



CITY AUDITOR'S OFFICE MEMORANDUM

TO: Mayor and City Council
FROM: George Holland, City Auditor *GH*
DATE: August 21, 2025
SUBJECT: Homewood Suites Allegation and Closed Internal Investigation

Allegation

Our office received an allegation on August 28, 2024, regarding a \$2 million incentive to the Homewood Suites by Hilton at the corner of North Chaparral Street and Lomax Street in Downtown Corpus Christi. According to the allegation, a government document was altered to obtain tax dollars from the Type B Corporation.

Issue

The request was first presented to the Type B Corporation for review in an Executive Session on November 13, 2023. The funds would be used for additional costs related to newly defined Federal Emergency Management Agency (FEMA) AE Flood Zone requirements, resulting in unexpected project expenses. The altered presentation was presented to the Type B board during a Public Hearing on December 11, 2023. Final approval from the Type B Corporation President and board members occurred on January 22, 2024. After approval from the Type B Corporation, the presentation was introduced to the City Council through a two-reading ordinance, first on February 20, 2024, and again on April 23, 2024. However, an updated version of the known altered presentation was used on April 23, 2024, and it made no mention of FEMA or any known altered documents.

Finding

The Applicant's request for \$2 million, at the time of presentation to the Type B Board and upon 1st Reading to City Council, relied upon a FEMA website screenshot that was allegedly altered by the Applicant. Specifically, the FEMA website screenshot had the following information concealed: "Release Date" "April 13, 2022" "Release Number" "R6-009" "Release Date: April 13, 2022." This information was concealed by dropping two (2) text boxes onto the FEMA website screenshot, and filling both text boxes with the same color that surrounded the text; thereby hiding this text. If not hidden, the information would have shown that FEMA's final flood maps had been released to the public months before the Applicant's project was even considered. If not hidden, the information would have contradicted the Applicant's reasons for requesting the \$2 million. Based upon review of the altered PowerPoint slide, the effort to conceal the hidden information would have required at least 8-10 intentional computer key or keypad strokes. City Leadership investigated and concluded that the facts of the case constitute a felony forgery under the Texas Penal Code 32, a violation of law. Therefore, given the City's two-reading rule, the passing of Ordinance 24-0256 is tied to a forgery of a federal document (the FEMA website screenshot). The evidence presented above gives rise to a serious concern regarding fraud, abuse, or illegality, and thus, the City Council Audit Committee and City Council are now advised and referred to this matter for appropriate action.

Conclusion

The City Auditor's Office has determined there is a reasonable basis to conclude that fraud, abuse, and/or illegal conduct have occurred, and consider our internal investigation closed. The information reviewed by the City Auditor's Office is hereby referred to the City Council for review and recommendation to perform an external investigation.