

Corrections to Oklahoma State Auditor's Report.

Page 4 – Auditor listed ten projects from two commissioners on six month sealed bid list below.

* See page 10 for further breakdown of projects

District	Project	Amount
3	44 th Street	\$1,942,653.11
1	North Pecan Road	\$1,883,297.55
3	Tonkawa Tribal Roads and Parking Lot	\$700,466.89
-	Courthouse Parking Lots	\$325,698.27
1	Oakland Avenue	\$155,286.20
1	Bridge 105 on Hubbard Road	\$73,427.06
3	Bridge 136 on North Avenue	\$60,866.37
3	Bridge 114 on Hartford Avenue	\$51,938.30
3	Bride 22-A on Bender Road	\$46,861.90
1	Headwalls on Traders Bend Road	\$13,251.57
Total		\$5,253,747.22

River Ridge Amt of these projects.				
	River Ridge	Others	Nx Lowest Bid	County Saved
44th Street	\$ -	\$ 1,942,653.11		
North Pecan Road	\$ 1,883,297.55			
Tonkawa Tribal	\$ 217,122.60	\$ 483,344.29	\$ 265,371.20	\$ 48,248.60
Courthouse Parking	\$ 325,698.27	\$ -	\$ 572,301.96	\$ 294,852.29
Oakland Road	\$ 155,286.20		\$ 296,157.70	\$ 140,871.50
Bridge 105	\$ -	\$ 73,427.06		
Bridge 136	\$ 60,866.37	\$ -	\$ 72,132.80	\$ 11,266.43
Bridge 114 on Hartford	\$ 51,938.30	\$ -	\$ 62,053.30	\$ 10,115.00
Bridge 2-A	\$ 46,861.90	\$ -	\$ 55,786.90	\$ 8,925.00
Headwalls-Traders	\$ 13,251.57	\$ -	\$ 13,547.07	\$ 295.50
	\$ 2,754,322.76			\$ 514,574.32
Difference of River Ridge and next lowest bid on (7) projects				\$514,574.32

Page 6 – Auditor's example below displays how the county would save using lowest bidder. Our example will show the correct figures. The auditors should have figured Davidson Brothers bid by the square foot instead of cubic yard.

Davidson Brothers bid at 1.25 sq ft. by taking 2023ft x 24ft x \$1.25 = \$60,690.00. Hembree & Hodgson bid was by square foot not square yard. Excel sheet on page two will show correct figures.

Auditor's Project Bidding Example Oakland Avenue Project

Oakland Avenue Project – Purchase Order 52					
Line Item	Low Bidder	Awarded To	Cost	Cost if Low Six-Month Bid was Used	Variance
Concrete	PC Concrete	River Ridge	\$72,912.00	\$72,912.00	\$0
Forming/Stringline	Hembree & Hodgson	River Ridge	\$14,940.00	\$11,786.00	\$3,154.00
Foreman & Superintendent	Hembree & Hodgson	River Ridge	\$2,915.00	\$2,199.50	\$715.50
Small Bobcat	Hembree & Hodgson	River Ridge	\$4,368.00	\$3,920.00	\$448.00
772D Grader	River Ridge	River Ridge	\$3,200.00	\$3,200.00	\$0
Bobtail Dump Truck	Hembree & Hodgson	River Ridge	\$2,625.00	\$2,450.00	\$175.00
Pour and Finish	Davidson Brothers	River Ridge	\$35,280.00	\$8,820.00	\$26,460.00
Truck Tractor with Lowboy	Evans & Associates	River Ridge	\$3,045.00	\$2,755.00	\$290.00
1,600-Gallon Water Truck	River Ridge	River Ridge	\$6,120.00	\$6,120.00	\$0
Concrete Saw	Evans & Associates	River Ridge	\$2,590.00	\$2,220.00	\$370.00
10% Administrative Fee	(not bid)	River Ridge	\$7,291.20	\$0	\$7,291.20
Totals			\$155,286.20	\$116,382.50	\$38,903.70

Before a project begins, commissioners add man hours, equipment rental, plus quality of work. County would also call River Ridge to give estimates. Auditors used Evans & Associates; they do not bid cement. Davidson bids pour and finish only by square foot. Davidson would not have bid this entire project. River Ridge used a cement paver which cut man hours in half.

