

July 09, 2007

FBI Houston  
2500 East TC Jester  
Houston, Texas 77008-1300

RE: Department of Homeland Security Grant Application submitted by The Woodlands  
Fire Department

Certified Mail # 7006 2150 0000 1944 1109

Dear FBI Duty Agent:

On April 12, 2007 I talked by phone to a duty agent at the Houston, TX field office of the Federal Bureau of Investigation. The conversation was in regards to a grant application The Woodlands Fire Department filed with the Department of Homeland Security in 2005. This letter is a follow-up to the phone conversation in order to provide documentation in regards to this matter.

A request for information was recently sent to The Woodlands Fire Department which is located in The Woodlands, TX. The Woodlands, TX is an unincorporated area of Montgomery County that lies just north of Houston, TX.

The response to this request denied release of the requested information and the requestor was informed that The Woodlands Fire Department is not subject to the Public Information Act of Texas (the "Act"). A complaint was sent to the Texas Attorney General regarding this denial of information. The Woodlands Fire Department offered an explanation to counter the complaint.

In her correspondence to the Office of the Texas Attorney General (see Enclosure "A"), Monique Sharp, operating as a representative of The Woodlands Fire Department, states that, "*The Woodlands Fire Department is a private non-profit corporation organized under section 501 (c)(3) of the Internal Revenue Service code.*"

Ms. Sharp goes on to state that, "*The [Woodlands Fire] department's origin resides in the formation of the property owners' associations that serve the residents and businesses of The Woodlands. Fire service for the community has always been provided by the private, nonprofit corporation rather than a governmental unit. This is obviously different from the situation where a governmental entity contractually delegates its responsibility to a private entity. In our case there is no governmental agency (municipality, county, fire district, improvement district, etc.) that is obligated to provide fire service to The*

*Woodlands; the obligation is solely that of the property owners' associations, for whose benefit the private department is functioning."*

Ms. Sharp also states, "[t]he budget document also indicates that we received \$98,063 in grant revenue in 2005 from a Homeland Security Grant...." Ms. Sharp goes on to say, "[i]n reality, Montgomery County received the funds as the [Woodlands Fire] department was not eligible to do so because of its status as a nonprofit corporation instead of a governmental body."

Additionally, in her summary, Ms. Sharp states, "[i]n contrast, general support for the [Woodlands Fire] department is provided by property owners' associations of The Woodlands. Funding supplied by the associations is not considered public funds as the associations are not recognized as political subdivisions. Revenue from this non-public source supports approximately 95% of the [Woodlands Fire] department's operating and capital requirements, and would support it completely if not for the additional services the department had agreed to provide pursuant to the contracts previously discussed. Funds supplied by the public entities are used completely and solely for providing the defined and measurable services directly related to their respective contracts and in no manner contribute to the general support of the department."

The above claims become important when one examines The Woodlands Fire Department's application for a Department of Homeland Security Fire Act Grant (see Enclosure "B"). Please take note of the information provided in response to a question regarding origin of funds for the operating budget (page 7). The Woodlands Fire Department claims that 100% of its operating budget is derived from taxes.

How can a private organization have an operating budget that is totally funded by taxes?

In her response to the Texas Attorney General, Ms. Sharp, provides nearly nine pages of arguments supporting her claim that The Woodlands Fire Department receives approximately 5% of their operating and capital requirements from public funds. This 5% figure is a far cry from the claim in the Homeland Security Grant in which The Woodlands Fire Department claims it receives 100% of its operating budget from taxes.

In order to avoid releasing information to the public, The Woodlands Fire Department claims it is a private organization. In contrast, when applying for grant monies, The Woodlands Fire Department claims 100% of their operating budget is derived from taxes. Someone, either the Office of the Texas Attorney General or the Department of Homeland Security, is receiving inaccurate information about the source of funds for The Woodlands Fire Department.

In light of the opposing claims that have been made by The Woodlands Fire Department and the possibility that incorrect information may have been provided on a federal grant application, please investigate this matter further.

Thanks you for your consideration.

Foster McNair  
135 E. Mistybreeze Circle  
The Woodlands, TX 77381  
281-292-5423

Enclosure A: Copy of Ms. Sharp's March 6, 2007 letter to the Texas  
Attorney General

Enclosure B: Copy of The Woodlands Fire Department's Homeland Security  
Grant Funds application for 2005

cc: Federal Bureau of Investigation  
J. Edgar Hoover Building  
935 Pennsylvania Avenue, NW  
Washington, D.C. 20535-0001