehy and the Board of Regents are not subject to the jurisdiction of the COPP.

In 1972 the framers of the Montana State Constitution put the "government and control of the Montana University System" in the hands of the Board. The Board was vested with the "full power, responsibility, and authority to supervise, coordinate, manage and control the Montana University System" Art. X. §9(2). By explicit constitutional design, the Board was given a unique level of independence and authority not accorded to any other state board, commission, or agency.

The framers also instructed the legislature to "provide a code of ethics prohibiting conflict between public duty and private interest for members of the legislature and all state and local officers and employees." Art. XIII, § 4. Conspicuously absent from said constitutional list of people who should be covered by the legislatively enacted code of

ethics are members of the Board of Regents. The Code of Ethics was codified in § 2-2-101 et. Seq. The code of ethics is specifically and narrowly limited in application to state officers, legislators and public employees. § 2-2-101. Since the COPP concedes in this case that the Board and members of the Board are not officers, legislators, or state employees, the COPP has no power or jurisdiction over the Board or Sheehy as an individual Regent.

By the above constitutional and statutory authority and analysis alone, all prayers for relief by Sheehy are granted. If the above discussion is not deemed dispositive, the court will discuss the remaining arguments. The rationales of the COPP are rejected and the rationales of Sheehy are persuasive.

The Summary Decision is reviewable as a final agency order. This Court may reverse the determination that the COPP had jurisdiction over Adam's complaint and over Regent Sheehy. The parties have a fundamental dispute regarding standing and jurisdiction. The COPP agrees and stated in its Summary Decision that a Regent is not a "public officer" as defined in Code of Ethics at § 2-2-103(8). But it did find that a Regent is a "public employee" as defined in the Code of Ethics at § 2-2-103(7). Specifically, the Summary Decision held that a Regent is excluded from three of the four subsections of the definition of a "public employee," but a Regent is a "member of a quasi-judicial board or commission or of a board, commission, or committee with rulemaking authority." § 2-2-102(7)(c).

The Summary Decision held that the Regents do have rulemaking authority under § 20-2-114(1), which provides for adoption of rules by the Board of Regents "consistent with the Constitution or the laws of the State of Montana necessary for its own government or the proper extension of powers and duties conferred upon it by law." (emphasis supplied). Similar language is also found in § 20-25-301(2): "...adopt rules

for its own government..." and (3): "provide, subject to the laws of the state, <u>rules for the government of the system</u>." (emphasis supplied). The Summary Decision then acknowledges that the Board is exempt from the rulemaking procedures of the Montana Administrative Procedures Act (MAPA) § 2-4-102(2)(a)(i). Yet the Summary Decision immediately thereafter states that "being exempt from a specific rulemaking process, however, is not the same as being deprived of rulemaking authority."

But the Summary Decision at Page 4 acknowledged that "the Board of Regents is not expressly designated as a 'quasi-judicial board' under Montana law." Such omission by the legislature is not accidental. Executive branch officers and agencies are delineated in Title 2 Chapter 15. "Quasi-judicial function" is defined and eleven functions of determining controversies are set out in § 2-15-102(10). Section 2-15-124 sets out the requirements for a quasi-judicial board. The Regents do not fit within said requirements. The Regents are not designated as a "quasi-judicial board" in § 2-15-1505. Such an omission is significant in light of designating the following executive branch boards as "quasi-judicial": Milk Control (§ 2-5-3105(4)); Environmental Review (§ 2-15-3502(4)); Personnel Appeals (§ 2-15-1705(5)); Investments (§ 2-15-1808(4)).

Adopting rules for its own government or government of the system is qualitatively different from adopting rules by a quasi-judicial board or boards that have rulemaking authority. Given the exclusion of the Regents from MAPA, the ability to adopt internal operating rules does not include the regents within the definition of a board with rulemaking authority in § 2-2-102(c).

The Summary Decision holds that the COPP has both personal jurisdiction and subject matter jurisdiction over not only the Regents but also Sheehy individually.

Sheehy argues, and this Court agrees, that the COPP, as an administrative agency created by the legislature, "is a creature of, owes its being to, and is clothed with such

powers as are clearly conferred by the statute." *Montana Power Company v. Public Service Commission*, 206 Mont 359, 369, 671 P.2d 604, 615 (1983). Jurisdiction of the COPP is specifically limited by § 2-2-136(2) to complaints against state officers, legislators, and state employees. The COPP determined that Sheehy does not fit in any of those categories. The jurisdiction of the COPP in this case is erroneously based on a conclusion that Sheehy is a "public employee," and that the COPP has subject matter jurisdiction over "public employees."