Figures shown below are from county bid sheets covering 07/01/2013 to 12/31/2013. Oakland Project.

Line Items	River Ridge Const.	Hembree & Hodgson	Evans &	Davidson
Concrete	\$ 72,912.00	\$ 72,912.00	Associates	Brothers
Administration Fee	\$ 7,291.20	\$ 7,291.20		
Forming/Stringline	\$ 14,940.00	\$ 11,786.00		
Foreman & Superintendent	\$ 2,915.00	\$ 2,199.00		
Small bobcat	\$ 4,368.00	\$ 3,920.00		
772D Grader	\$ 3,200.00	\$ 4,480.00	*	
Bobtail Dump Truck	\$ 2,625.00	\$ 2,450.00		
Pour and Finish	\$ 35,280.00	\$ 170,509.50		
Truck Tractor Lowboy	\$ 3,045.00	\$ 3,190.00		
1600-Gallon Water Truck	\$ 6,120.00	\$ 7,500.00	*	
Concrete Saw without bla	\$ 2,590.00	\$ 2,220.00	*	
Trucks - Tools - Blades		\$ 7,700.00		
Total	\$ 155,286.20	\$ 296,157.70	\$0.00	\$0.00
River Ridge charged by cubic yard. Hembree bid sheet was at sq. yard.				
* Notes equipment not on bid list.				

The auditor was a county commissioner for four years and would have known or should have known.

Page 5 – Auditor states when projects were awarded through six-month term bids, contracts, bonding and insurance were not obtained.

- 1) Projects using “force account” do not require bonding.
- 2) **§ 126. Construction on Force Account Basis.**

Nothing in this act shall be construed to prevent a public agency from doing public construction work on a force account basis.

Dictionary definition of Force Account: Work ordered on a construction project **without an existing agreement** on its cost, and performed with the understanding that the contractor will bill the owner according to the cost of labor, materials, and equipment plus a certain percentage for overhead and profit.

- 3) Auditor on page 5 stated that they analyzed construction, reconstruction and bridge projects all included work done in part by River Ridge Construction. Their example was incorrect as shown above and below on excel worksheets.
- 4) Audit report on page 7 stated “Commissioner Dee Schieber stated that the county saved approximately 40% by using six-month bids instead of complete-project bids. The above and below worksheets will prove this point.

Page 7 – Auditor’s example of cracking, stating no base. Auditor posted article below with picture in all Oklahoma newspapers.

Additionally, the concrete work completed by River Ridge Construction in September 2013 on the Oakland Avenue project had begun to crack as of September 2014. According to an official of the Oklahoma Department of Transportation, the road has no base underneath it, which is causing the cracking, and will eventually need to be redone. The County completed this project under term bids, obtaining no bond, leaving the County to deal with substandard work.



River Ridge Construction was hired to pour and finish only. The road base was by others.

- 1) River Ridge would not have been required to bond this project. River Ridge did not perform subgrade work.
- 2) CED engineers were on site testing. CED concrete cylinder tests passed as well as the slump and air test.
- 3) **Auditor was told by federal official that this project was a test project and the cracking was expected.**
- 4) Auditor’s report in newspapers confirmed the cracking was caused by no road base yet after interview with federal official informing the auditor cracking was expected and having access to all invoices which would have shown no road base charges, the auditor put in audit substandard work with River Ridge name.
- 5) This road was approximately ½ mile. The test was testing a different way to lay cement. The cracking is over culverts and the road has no load limit.

