

**ENNIS PUBLIC SCHOOLS**  
**\*\*\*\*\*WEDNESDAY, AUGUST 8, 2012\*\*\*\*\***

**SPECIAL BOARD MEETING**  
**FINAL AGENDA**  
**6:00 P.M. - Room #3**

**PLEDGE**

- I. VISITORS AND PATRONS**
- II. PUBLIC COMMENT**
- III. NEW BUSINESS**
  - A. Update on TRS Litigation
  - B. Reimbursement for Deduction of Medicare Coverage to Doug Walsh

**SCHOOL DISTRICT 52  
ENNIS, MADISON COUNTY, MONTANA  
Monday, AUGUST 8, 2012**

***SPECIAL BOARD MEETING - 5:00 P.M.***

Lisa Frye	Chairperson
Craig George	Vice-Chair
Jim McNally	Trustee
Mike McKittrick	Trustee - absent
Bill Clark	Trustee
John Overstreet	Superintendent
Ginger Martello	District Clerk

Chairperson Frye called the meeting to order. The pledge to the flag was recited.

**VISITORS**

(Per Attached)

**Public Comment**

None

***NEW BUSINESS***

**Update on TRS Litigation**

Chairperson Frye asked Ms. Kaleva to explain the time line for TRS litigation.

Ms. Kaleva explained she would not be able to answer much. The prior board rehired Mr. Walsh as a part-time superintendent in 2001. Around 2007-2008 this changed to a part-time superintendent and bus supervisor position. She explained TRS was working with Ms. Martello regarding the contracts in 2008 and then challenged them in 2011. Ms. Kaleva said the district is arguing a two-year statute of limitations. TRS was aware of the contracts in 2008 and was guiding Ms. Martello and is now looking at going back to 2001. She told the board Mr. Walsh has his own counsel.

Chairperson Frye asked who makes the ruling on the statute of limitations? She asked if the guidance from TRS to Ms. Martello was in writing?

Ennis School District 52  
August 8, 2012 Meeting

Ms. Martello explained her contact with TRS at that time was verbal.

Trustee George asked Ms. Kaleva when she worked for MTSBA has she saw anything like this or has a full board for TRS overturned a preliminary finding before? Could this go to district court?

Ms. Kaleva said they are trying to determine if the prior contracts were sent by the former clerk. She explained TRS retained a hearing officer and they will determine the limitations. The last time a hearing officer ruled against TRS they chose to disregard the hearing officer's advise. The district can appeal and go to court or they can settle the case. It is hard to determine where to proceed until the district knows the scope of limitations. It could be anywhere from two to twelve years.

Trustee George asked what the cost would be to go to court or would this be covered by insurance? He asked if Ms. Kaleva was employed by the board of trustees? He understands the superintendent or clerk may have to talk to her regarding day to day operations. He asked if the board has been briefed on those conversations? He also questioned if there were conversations with the board about her costs? Trustee George asked if Ms. Kaleva advised on the re-employment contracts? He asked if Ms. Kaleva advised Mr. Walsh on his contracts? He asked how many contracts she wrote and did she write the advertisement for the position?

Chairperson Frye asked if Ms. Kaleva knew Mr. Walsh was going to get the bus supervisor position? Was she involved in writing the contracts? She felt TRS was treating Ms. Kaleva as a witness.

Ms. Kaleva explained she was hired by the board of trustees and she received an hourly wage. She said that the board has never asked to be briefed on conversations or discussed her cost. She also explained this case was not covered by insurance, so it was at the district's expense. Ms. Kaleva said she did not advise putting the contracts in place. She represents the district and these false allegations from TRS were addressed under the limited waiver of privilege when she answered the interrogatories. She felt these questions were just to take a shot at her and she told the board they needed to stop these questions because they were damaging the district's case.

Chairperson Frye stated she contacted Dennis Parman, OPI, about one trustee signing an affidavit on behalf of the board. He said OPI could not form a legal opinion, but it did not seem proper and the district may want to engage another opinion.

Ms. Kaleva explained Chairperson Frye misrepresented the question. The trustee was not signing an affidavit. It was an individual signing off on individual knowledge.

Trustee McNally said this was outside the scope and not the nature or purpose of this meeting. This was an update on TRS litigation.

Trustee George said he wanted an update on where and how we got here. What was the recommendation on how to proceed? Is it best to settle?

Ms. Kaleva said until they know the scope of the case, she won't know the best way to proceed. She said the debate has to stop they are sabotaging their case.

