

Pay-to-Play Presentation — Stan Mitchell, March 30, 2019
League of Independent Voters' "Cross Community Alliances" Event
Tripoint Event Center, San Antonio Texas

Ladies and Gentlemen, I am Stan Mitchell, "the numbers guy" for the SAMBA Coalition, San Antonio Making Bureaucracies Accountable, here to illustrate "Pay-to-Play" in our city government.

Our Constitution's Preamble begins, "We the people..." On November 6 there were three Charter Amendment Propositions on the ballot. Two were passed by "we the people." The most popular, to limit the city manager's compensation and tenure, passed by 59.2%. The most important for securing our future as citizens was arguably the one that failed. Proposition A would have secured fairer petition rules for citizens to question projects like Vista Ridge. A petition to reverse Council action is called a "Referendum." When Prop A failed, current unreasonable Charter Section 35 restraints on Referendum petitions to secure ballot access remained the same — signatures of 10% of registered voters, about 70,000 — gathered within the 40 days following enactment of the targeted ordinance.

The failure of Prop A makes what we want to do about the "Pay-to-Play" culture at City Hall all the more important. I'm going to review what we were able to glean from sources other than city government. Our biggest problem is that much of what we want to see either does not exist, or is being withheld from the public.

Prior to the last election, **271 entities** (individuals, corporations, associations) contributed **\$2,211,599** to a PAC called, "Secure San Antonio's Future (SSAF)." That's a nice name, but these massive contributions beg the question: Whose "future" were they trying to "secure?" Who are these "entities?"

San Antonio's Municipal Campaign Finance Code requires at Section 2-307 the reporting of contributors' "principal occupation/job title, and employer...for contributions of \$100.00 dollars or more," a provision violated 18 times in the SSAF report which often simply offered "self-employed" as "principal occupation." Further, Campaign Finance Reports are submitted in an unsortable PDF-formatted file. This is not the case in other Texas cities and it is not the case for state candidates administered by the Texas Ethics Commission.

We have gathered as much information for you as we could. This spreadsheet, included in your packet attached to a copy of my Presentation Script, ranks by dollar amount, donations to the SSAF campaign. When we then group donations by organizational affinity, we find the **8** largest contributing groups funded **70%** of the \$2.2 million total, each contributing \$100,000 or more. Some entities evidently gave to

protect valued city relationships; other groupings are based on shared Board of Directors members, able to shelter *sub rosa* relationships. Entities that contributed \$25,000 or more made up **80%** of the total. These entities, wise investors, contributed in relation to city rewards, past and/or potential.

56 entities gave **\$10,000 or more**. Have you ever contributed \$10,000 to a political campaign, other than your own? If you contribute \$10,000 or more, what do you expect in return...and what if, like USAA, you contributed **\$300,000**? Only **.3%** of donated funds came from per capita giving under \$500, not surprising in San Antonio where Bexar County's Median Household Income is **8.5% below the Texas average**.

Pursuing "Pay-to-Play," the spreadsheet shows "We pay:" on the left, prompting "We play:" on the right, where we note: (1) several entities have received incentive payments and/or tax abatements from city government, (2) have been awarded major city contracts, or (3) share Board members with other entities at the city trough. Pay-to-Play transactions, supremely confidential in nature, are impossible for outsiders like us to identify. So we do not make a legal case identifying illicit transactions but instead, expose an economic reason **contributors spent heavily to oppose limitations on city government powers, the *status quo* that has served them well.**

When we "follow the money" we expose **the establishment** which, abetted by the city management we employ and a financially unsophisticated City Council we elect, benefits from San Antonio's historic "pay-to-play" environment.

The power of the ballot exceeded the power of the purse on November 6. Will "we the people" further restrict "pay-to-play" at the May 4 election?

Corruption is the exploitation of the many by the politically powerful for the benefit of the few, obscuring financial reality by using bureaucratic power to avoid transparency and accountability.

Stan Mitchell holds an MBA from Harvard Business School and has extensive private sector experience managing the proposal, approval and post-completion review of major capital expenditures projects.