Jurisdiction is conferred only by the Constitution or by statutes adopted pursuant to the Constitution. *Stanley v. Lemire*, 2006 MT 304, ¶ 30, 334 Mont. 489, 148 P.3d 643. Jurisdiction has been granted to the COPP to enforce the Code of Ethics by the legislature in two statutes. The first is § 2-2-103(4)(a)(i), which reads that "the enforcement of this part [Code of Ethics] for: state officers, legislators, and state employees is provided for in § 2-2-136." Section 2-2-103(4)(a) does not grant the COPP authority to enforce complaints against "public employees." (Emphasis supplied). The terms "state employee" and "public employee" are not interchangeable. Omission of "public employee" from the list of persons who come under the enforcement power of the Code of Ethics (§ 2-2-103(4)(a)) can only be interpreted as purposeful and fatal to COPP jurisdiction.

The COPP argues that it has jurisdiction over Sheehy pursuant to § 2-2-136(1) (a) which reads "a person alleging a violation of this part [Code of Ethics] by a state officer, legislator, or state employee may file a complaint with Commissioner of Political Practices...." State employee is not defined in the definition section of the Code of Ethics § 2-2-102. Neither Sheehy nor any member of the Board of Regents is paid for their work as a Regent so common-sense and the absence of any authority to the

contrary dictates that a Regent is not a state employee. Therefore, the COPP is without jurisdiction to proceed against Sheehy.

The COPP does not adequately refute Sheehy's argument that equating "public employees" with state employees is a fatal error on the part of the COPP. Implying jurisdiction by equating "public employees" with state employees is a fundamentally false parallel by the COPP. Clear statutory language distinguishes the two. Section 2-2-136 cannot be interpreted to make a round peg fit a square hole. The goal of statutory interpretation is to give effect to the legislature's intent, beginning with the text of the statute. *Giacomelli v Scottsdale Ins. Co.*, 2009 MT 418, ¶ 18, 354 Mont. 15, 221 P.3d 666. It is crystal clear from the first sentence of § 2-2-136(1)(a) that the legislature did not intend to grant the COPP jurisdiction over "public employees." That jurisdiction is limited only to a state officer, legislator, or state employee who allegedly violated the Code of Ethics. Since Sheehy is not a state officer, legislator, or state employee and since the term "public employee" is not included in any enforcement grant to the COPP, the COPP does not have jurisdiction to proceed against Sheehy in this matter.

The first section in the Code of Ethics is entitled Statement of Purpose, and it provides important overview and clarity to this dispute. Section 2-2-101 reads:

The purpose of this part is to set forth a Code of Ethics prohibiting conflict between public duty and private interest as required by the Constitution of Montana. This code recognizes distinctions between legislators, other officers and employees of state government, and officers and employees of local government and prescribes some standards of conduct common to all categories and some standards of conduct adapted to each category. The provisions of this part recognize that some actions are conflicts per se between public duty and private interest while other actions may or may not pose such conflicts depending upon the surrounding circumstances." (Emphasis supplied).

This section specifically does not mention "public employees," but only refers to legislators, officers and employees of state government, and officers and employees of local government. A Regent does not fit in any of those categories specified in the Statement of Purpose.

In attempting to counter the above argument of Sheehy, the COPP argues that a mechanism was created in the Code of Ethics regarding enforcement for complaints against Regents. Therefore, according to COPP, the legislature would not pass useless or meaningless legislation and the void must be filled by allowing the COPP to exercise jurisdiction over Sheehy. This argument was recently refuted in *Montana Fish Wildlife and Parks v. Trap Free Montana Public Lands*, 2018 MT 120, ¶ 17, 391 Mont. 328, 417 P.3d 1100. Even assuming that an interpretation of the Code of Ethics were to leave a "gaping loophole in the state ethics law... It is not the Court's – or the Commissioner of Political Practices – prerogative to rewrite a statute." *Id.* at ¶ 18. The court's role is "simply to ascertain and declare what is in terms or in substance contained within the statute," but "not to insert what has been omitted or to omit what has been inserted." *Id.* § 1-2-101. The COPP does acknowledge that the Regents have adopted a Code of Expectations for Regents and other rules and statutes enforceable by the judiciary. Subject matter jurisdiction in this case is limited by the legislative and constitutional outlines of Montana law.

Sheehy argues, and this Court agrees, that Sheehy is not exempt from oversight by the people of Montana. Any Regent must conduct his or her duties as a Regent in public except where the right of individual privacy clearly exceeds the public's right to know. Any citizen of Montana can exercise his or her constitutional rights to observe and participate in the deliberations of the Regents. The rules and remedies of the Open Meeting Law apply for a significant portion of any activities of a Regent.

The COPP argues that the specific statutory exclusion of the Regents from MAPA does not prohibit the Regents from its constitutional rulemaking authority. Sheehy distinguishes the case relied upon by the COPP, which was attached as Exhibit 2 to the Response Brief of COPP. It is a March 1992 case by the Hon. Jeffrey Sherlock, *Montana Board of Public Education v. Montana Administrative Code Committee*, Cause No. BDV-91-1072, First Judicial District Court of Montana, Lewis and Clark County. In that case, Judge Sherlock determined that the Board of Education and not the Board of Regents was vested with constitutional rulemaking authority pursuant to Article X, § 9(3) of the Montana Constitution. (Page 8).