Auditor on page 7. The following pages of this report disclose several activates and transactions that give evidence that the county favored a specific vendor during the awarding of additional construction and bridge projects and other varied transactions.

- 1) River Ridge has and will show they were the lowest bidder and that the commissioners favored the lowest bidder as the law requires.
- 2) River Ridge will show that they cooperated fully with the auditor.

Page 08 Auditor’s Report – North Pecan Road Report and Page 30 – 34 BIA Agreements

From auditor’s report: Commissioner Dee Schieber, BIA Regional Roads Engineer Tom Simpson, and River Ridge Construction collaborated in the execution of the \$1.7 million North Pecan Road project. Commissioner Schieber entered into an agreement without bids and outside of his statutory authority. Kay County did not obtain a contract from the vendor, failed to obtain proof of bonding or insurance from the contractor, and paid \$350,000 in projected “mobilization” costs to “cover up-front expenses”. (Pg. 8)

***Auditors statement page 14 Additionally, under 21 O.S. & 424, when two or more people conspire to commit any offense against a county or to defraud a county, in any manner or for any purpose, and if one or more of them does any act to effect the object of the conspiracy, all of the parties are guilty of such conspiracy. Later on page 16 auditor states The County and the BIA should not have accepted, and River Ridge Construction should not have submitted, estimated invoices for official reimbursements. According to the Cooperative Agreement between Kay County and the BIA, all invoices submitted for payment should be official invoices based on “construction progress”.

- 1) The auditor’s office was given the details below which will show River Ridge Construction was the prime sub-contractor for Kaw Nation at the time of this project.
- 2) Auditor’s report shows this project was bid.

Auditors did not include:

- 1) The information whereby River Ridge Construction was made prime sub-contractor for Kaw Nation.
River Ridge Construction began talks in February 2013 and signed a non-disclosure agreement in negotiations with a tribal entity in May 2013. The Nation and River Ridge shared costs for forensic CPA E Daniel Powers to audit all records for River Ridge Construction and M. K. Crushing.

E. DANIEL POWERS, CPA PC	
August 22, 2013	
INVOICE	
Ken Bellmard Kaw Nation Darron Wood River Ridge Construction	
For Professional Services Rendered during the month of July and August 2013 regarding the valuation of River Ridge Construction and MK Crushing:	
Consulting-125 hrs @ \$150/ hr	\$18,750.00
Commuting-13.5 hrs @\$75.00/hr	1,012.50
Hotel (invoices attached)	893.63
Miles-924@0.51/mile	471.24
Total	\$21,127.37
Details on next page	
Kaw Nation -one half	\$10,563.68
Kaw Nation -one half	\$10,563.68
River Ridge Construction-one half	\$10,563.68
Thank You.	

5613 N. ROSS AVE., OKLAHOMA CITY, OK 73112 405-822-6107

Kaw Nation was preparing to buy 51% of River Ridge Construction, however after review, it was decided River Ridge would be their prime subcontractor until their newly formed construction company could develop into an 8a company. The agreement was signed on September 3, 2013. See on page 5.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter "MOU") is made and entered into this 3rd day of September, 2013 by and between Kaw Nation Construction Solutions LLC, a wholly tribally-owned limited liability company formed pursuant to Kaw Nation law, with an address of 4075 N. Highway 77 Access Road, Suite B, Ponca City, Oklahoma 74601 ("KNCS") and River Ridge Construction, LLC, a limited liability company formed pursuant to Oklahoma law, with an address of 4637 Pleasantview Road, Newkirk, Oklahoma 74647 ("River Ridge"), herein referred to collectively as the "Parties".

Whereas, the Parties have entered into negotiations to develop mutually acceptable arrangements to enter into definitive agreements for the development of construction projects that utilize the unique benefits and expertise of the Parties.