We Pay:		Name	Contributor	We Play:
Group \$	\$			
303000	303000		USAA (with In-kind \$3,000 - Invitations)	E-N 12/17: "USAA to move 3,000 workers downtown under \$6 million incentive package.
301000	1000		Valero PAC	4/04: "SAWS Board Approves Purchase of Valero Building — \$27.25 million..." World's largest independent
	300000		Valero Services, Inc	refiner at 3.1 million barrels per day.
	120000		Frost Bank	Rivard 10/16: Amazingly complex Weston Urban/Frost Bank comprehensive downtown development plan.
	50000	Graham Weston	Frost Bank Director	Rivard 9/18: Frost Bank renovation cost overrun; Weston Urban builds Frost Tower; public-private partnership.
300000	100000	Graham Weston		Former Chairman of Rackspace Hosting. Frost Bank Director.
	25000		Pape Dawson Eng., Sam Dawson, Frost Dir.	Major contracts: AT&T Center, SAWS Recycling Center, Brooks City-Base, Port San Antonio, Marriott Resort
	5000		Bracewell PAC (Jarvis V. Hollingsworth)	Frost director. Heads Bracewell's public/government law group.
	150000	Gordon Hartman	(Gordon) Hartman Foundation, Exec. Dir.	Rivard 11/15: \$9 mill. from both City and County + \$3 mill. from Spurs to buy Hartman soccer stadium.
	35000	Heriberto Guerra Jr	Avanzar, CEO	San Antonio Water Systems Chairman of the Board is on Hartman Board
	500	Chris Cheever	Broadway Bank, Executive	
218500	2500	Jaime Goudge	Broadway Bank, CEO	
	10000	Charles Cheever	Broadway Bank, Chairman Emeritus	Joe C. McKinney, vice-Chair of Broadway Bank is Hartman Foundation Director
	20000		Broadway Bank	
	500	Chris Cheever	Broadway Bank, Executive	
115000	65000		San Antonio Chamber of Commerce	Promotes business opportunities with city government.
	50000		San Antonio Board of Realtors (In Kind)	Promotes business opportunities with city government.
	55000		Zachry Corporation	Major construction contractor: University Health System Sky Tower, 2013 for \$622 mill.; Convention
106000	25000		Zachry Industrial Inc	Center, 2009 for \$304 mill.; Tobin Center, 2014 for \$112 mill.; Bexar County Justice Center, 2010 for
	25000	John Zachry	Zachry Holding, Inc., CEO	\$60 mill.; Museum Reach, 2009 for \$76.5 mill.
	1000	HB Zachry	Retired	
100000	100000	Kit Goldsbury	Silver Ventures, Executive	Developer of "The Pearl," terminus of proposed "Modern Streetcar."
	20000		Nustar PAC	"With an enterprise value around \$7 billion, NuStar is a master limited partnership based in San Antonio
100000	40000		NuStar Logistics	with more than 9700 miles of pipeline...operations in the U.S., Canada and Mexico...and 96 million
	40000	William Greehy	NuStar Energy, Chairman	barrels of related storage capacity."
1543500	1543500	Sub-Total, \$100,000+ Donors contributed 69.8% of \$2,211,599 Total		

Continued on reverse (3/30/19)

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Group \$	\$			
1543500	1543500	Sub-Total, \$100,000+ Donors contributed 69.8% of \$2,211,599 Total		
	5000	BJ McCombs	McCombs Enterprises, Owner	
	25000	Rad Weaver	McCombs Enterprises, Executive	
	2500	J. Bruce Bugg	Bank of San Antonio, Executive	Gene Dawson, Pres. of Pape-Dawson, is Bank of San Antonio Director.
	25000		Bank of San Antonio	
	25000		Hasslocher Enterprises Inc (Jim's Rest.)	
	15000		Frontier Enterprises Inc (owned by Jim's)	Moves foreclosed homes from acquisition to renovation to resale.
	25000		Wells Fargo & Company	
	25000		Tres Aguilas Mgt., LLC (Whataburger)	
	25000		Norton Rose Fulbright LLP, Law Firm	Real Estate Development specialization.
	25000		Ernst & Young (Accounting and Consulting)	11/17 - Plans to create 600 full-time jobs in exchange for \$3.4 mill. in incentives.
	25000		Bill Miller BBQ Enterprises LTD	
	1766000	Cumulative Sub-Total, \$25,000+ Donors contributed 79.9% of \$2,211,599 Total		
	439049	Unaffiliated individual contributions, \$500 to \$25,000		
	2205049	Cumulative Sub-Total, \$500+ Donors contributed 99.7% of \$2,211,599 Total		
	6550	Unaffiliated individual contributors, less than \$500		
	2211599	Total		