The Board of Regents is independent by design and, unlike the Board of Public Education, not subject to political control of other entities and state government. *Board of Regents v. Judge*, 168 Mont 433, 449, 543 P.2d 1323, 1332 (Mont. 1975). Because of the constitutionally created independence of the Board of Regents, it is impossible to ignore the exclusion of the Board of Regents from MAPA.

Sheehy disagrees with the argument of the COPP that attributes rulemaking authority from "public employees" to "state employees." All state employees are public employees pursuant to § 2-2-102(7), but the reverse is not true. A state employee is just one of four types of "public employees" defined by said statute. Since the State does not either control or compensate Sheehy, she is not a State employee.

Sheehy takes issue with, and this Court agrees with Sheehy, on several more arguments of the COPP. The definition of "public employee" does not include all individuals who exercise the power of the people on a state or local level. The definition of "public employee" only applies to the four categories found in § 2-2-107(7). Nowhere does the Code of Ethics define "public employee" to include all individuals who exercise power. Likewise, the COPP also claims that the Montana Constitution mandated the

creation of a Code of Ethics to apply to all individuals who perform the work of the people. But Article XIII, § 4 states "the legislature shall provide a Code of Ethics prohibiting conflict between public duty and the private interest for members of the legislature and all state and local officers and employees." Since a Regent is not a member of the legislature or a state or local officer or employee, said Code of Ethics does not apply to a Regent (emphasis supplied). Additionally, COPP has never pointed out how the asking of the two specific questions by Sheehy at a properly noticed Regent meeting establishes a conflict between Sheehy's public duty and her private interest.

The other constitutional provision specifically mentioning the Board of Regents is Article X, Section 9 (2)(a) which states: "the government and control of the Montana University System is vested in a Board of Regents of higher education which shall have full power, responsibility, and authority to supervise, coordinate, manage and control the Montana University System and shall supervise and coordinate other public educational institutions assigned by law." The asking of the two questions by Sheehy not only failed to reveal a conflict between her public duty and private interest, but it also falls fully within the authority of any Regent to supervise, coordinate, manage and control the Montana University System.

The COPP referred to statutory duties of the Regents to support their rulemaking argument. That statute provides significant authority for Sheehy's argument. Section 20-25-301 sets forth 16 different powers and duties of Regents. Especially taken in the context of the 6 Mill Levy that occurs every 10 years and that provides approximately 10% of the budget of the Montana University System, the following powers and duties from said statute confirm Sheehy's ability and even mandate her duty to ask her disputed questions.

The Regents "must have general control and supervision of the units of the

Montana university system, which is considered for all purposes one University." § 20-25-301(1) (Emphasis supplied). The Regents "must have, when not otherwise provided by law, control of all books, records, buildings, grounds, and other property of the system." § 20-25-301(6). The next subsection provides that the Regents "must receive from the board of land commissioners, from other boards or persons, or from the government of the United States all funds, income, and other property that the system may be entitled to and use and appropriate the property for the specific purpose of the grant or donation;" § 20-25-301(7). Next the Regents "must have general control of all receipts and disbursements of the system." § 20-25-301(8). (Emphasis supplied).

Asking a question to the presenter of the committee to pass the 6 Mill Levy if there is anything more that the Regents can do to support that effort and a question about how much work is left to do in such effort falls clearly within the purview of the Regents powers and duties found in § 20-25-301 and clearly does not show a conflict between Sheehy's public duty and her private interest. There is not one iota of evidence or any hint that Sheehy had some private financial interest or other inappropriate private interest in the passage of the 6 Mill Levy. She was appropriately doing her duty as a Regent pursuant to the Constitution and statutes.

COPP found that Sheehy improperly used public resources by attending a public meeting at which her presence was required. Additionally, the COPP argues that Sheehy inappropriately used public resources and public time during the meetings in 2017. According to the Attorney General opinion found at Exhibit 4 of the COPP brief, 2005 AG LEXIS 1, public time has been interpreted as "those hours for which an employee receives payment from a public employer." Since Sheehy is not a "public employee" and receives no compensation for her time on the Board, her time is not public time. Even though Sheehy did not direct the use of time or attendance by the

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Board of Regents staff at said meetings in 2017, the COPP finds misuse of public time and resources because the meeting was staffed by public personnel. Even assuming Sheehy's time at the 2017 meeting was public time, it was not misused and was fully within her duties as a regent.