Now therefore, the Parties agree as follows:

1. Confidentiality

1.1 All discussions and information disclosure by the Parties under this MOU shall be subject to the following Non-Disclosure terms:

Parties agree to investigate the possibility of a business arrangement relating to the development of residential, commercial, and governmental construction projects. Parties contemplate various communications and/or meetings which will involve disclosures by each of the Parties to one another of information in written, oral, electronic, photographic and/or business evaluation of the aforementioned business arrangement (collectively "Information").

For an indefinite period from the date of this agreement, Parties shall not directly or indirectly disclose, sell or give any information it receives from the other that is marked PROPRIETARY (or comparable legend) to any person, firm, or corporation, or use the information for its own benefit, except for the purpose described above, without the express written consent of the disclosing Party. Parties shall also endeavor to prevent any unauthorized disclosure or use of PROPRIETARY information by persons who are or have been in its employ by securing a non-disclosure agreement with any employee or person who may have access to proprietary information. Furthermore, Parties agree not to use, disclose, or reproduce any such information without the specific written approval of the disclosing Party.

These confidentiality terms shall not apply to a Parties' information or materials which (a) have been or subsequently are, through no fault of disclosing Party, disclosed in a publicly available source; (b) are now in the rightful possession of a Party free of any obligation of confidentiality; (c) have been or subsequently are rightfully disclosed to a Party by any third party free of any obligation of confidentiality; (d) are independently developed by a Party without reference to, or misuse of, information or materials provided by a Party; or (e) A Party is required to disclose to the extent required by any

River Ridge completed several projects under this agreement starting in September 2013 through February 2014. One project was an early development of a wind farm with a total of over \$100,000.

- a. An office was set up at River Ridge and an agreed amount of rent was reached.
 - b. River Ridge staff attended training on 8a development.
 - c. River Ridge staff and the new entity staff traveled to job sites to assess bidding projects.
 - d. River Ridge staff met with entity council to discuss bonding for a potentially large project in the area, not connected to the county.
 - e. Entity representative lined up River Ridge accountant to do books.
 - f. During the North Pecan Road project, the entity closed the company without notifying River Ridge and River Ridge found later the OSBI was accusing River Ridge of bid rigging to non-county customers.
 - g. Investigation began in February 2013 and North Pecan project was completed the end of May 2013.
- 2) Agreement copies were given to Tom Simpson of the BIA and all Kay County Commissioners months before the North Pecan Road project and auditors were given the signed agreement as well. Note: Original estimate for the tribal entity for the Pecan Road project was created November 8, 2013. This estimate shows computer dated November 8, 2013.

Project: Kay County Oklahoma

Bid# 2013 Pecan Road Paving

District# 1



Scope of Work:

- Mobilization
- Preparation of site for plant
- Stabilize 6 inch of CKD per the approved drawings and specifications
- Slip form 6 inch paving per the approved drawings and specifications
- Relief joints cut with an early entry saw 15ft. max
- Independent QC/QA testing during concrete placement
- Staking of center line of existing road to be paved
- Contractor will follow the existing contour of the road for paving grades and placement of concrete.

Work excluded by Kay County Construction Solutions LLC.

- Reseeding, backfill and traffic control (Barricading & Signage)
- Base bid excludes any and all hazardous or contaminated material inspection, sampling, testing, handling or disposal
- Performance and payment bonds excluded

Note: One mobilization is included, if work is phased or pavement schedule is altered by others there will be additional mobilization rates.

See page 2 in North Pecan Road folder.

