



Gregory-Portland Independent School District

BOARD MEMORANDUM

TO: DR. MICHELLE CAVAZOS

FROM: DR. ISMAEL GONZALEZ III

CC: BOARD OF TRUSTEES
PENNY ARMSTRONG
DEBORAH GARZA
MICHAEL THIEME
DR. MICHAEL NORRIS
BRITTNEY SOLIZ SANDOVAL

DATE: Monday, July 21, 2025

SUBJECT: Discuss and Take Possible Action to Approve Settlement in Cause No. S-23-5681CV-C, ArcelorMittal Texas HBI LLC v. San Patricio County Appraisal District, Regarding the Market and Appraised Value of the Subject Property and Resulting Tax Refund Obligations for Gregory-Portland ISD for Tax Years 2023 and 2024

PRIORITIES

PRIORITY 1: EXCEPTIONAL STUDENT PERFORMANCE

N/A

PRIORITY 2: HIGH PERFORMING AND ENGAGED WORKFORCE

N/A

PRIORITY 3: QUALITY SERVICE AND IMPACTFUL COMMUNITY ENGAGEMENT

N/A

PRIORITY 4: EFFICIENT AND EFFECTIVE DISTRICT AND CAMPUS OPERATIONS

4.2 Maintain fiscal viability; stewardship; and improve staff knowledge of sustainable budgeting processes

4.3 Ensure strategic alignment of resources

BACKGROUND INFORMATION:

Type: Action

Property Value Appeal and Tax Refund Impact: ArcelorMittal HBI LLC Settlement

Since January 2025, Gregory-Portland ISD officials have been in ongoing communication with the San Patricio County Appraisal District (SPCAD) regarding a pending property value appeal case filed by ArcelorMittal HBI LLC. This appeal directly affects the district's tax collections for the years 2023, 2024, and 2025.

Legal Authority and Oversight

As outlined in Texas Tax Code §6.06, the County Appraisal District is responsible for managing its own budget and for handling litigation related to property value disputes on behalf of all taxing units within the county, including school districts.

Texas Tax Code §6.06(c): "The appraisal district is responsible for defending lawsuits brought against it, and may be required to refund taxes on behalf of taxing units as a result of a court judgment or settlement."

Timeline of Events

Date	Action
April 2025	Chief Appraiser Mr. Robert Cenci informed the district of a finalized judgment between ArcelorMittal and SPCAD affecting Tax Years 2023–2025.
May 2025	SPCAD forwarded the final Settlement and Waiver documents. GPISD retained Moak Casey and O'Hanlon to evaluate impact.
June–July 2025	Internal analysis and discussions held with legal and financial consultants to determine district liability and recovery options.

Refund Obligation and Financial Impact

Based on the analysis conducted by Moak Casey, Gregory-Portland ISD is required to refund the following amounts to ArcelorMittal as a result of the final property value settlement:

Category	Amount	Tax Year(s)
General Tax Refund	\$2,937,045.87	2023–2024
Chapter 313 Refund	\$464,301.00	2023 only
Total Refund Liability	\$3,401,346.87	

These refunds will be administered directly through the San Patricio County Tax Assessor-Collector's Office, which manages the collection and distribution of property taxes on behalf of the District and other taxing entities.

For the general tax refund portion, no physical payment will be made by Gregory-Portland ISD. Instead, the County will debit the District's future collections for the 2025–2026 fiscal year to reconcile the refund amounts owed.

However, as it relates to the Chapter 313 refund, the District may be required to issue a direct payment to ArcelorMittal, as Chapter 313 payments are made directly to the District by the company—not through the County tax collection process. As such, any refund related to those payments would need to be handled outside the County's normal tax refund procedures.

District officials have been in active communication with the Tax Assessor-Collector's Office to ensure that the refund process is accurate, timely, and compliant with all applicable procedures. The District will account for both the general tax refund and any potential direct 313 refund in its 2025–2026 budget planning process to ensure sufficient reserves and cash flow are in place.

Note: This approach aligns with standard tax refund practices under Texas law, in which the appraisal district settles with the taxpayer and the tax office administers the resulting refund through adjusted collections. However, Chapter 313 agreements require separate consideration due to their direct payment structure.

Potential Recovery via Property Value Audit

Through consultation with Moak Casey representatives, the only mechanism available to potentially recover funds is through a Property Value Study (PVS) Audit conducted by the Texas Comptroller's Office. This could result in state-aid adjustments if audit findings validate a reduction in certified values:

Tax Year	Reduction in Value	Type	Refund Liability	Est. State-Aid Recovery	Chapter 313 Refund	Offset Potential
2023	\$204 million	I&S Only	\$612,000	\$0	\$464,301	No offset
2024	\$210 million	M&O + I&S	\$2,316,000	\$1,600,000	\$0	Partial offset of ~\$1.6M

Summary and Recommendation

Given the circumstances and legal obligations resulting from the settlement between ArcelorMittal and the San Patricio County Appraisal District, the District Administration recommends the following actions:

1. Approve the Final Settlement reached between ArcelorMittal and SPCAD for Tax Years 2023–2025.
2. Authorize Payment of the district's portion of the refund (\$3,401,346.87) to ArcelorMittal, under the direction of the Superintendent and in accordance with District financial procedures.
3. Proceed with Filing a Property Value Audit for Tax Year 2024 with the Texas Comptroller's Office to seek recovery of approximately \$1.6 million in M&O-related state aid.

RECOMMENDATION:

District administration recommends that the Board approve the final settlement between ArcelorMittal and the San Patricio County Appraisal District for Tax Years 2023–2025, authorize payment of the District’s portion of the refund totaling \$3,401,346.87 under the direction of the Superintendent in accordance with District financial procedures, and proceed with filing a property value audit for Tax Year 2024 with the Texas Comptroller’s Office to pursue recovery of approximately \$1.6 million in M&O-related state aid.

FINANCIAL IMPACT AMOUNT AND FUNDING SOURCE (IF APPLICABLE):

Category	Amount
District Refund Obligation	\$3,401,346.87
Estimated State-Aid Offset	\$1,600,000.00
Net Loss to District	\$1,801,346.87

**Funding Source: General Fund*

BOARD RELATED POLICY:

CCG (LEGAL)

CCGA (LEGAL)

ACTION ITEM SUGGESTED MOTION (if applicable):

That the board make a motion to approve the final settlement reached between ArcelorMittal HBI LLC, and the San Patricio County Appraisal District for Tax Years 2023 through 2025; authorize payment of Gregory-Portland ISD’s portion of the refund totaling \$3,401,346.87 under the direction of the Superintendent and in accordance with District financial procedures; and authorize the administration to proceed with filing a property value audit for Tax Year 2024 with the Texas Comptroller’s Office to pursue potential recovery of approximately \$1.6 million in state aid.