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SUPREME COURT OF TEXAS UPDATE

Phil Johnson
Justice
Supreme Court of Texas

I. SCOPE OF THIS ARTICLE

This article surveys cases that were decided by the Supreme Court of Texas from May 1, 2015 through April 30, 2016. Petitions granted during that time but not yet decided are also included.

II. ADMINISTRATIVE LAW

A. Exhaustion of Administrative Remedies

1. Clint Indep. Sch. Dist. v. Marquez, S.W.3d , 59 Tex. Sup. Ct. J. 546 (Tex. Apr. 1, 2016) [14-0903].

At issue in this case was whether a group of parents was required to exhaust administrative remedies under the Texas Education Code before filing suit in a trial court seeking declaratory and injunctive relief to cure alleged inequalities in funding among individual schools in the Clint Independent School District.

Parents of students attending schools in Clint ISD filed suit against the school district, claiming it violated the Texas Education Code because it was inequitably funding the schools within the district. They also raised claims of a violation of the equal rights and education provisions of the Texas Constitution. Clint ISD responded by filing a motion to dismiss and a plea to the jurisdiction. The trial court granted Clint ISD's motions, explaining that the Parents failed to exhaust all administrative remedies prior to filing suit. The case was appealed to the court of appeals, which reversed the trial court's ruling. The court of appeals held that the Parents validly raised constitutional claims, which are exempt from the requirement that a party exhaust all administrative remedies prior to filing suit. Clint ISD appealed, arguing that the school district's obligation to fund schools arises from the Texas Education Code instead of the Constitution, thus the Parents failed to raise a valid constitutional claim.

The Court held that the Parents' claims necessarily involved violations of the "school laws of the state" and that the Parents were required to

exhaust their administrative remedies. The Constitution provides that it is the Legislature's duty to provide for an efficient public school system. And through the Education Code, the Legislature, not the Constitution, imposed the legal obligations on the school district that the parents claimed the district failed to meet.

The Court further held that the Parents were not excused from exhausting administrative remedies under any exceptions. Claims for purely constitutional violations do not require exhaustion of administrative remedies, but the Parents' constitutional claims necessarily resulted from alleged violations of the school laws of the state. The constitutional-claims exception did not therefore apply.

Section 7.057(a-1) of the Education Code excepts claims based on law "outside" of the Code. The Court held that this exception did not apply because the Parents' claims were based on provisions in the Education Code. The Court also held that the Parents' request for temporary injunctive relief did not except their claims from the exhaustion requirement because such relief was not appropriate in this case. Lastly, although "pure questions of law" are excepted from the exhaustion requirement, the Parents presented questions of historical fact, questions of law, and mixed questions of law and fact.

Although the Parents requested that the Court remand to the trial court so that they could amend their pleadings to cure the jurisdictional defect, the Court held that the Parents could not replead their claims in such a way as to eliminate their reliance on the school laws of the state. The Parents could also not use remand as a mechanism to plead new claims. The Court therefore dismissed the suit for lack of jurisdiction.

B. Judicial Review

1. Hoskins v. Hoskins, 2014 WL 5176384 (Tex. App.—San Antonio 2014), *pet. granted*, 59 Tex. Sup. Ct. J. 83 (Nov. 20, 2015) [15-0046].

At issue in this case is whether the Texas Arbitration Act preempts common law grounds for vacating an arbitration award, and whether the constitutional right to a hearing is violated by not granting a second hearing during arbitration.

This suit originated as a trust dispute involving Hazel Hoskins, two of her sons—Leonard and Clifton—and Hoskins, Inc. (the “Company”). Due to prior bankruptcy proceedings, the parties were compelled to arbitrate when Leonard sued Clifton and Hazel regarding certain conveyances of property from the Company to Clifton. Clifton and the Company filed a motion for summary judgment arguing that Leonard lacked standing to challenge the conveyance since he was not a party to the transaction. The arbitrator granted summary judgment in part, dismissing all claims against Clifton and the Company, and leaving Clifton's and the Company's claims for attorney's fees intact. Leonard filed supplemental claims challenging the validity of two different conveyances by the Company to Clifton. Clifton did not file a motion to dismiss. Without holding a hearing, the arbitrator signed a final arbitration award that dismissed all claims against Clifton and the Company and awarded them attorney's fees. Leonard filed a motion in the trial court to vacate the award for manifest disregard for the law.

Leonard argues manifest disregard is a valid claim for vacatur and contends the Texas Arbitration Act should not be construed as containing an exclusive list of vacatur justifications. He further argues the arbitrator's sua sponte dismissal of his amended claims violates his constitutional rights. The trial court confirmed the arbitration award and denied the motion to vacate, and the court of appeals affirmed.

The Supreme Court granted Leonard's petition for review and heard oral argument on January 13, 2016.

C. Public Information Act

1. Boeing Co. v. Paxton, 466 S.W.3d 831 (Tex. Jun. 19, 2015) [12-1007].

This appeal concerns one of the exceptions to disclosure under the Texas Public Information Act. The Act generally gives the public the right to access information the government collects. However, the Act excepts from disclosure information “that, if released, would give advantage to a competitor or bidder.” TEX. GOV'T CODE § 552.104. In 1998, The Boeing Company signed a lease with the Port Authority of San Antonio to lease 1.3 million square feet at Kelly Air Force Base for a term of twenty years. Several years after signing the Kelly lease, a former Boeing employee, Robert Silvas, submitted a Public Information Act request to the Port for various Boeing corporate information, including the lease. The Port notified Boeing of the request and its right to seek relief from the Attorney General. Boeing provided a redacted version of the lease to Silvas and filed objections with the Attorney General as to the redacted parts. Boeing asserted that the withheld information is competitively sensitive information regarding its overhead costs at Kelly that would give an advantage to its competitors. The Attorney General, determined the Section 552.104 exception protects the purchasing interests of a governmental body when conducting competitive bidding, but not those of a private party that competes in the process. The trial court and court of appeals agreed the information was not exempt.

The Supreme Court, however, found no such limitation in the Act's text, concluding instead that a private party could also assert the exception to protect its competitively sensitive information. Because Boeing demonstrated that the information at issue was competitively sensitive and would give advantage to its competitors if released, the Court concluded that Boeing had the right to protect its own privacy and property interest through the judicial remedy provided in the Act. The Court accordingly reversed and rendered judgment, sustaining Boeing's objection to the mandatory release of its private information.

Justice Boyd dissented. While he agreed that a private party could assert Section 552.104's disclosure exception, he concluded that the Boeing's proof failed to establish the exception's

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