- 3) Cinda Wood, acting office person for KNCS emailed Ken Bellmard three weeks before the North Pecan Road was completed to have him finish the paperwork for the new entity in order for monies to go into their account but no response was given.
- 4) Auditor's report quoted Title 61 O.S. 101-138, however they did not show the exception.
2014 Oklahoma Statutes Title 61. Public Buildings and Public Works
§61-136. Conflicts with federal rules and regulations - Laws governing.
Universal Citation:
[61 OK Stat § 61-136 \(2014\)](#)
- 5) On September 30, 2014, state auditor's officer (did not leave name) went with an OSBI agent Richard Brown to River Ridge Construction's largest customer, not connected to this investigation and stated River Ridge Construction was being investigated for bid rigging.
 - a. After River Ridge Construction received a call from a non-county customer, Cinda Wood called the auditor's office about the situation and an auditor and Richard Brown from OSBI came to River Ridge Construction to apologize within the hour.
 - i. Other River Ridge employees said an OSBI and an auditor followed their company trucks into a non-county customer business.
 - ii. The auditor nor the OSBI representative revealed other customers they had approached.
- 6) River Ridge believes the auditor and OSBI representative went to native entity with the same statement.
 - a. In the conversation with the auditor on September 30, 2014, Cinda Wood told Gary Jones about the contract with Kaw Nation and asked him how many other non-county customers he had told this story too. State auditor did not respond.

Page 14 –15 Auditor's Report – Mobilization

River Ridge did not bill the county until work or materials had been completed or ordered. Auditor did not ask for documentation.

- 1) Mobilization on North Pecan Road was to pay for building pad to hold prepaid materials to job site and materials and equipment moved onto site.
 - a. Right before the project began, the cement company working with River Ridge agreed to bring the price down if paid \$100,000 in advance. Daniel's Ready Mix check #4882.
 - b. River Ridge Construction had already built the lay down yard which was \$50,000 of the mobilization. The amount billed was \$150,000 as shown and the county did not pay these monies until the BIA had transferred monies into county account.
- 7) Page 15 of auditor's report state River Ridge was required to provide a performance and payment bond, as required by 61 O.S. & 1(B)
- 8) CONSTRUCTION OF FEDERALLY FUNDED (FEDERAL AID) LOCAL AGENCY PROJECTS BY NON-COMPETITIVE BID CONTRACT (FORCE ACCOUNT) The Code of Federal Regulations (CFR) Title 23, part 112, and 23 CFR 635.104(b), allow federal aid construction work to be completed by a method other than competitive bidding. **§635.104 Method of construction.** (a) Actual construction work shall be performed by contract awarded by competitive bidding; unless, as provided in §635.104(b), the STD demonstrates to the satisfaction of the Division Administrator that some other method is more cost effective or that an emergency exists. The STD shall assure opportunity for free, open, and competitive bidding, including adequate publicity of the advertisements or calls for bids. The advertising or calling for bids and the award of contracts shall comply with the procedures and requirements set forth in §§635.112 and 635.114.

This method, known as the “**Noncompetitive Bid Contract**”, or **Force Account** method, authorizes the local municipal agency, generally described as a county, city, or village, to complete the project by furnishing the labor, equipment, and materials under its direct control. Work to be completed by force account may be either a stand-alone project, or may be a portion of a larger, competitively bid project.

§635.204 Determination of more cost effective method or an emergency.

(a) Congress has expressly provided that the contract method based on competitive bidding shall be used by a State transportation department or county for performance of highway work financed with the aid of Federal funds unless the State transportation department demonstrates, to the satisfaction of the Secretary, that some other method is more cost effective or that an emergency exists.

Page 17 Auditor’s Report – Blackwell Wind Farm Roads Project

River Ridge Construction billed according to bid as follows with 1,000 ton 1 ½ crusher.