Chairperson Frye said Ms. Kaleva is hostile when she contacts her. Ms. Kaleva has personal knowledge and advised Mr. Walsh. She felt the district should seek another opinion?

Trustee George asked who Megan was and why she wrote the interrogatories.

Ms. Kaleva said Megan works with her. She said these comments damage the case and she is not going to argue. Ms. Kaleva offered to voluntarily leave. She said if the district is not happy with her they should seek other counsel.

Trustee Clark said they should stick to the updates. He asked if the district would benefit from paying TRS and being done with the suit? What does she recommend?

Ms. Kaleva explained she feels a statute of limitations applies so it was best to wait for the scope. She explained TRS failed to respond to discovery requests which meant several items were now deemed admitted. There is one individual that was questioned by TRS without Mr. Walsh's attorney or the district's attorney present. They were trying to schedule a deposition with that individual and everything else would be put on hold until the scope was determined. This will help eliminate expenses. Once the scope is decided, the district can decide if they want to settle or go forward.

T.R. Lane said they were just notified by their former attorney that they wanted to schedule a deposition. He said they would be happy to respond and get it done.

Fred Donich asked if she could estimate the scope issue and when a hearing would be scheduled.

Ms. Kaleva explained the scope can be anywhere from two to twelve years. A hearing could take place late January or early February. She said anyone can appeal TRS's ruling.

Stephanie Kruer, attorney from Sheridan, asked why TRS would contact Ms. Martello for contracts? She asked if all contracts were sent?

Ms. Kaleva explained it is standard procedure to contact the clerk of a district. She said they did not know if all the contracts were sent because a request was sent to the previous clerk and we did not know what she sent to TRS. Ms. Martello sent the contracts from

2008 forward.

Trustee George asked about a scope of employment?

Chairperson Frye said the board should have known about TRS's requests for contracts.

Ms. Kaleva said she was not opposed to daily updates to the board or daily emails, whatever the board is comfortable with. She can include who is talked to and what is talked about? She explained every board is different. She also said if anything inappropriate came up, Ms. Martello or she would bring it to the board's attention, assuming it was true?

Ms. Kruer asked if TRS was addressing the statute of limitations? Were they claiming fraud?

Ms. Kaleva explained they don't have fraud. They are not accusing individual board members of intentionally knowing. The board acted in the course and scope of their duties. There is a lot of discovery yet to be done.

Ms. Kruer said to establish fraud the act would have to be found intentional.

Trustee George asked if Mr. Glines, Mr. Walsh and Ms. Martello were deposed.

Ms. Kaleva said yes. She said Mr. Walsh's deposition was sealed from the Kelley lawsuit.

Eileen White questioned attorney client privilege. She said this was two public agencies and the client was the taxpayers. Facts are public and some questions asked are facts.

Ms. Kaleva said this does involve two public entities, therefore, the meetings are not closed. Previous litigation and letters are private.

Dave Kelley said the public is being given misinformation. He said all post retirement contracts were not disclosed and Ms. Kaleva was contacted by Mr. Walsh in 2008 for advice.

Ms. Kaleva said he was off course and she was not going to debate the merits of the case, this was not on the agenda.

Chairperson Frye said she believed in being totally transparent.

Mr. Kelley said you should never be afraid of the truth.

**Reimbursement for Deduction of Medicare Coverage to Doug Walsh**

Superintendent Overstreet explained to the board part of Mr. Walsh's medicare health coverage is deducted from his social security check in the amount of \$99.90 per month. He asked board permission to reimburse this monthly expense to Mr. Walsh as part of the district paid health coverage.

Chairperson Frye asked if the district had documentation showing the deduction.

Ms. Martello said she was given a copy of the deduction.

Trustee McNally explained this is part of the insurance coverage agreed upon in Mr. Walsh's contracts. Trustee McNally made a motion to reimburse Mr. Walsh monthly for the deduction of medicare coverage from his social security check. Trustee Clark seconded the motion. All members present were in approval.

As there was no other business for the attention of the board, the meeting was adjourned at 7:00 p.m.

Attest

  
Ginger R. Martello, District Clerk

  
Lisa Frye, Chairperson

9-12-12  
Date Approved

# Ennis School Board Meeting

## Visitor Sign In

Date: Aug 8, 2012

1. Joe Daems
2. Graham
3. Melissa Newman
4. J.R. Lamb
5. Cindy McKittrick
6. Brenda Clark
7. Jan Small
8. Buty Apple
9. Joshua Muscarello
10. Louis Walsh
11. Eileen White
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