

MEMORANDUM

July 5, 2005

TO: PDC Board of Commissioners
FROM: Bradley F. Tellam
RE: Investigation
FILE: 707511.2

I was retained to investigate assertions that Matt Hennessee had "directly or indirectly unduly influenced expenditure of public funds to specific vendors." This matter was initially brought to the Board of Commissioner's attention by David Nemo, PDC's Internal Audit Manager. A subcommittee of the audit committee, consisting of Eric Parsons and Doug Blomgren, initially reviewed the matter. I understand that they determined that it would be best to engage independent, outside counsel 1) to ensure an unbiased review of the facts, and 2) to better protect the anonymity of staff interviewed. In performing this investigation, I reviewed PDC materials relating to contracting procedures, the contract file with respect to 3, The Public Communications Company, and interviewed witnesses, including several that Mr. Nemo directed me to who reportedly had information relevant to the assertions against Mr. Hennessee. He also provided me with a number of documents, including the contracting procedures in place at PDC. Based upon Mr. Nemo's information, I conducted a number of interviews of PDC employees. I also spoke with Mr. Hennessee on more than one occasion, and with Nathaniel Clevenger, one of the principals of 3, The Public Communications Company, also on more than one occasion.

Following my review of documents and the interviews, I met with Messrs. Parsons and Blomgren regarding my conclusions. Mr. Parsons and Mr. Blomgren asked that I convey the conclusions to the Commission. Based upon my investigation, I have concluded that Mr. Hennessee did not directly or indirectly unduly influence the expenditure of public funds to 3, The Public Communications Company or to Mr. Clevenger.

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