The COPP did not find any of the other complaints by Adams to be valid. The violations against Sheehy did not involve directly her speech or her opinions, but purely the improper use of state facilities and state equipment to solicit support for a ballot issue in alleged violation of § 2-2-121(3)(a). Sheehy's questions concerned a properly noticed agenda item regarding the maintenance of the existent University system which is governed by the Board of Regents. Even assuming that Sheehy was a "public employee", and that she solicited support for a ballot issue, said actions were authorized by law (§ 2-2-121(3)(a)(i)) and "properly incidental to another activity required or authorized by law, such as the function of elected public officer, the officer's staff, or the legislative staff in the normal course of duties." § 2-2-121(3)(a)(ii). The libel and slander part of the remedies chapter says that a publication is privileged "in any legislative or judicial proceeding or in any other proceeding authorized by law." § 27-1-804(2) (Emphasis supplied). The Code of Ethics also expressly recognized that when school boards meet in compliance with the open meeting law that school board members can consider and disseminate information about levies or bond issues. § 2-2-221(3)(b)(ii). If the legislature had intended the Code of Ethics to apply to the Board of Regents, the legislature would have exempted statements by Regents at public meetings about the 6 Mill Levy. Instead, by specific constitutional authority, the Regents are vested with authority to control their meetings. Art. X § 9(2). One additional subsection provides additional support for Sheehy's position. "This subsection (3) is not intended to restrict the right of a public officer or public employee to express personal

views." § 2-2-121(3)(c). Even assuming Sheehy's two questions were soliciting support for the 6 Mill Levy ballot issue the questioning by Sheehy was a proper expression of her personal political views.

Even assuming the Code of Ethics applied to Sheehy in this situation, she did not violate the Code of Ethics. The finding of an ethical violation personally and professionally adversely affects Sheehy. She practices law in Montana and Idaho and must reveal any ethical violation to insurers, courts when seeking admission and to reviewing bodies. Additionally, she has had her substantial rights prejudiced by the exercise of jurisdiction of the COPP over her. This has happened by being judged a "public employee" which, if allowed to stand, creates conflicts of interest in her professional life, by interfering with her fiduciary obligations as a Regent and by impermissibly interfering with her free speech rights.

The Board of Regents conducted an open meeting on a public campus in May 2017 and in November 2017. By law, Regents are required to meet regularly and in an accessible and public location. The Regents are also required by law to record their meetings. Time spent on Regent activities is volunteer time of unpaid Regents and therefore not a public resource. To find that meeting in public in accordance with the open meeting law constitutes an inappropriate use of public resources strains the credulity of this Court.

Therefore, this Court finds, orders, and declares that Petitioner Martha Sheehy is not a "public employee" and is not subject to the jurisdiction of the Commissioner of Political Practices.

It is further found, ordered, and declared that the subject matter jurisdiction of the Commissioner of Political Practices over Petitioner Martha Sheehy as an individual and

over the Board of Regents as an entity is an incorrect determination of the law and is reversed.

It is further found, ordered, and declared that the substantial rights of Petitioner Martha Sheehy have been prejudiced by the assertion of jurisdiction of the Commissioner of Political Practices over Petitioner Martha Sheehy, and Martha Sheehy has been adjudged by the Commissioner of Political Practices to be a "public employee" which creates conflicts of interest for Petitioner Martha Sheehy and her private employment.

It is further found, ordered, and declared that the Commissioner of Political Practices has imposed upon Petitioner Martha Sheehy requirements and constraints which directly conflict with Sheehy's fiduciary obligations to enforce the constitutional guarantees of the public's right to know and to participate in the statutory guarantees of open meetings.

Therefore, this Court reverses the Summary Decision of the Commissioner of Political Practices because said decisions are in violation of the constitutional and statutory provisions relating to the Board of Regents, are in excess of the statutory authority of the Commissioner of Political Practices, are procedurally unlawful, are clearly erroneous in view of the record, and are arbitrary, capricious or characterized by abuse of discretion.

Regarding the declaratory judgment, this Court finds that the Commissioner of Political Practices does not have jurisdiction over Petitioner Martha Sheehy as a Regent or the Board of Regents as an entity in this case, that Petitioner Martha Sheehy is not a "public employee", that Petitioner Martha Sheehy was deprived of due process and that the Commissioner of Political Practices acted arbitrarily and capriciously in determining that Petitioner Martha Sheehy violated the Code of Ethics found in § 2-2-136.

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2	DATED thisday of February, 2019.
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4	HON. GREGORY R. TODD, Dis
5	DV 18-0844
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7	Cc: Kyle Anne Gray / Brianne C. McClafferty Jaime MacNaughton
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10	CERTIFICATE OF SERVICE
11	This is to certify that the foregoing was duly served
12	by U.S. mail or by hand the parties or their attorneys of record at their last known address this <u>last</u> day
13	of February, 2019. By
14	Judicial Assistant to Hon. Gregory R. Todd
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