See both auditor’s examples below:

Blackwell Wind Farm Project

Kay County District #3 is going out to bid for the following:

- Clean ditches if needed
- Compact and lay 1,000 tons 1-1/2 inch crusher run rock
- Bid will be by the mile
- Bidder will be responsible for all construction signage as well as rock purchases

WIND FARM ROAD PROJECT

DITCH CLEANING BY THE MILE

w/ Rock & Compaction

ROAD NAME	MILE # 1	PRICE	MILE #2	PRICE	MILE #3	PRICE	MILE #4	PRICE
CANTEEN ROAD	\$ 28,300		\$ 28,300		\$ 33,500		\$ 31,000	
BRAKE ROAD	\$ 33,500		\$ 33,500		\$ 32,000		\$ 20,500	
ADOBE ROAD	\$ 33,500		\$ 32,000		\$ 31,500		\$ 28,300	
156" ROAD	\$ 28,300		\$ 33,500		\$ 28,300		\$ 31,500	
140" ROAD	\$ 28,300		\$ 28,300		\$ 28,300		\$ 28,300	
124" ROAD	\$ 28,300		\$ 32,000		\$ 32,000		\$ 20,500	
108" ROAD	\$ 28,300		\$ 33,500		\$ 33,500		\$ 28,300	
92" ROAD	\$ 28,300		\$ 33,500		\$ 28,300		\$ 28,300	
TOTALS	\$ 236,800		\$ 254,600		\$ 247,400		\$ 216,700	

GRAND TOTAL \$ 955,500

ROCK HAULED BY THE TON \$ 18.00

LAY & COMPACT- 1,000 TON OF ROCK BY THE MILE \$ 2,500.00

Auditor’s office read bid incorrectly. See schedule next page.

- 1) Kay County sent out sealed bid request to Diemer Construction, Evans & Associates and River Ridge Construction. River Ridge Construction was the only company turning in a bid.
- 2) The above bid showed 1000 ton of rock per mile. The cost for hauling extra rock and shale was \$18 a ton.
- 3) Kay County realized 1000 ton of rock per mile was not enough and reduced mileage but increased tonnage of rock and shale per mile.

- 4) River Ridge sent Kay County the total of shale removed from Redding Pit which was 1267 – 16 yard semi loads
Calculations are: $1267 \times 16 = 20,272 \times 1.5 = 30,408 \text{ ton} \times \$18 = \$547,344.00$
- 5) River Ridge bid 1000 ton crusher run per mile. River Ridge completed 21 miles and total crusher run tonnage tickets for Wind Farm project was 23,701.16 Overage of crusher run hauling was $2,701.16 \times \$18 = \$48,620.88$
Extra cost of rock was $\$6.50 \times 2,701.16 = \$17,557.54$
- 6) River Ridge upon review, realized county was under charged. See worksheet below.
- 7) River Ridge cooperated fully with the auditor's office. Their office never asked for explanation or supporting documents on this project before publishing their negative report in newspapers.

