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OFFICE OF THE
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19TH JUDICIAL DISTRICT
JOHN W. CARNEY, JR.

June 19, 2006

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Honorable David Haines
Attorney, City of Clarksville
1 Public Square
Clarksville, Tennessee 37040

Exhibit #

676-06

Re: American Infrastructure Management, LLC (AIM)
Resolution 38-2005-06

Dear Mr. Haines:

On January 18, 2006, the Clarksville City Council adopted the above-numbered resolution, which requested that my office and the office of the Comptroller of the Treasury, conduct an investigation of American Infrastructure Management, LLC (hereinafter referred to as AIM), and the relationships of Mayor Don Trotter, Mr. Dwight Luton, Mr. Paul Moore, Mr. Darrell James and Mr. David Nussbaumer with said company. It was requested that a determination be made if any state statute, local law (city charter), or conflict of interest had been violated. Although this office, nor the Comptroller's office, were bound to conduct these inquiries, I asked the Comptroller's office to join into a joint "fact finding" inquest. It has been my position to make the review in an effort to see at any point if there was "probable cause" to believe that a criminal statute had been violated, and if so, then immediately stop the inquest and request a criminal investigation by the Tennessee Bureau of Investigation, in conjunction with the Comptroller's Office.

Besides conducting joint interviews, the Comptroller's audit staff interviewed employees of the Clarksville Gas and Water Department, and reviewed selected AIM financial information, some of which were treated as confidential, selected city records, audio tapes of the City of Clarksville and Benson, Arizona meetings, state and local laws and considered all other information provided by interested parties. During the inquest, the following individuals were interviewed: Misty Cutshall, former internal auditor for the city of Clarksville; David Nussbaumer, Clarksville Department of Electricity; Johnny Piper, former Mayor of Clarksville; Darrell James, founder of AIM and President of James and Associates; Paul Moore, President of Moore Construction and Moore Design Services; Dwight Luton, Manager of Clarksville Gas and Water Department; Don Trotter, Mayor of Clarksville; Ken Spradlin, President of Clarksville Department of Electricity; Austin Carroll, General Manager of Hopkinsville Electric; and Angela G. Gibbs, Controller for Hopkinsville Electric. Comptroller auditor staff also interviewed the purchasing agent for Clarksville's Gas and Water Department, several engineers of that

department, and made inquiries with the city of Clarksville purchasing agent. Three attorneys who provided legal advice to members of AIM were not interviewed.

We further listened to the January 18, 2005, AIM presentation to officials in Benson, Arizona, and also listened to the two City of Clarksville Council meetings, wherein AIM was discussed and questions asked by city council members, to Mayor Trotter and Mr. Luton. We further reviewed the minutes of the Clarksville Electric Power Board from December 15, 2004, thru February 15, 2006. In the minutes dated December 15, 2005, references were made concerning the preparation of a proposal for the acquisition of the Fort Campbell electric facilities. In the minutes dated June 15, 2005, information was given that July 15, 2005 was the closure date for bids for said acquisition. In the minutes dated December 21, 2005, questions were asked concerning any association between the Clarksville Department of Electricity and AIM. Those concerns were answered by Mr. Ken Spradlin, President of CDE.

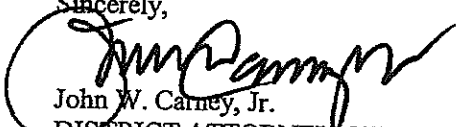
During this "fact-finding inquest", all criminal statutes of the State of Tennessee, along with Tennessee Code Annotated 12-4-101, concerning conflicts of interest, and Article IV, Section 12, of the City of Clarksville's charter concerning conflicts of interest were reviewed. At no time during these inquiries, did information rise to a level of "reasonable suspicion", or, "probable cause", to believe that a violation of our state criminal statutes had occurred, which would warrant a criminal investigation by the Tennessee Bureau of Investigation. Had that happened, I would have been under an ethical obligation to withdraw from the inquest to maintain the prosecutorial responsibilities of the District Attorney General. I concur with the analysis and conclusions reached by the Comptroller's Office which are set out in their report. (see attachment)

The Comptroller's Investigative Audit, attached hereto, addresses the background of AIM, the methodology of the inquest, the potential conflict of interest, the potential preferential treatment on contracts, and other concerns.

This letter and the Comptroller's Investigative Audit, will be the only documentation, or report, provided to you and city council members. We elect not to present any oral presentation of this inquest to the city council in special session, which, we feel, would bring in the Office of the State Comptroller and the District Attorney General's Office into local political matters which should be resolved by other means.

Please distribute copies of this letter and the investigative audit to the appropriate officials.

Sincerely,



John W. Carney, Jr.
DISTRICT ATTORNEY GENERAL
19th Judicial District

Attachment

cc: Philip Job, CPA, CFE
Audit Manager