Bid was for 1000 Ton of Rock per mile.						
Blackwell Wind Farm		Bid	Correct Mile	River Ridge Billed	Total of Each Inv	Should have Bill
Invoice #	Road #/Mile					
5656	108th/1	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
	108th/2	\$ 33,500.00		\$ 33,500.00		\$ 33,500.00
	108th/3	\$ 33,500.00		\$ 33,500.00		\$ 33,500.00
Total Invoice					\$ 95,300.00	
5664	124th/1	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
	124h/2	\$ 32,000.00		\$ 32,000.00		\$ 32,000.00
Total Invoice					\$ 60,300.00	
5678	140th/3	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
	140th/4	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
	Adobe Rd/3	\$ 31,500.00		\$ 31,500.00		\$ 31,500.00
	124th/3	\$ 32,000.00		\$ 32,000.00		\$ 32,000.00
	124th/4	\$ 20,500.00	s/b 108th/4	\$ 28,300.00		\$ 28,300.00
Total Invoice					\$ 148,400.00	
5684	140th/3	\$ 28,300.00	s/b 140th/2	\$ 29,650.00		\$ 28,300.00
	Brake/3	\$ 32,000.00		\$ 33,350.00		\$ 32,000.00
Total Invoice					\$ 63,000.00	
5695	Canteen/1	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
"	Canteen/2	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
"	Canteen/4	\$ 31,000.00		\$ 31,000.00		\$ 31,000.00
"	Break/2	\$ 33,500.00	s/b Break/1	\$ 33,500.00		\$ 33,500.00
"	Brake/4	\$ 20,500.00		\$ 20,500.00		\$ 20,500.00
"	92nd/2	\$ 33,500.00	s/b 92th/3	\$ 33,500.00		\$ 28,300.00
"	156th/1	\$ 28,300.00		\$ 28,300.00		\$ 28,300.00
"	156th/2	\$ 33,500.00		\$ 33,500.00		\$ 33,500.00
River Ridge under billed on inv # 5695 in ei				\$ (63,000.00)		
Total Invoice					\$ 173,900.00	
5625	Mobilization - Should have billed for 140th/3			\$ 34,800.00		\$ 28,300.00
					\$ 34,800.00	
5699	9150 ton \$18	\$ 164,700.00	s/b shale	\$ 164,700.00	\$ 164,700.00	\$ 164,700.00
5633	17,000 ton \$1	\$ 306,000.00		\$ 306,000.00	\$ 306,000.00	\$ 306,000.00
Total 26150 Ton Billed						
Total All Invoices				\$ 1,046,400.00	\$ 1,046,400.00	\$ 1,095,000.00
*River Ridge bid 1000 ton rock per mile plus \$18 a ton added rock & shale. Kay County determined 1000 ton was not enough per mile and added 1267 loads of shale and 2701.16 extra crusher run at \$18 per ton. Figures below show what River should have billed.						
Total shale 30,408 Ton minus 26,150 Ton billed = 4258 Ton x \$18 =						\$ 76,644.00
River Ridge delivered a total of 23,701.16 Ton Crusher Run and billed for only 21 miles x 1000 Ton = 23,000 Ton. The 2,701.16 extra rock should have been billed at $2,701.16 \times \$18 =$						
Price of Rock over 1000 per mile should have been billed at $\$6.50 \times 2701.16 =$						\$ 17,557.54
River Ridge total billed for Blackwell Wind Farm was \$1,046,400.00 and should have been \$1,237,822.42.						
				\$ 1,046,400.00		\$ 1,237,822.42

River Ridge cooperated fully with the auditor's office, however they did not ask for documentation of this project yet posted in all major newspapers that the county had overpaid River Ridge by \$500,000.

Page 21 – 24 Auditor’s Report – Purchase of Vibratory Pile Driver

- 1) River Ridge Construction purchased the pile driver in January 2013.
 - 2) Before the pile drive, the county was charged \$150 an hour for a crane plus \$150 an hour for excavator. After purchase of pile driver, River Ridge charged for pile driver only and did not charge for use of excavator.
 - 3) A new state engineer changed the rules in mid 2013. The county could use the pile driver in bridge work but requirements for certification for privately held companies changed. (See invoice dated 06/13/2013 #6064 crane charges doubling costs.)
 - 4) This piece of equipment cannot operate without an excavator. River Ridge charged the county for pile driver on invoices at \$150.00 an hour and could have charged another \$150.00 an hour for excavator.
 - 5) River Ridge Construction does not owe the county money on county invoices as they were never charged extra for the pile driver only the excavator hours.
- Auditor’s report estimated fair-market value of a used two-year-old HMC SP-80 vibratory pile driver.
 - River Ridge pile driver was one year old, used six times with 440 hours.
 - River Ridge hired Lippard Auctioneers, Commercial Appraiser.
 - Lippard Auctioneers appraisal was \$200,000 on June 13, 2013 six months before county purchase.
 - Auditor’s report did not include installation nor amount for freight.
 - Auditor’s report did not show training minimum of 3 days and normally 4 with added costs.
 - Auditor’s report did not show the March 27, 2015 invoice where River Ridge paid HME \$6,390.22 to install pile driver on county excavator. See comparison chart below:

Commercial Appraisal and Pricing on Pile Driver			
	Date		Inv #
Lippard Commerical Appraiser - value	6/12/2013	\$200,000.00	
County purchase Vibratory Pile Driver	2/3/2014	\$180,000.00	
River Ridge Paid for Installtion	3/27/2015	-\$6,390.22	82367
Included Training			
Total		\$173,609.78	
HMC Quote in Auditor Report		\$169,500.00	
Delivery		\$2,350.00	
Installation		\$6,390.22	
Total		\$178,240.22	

See Lippard invoice dated May 13, 2015.

River Ridge Construction continued using the equipment on bridge projects until the county was ready to install on their equipment. Auditors noted a credit was due, however after River Ridge reviewed invoices, River Ridge had not billed extra for the pile driver. County saved thousands using the driver instead of the driver and crane.

Page 28 – Auditor’s Report: Belly-Dump Trailers – accused of buying and selling trailers.

Certified appraisal shows River Ridge paid \$1,000 more than appraisal value to county for the four trailers purchased.

- 1) River Ridge owner heard two other companies in Newkirk were purchasing trailers from Steve Austin, District 2 commissioner (commissioner not in audit).
- 2) River Ridge owner called Steve Austin, District 2, to find out how many more trailers would be for sell.
- 3) All three commissioners were selling trailers and River Ridge Construction purchase four of the twelve sold by the county.
- 4) Auditor’s report was printed in error. River Ridge bought trailers from the county but did not sell trailers.

Page 31 – 34 Auditor’s Report: Administrative Fees

River Ridge provides a copy of all invoices for materials purchased.

- 1) The fee shown was to show the county what River Ridge added in costs for ordering and paying for materials. This would not have been required. River Ridge buys cement in large quantities with a lower price point on most purchases saving the county monies. This is standard practice in all 77 counties in Oklahoma.
- 2) River Ridge Construction was asked to build high technology bridges at the River Ridge facility. On page 31, the auditor shows \$9,443.42 administrative fees and 5% profits fee.
 - a. River Ridge provided certified payroll reports on all force account work and payroll reports reflected more hours than the county had budgeted, we reduced the amount of the original invoice and reflected it as administrative fees. River Ridge clerk said she explained this to the auditor.

Page 35 – 37 Auditor’s Report: Conflict of Interest

River Ridge Construction bought used equipment and vehicles from District 1, 2, and 3 county commissioners.

See details below of items from Dee Schieber and Tyson Rowe.

Conflict of Interest				
*Note Commercial Apraisal Lippard 06/12/2013 & 05/13/2015				
	River R Cost	Amt Paid	Lippard	Profit
1) Tyson Rowe Barn		\$ 36,752.81		
Items Traded				
1998 Dodge 3/4 Truck		\$ 4,500.00	\$ 5,000.00	
4-Post 12,000 truck lift		\$ 4,000.00	\$ 4,500.00	
Sheet Metal Brake		\$ 1,000.00	\$ 1,200.00	
Power Trowell		\$ 500.00		
Concrete trowls		\$ 2,500.00		
Concrete Forms		\$ 1,500.00		
Pipe for Office Front		\$ 3,000.00		
Total	\$ 41,376.49	\$ 53,752.81		\$ 12,376.32
2) Dee Schieber				
1995 Chevrolet C3500	\$ 3,500.00		\$ 5,000.00	
(Chev Pickup bought for L. [REDACTED] employee 4 children no veh to get to work.				
River Ridge was to finance and take out of employee check.)				
3) Dee Schieber	Pipe traded for gate in front of RR Building.			
4) Tyson Rowe				
1995 Peterbilt	\$ 15,000.00		\$ 15,000.00	
LS190-Skid Steer	\$ 30,000.00		\$ 30,000.00	

Page 38-39 Auditor's Report: Sale of Land

- 1) River Ridge Construction owner heard that Leaming Construction was going to purchase land from Kay County.
- 2) River Ridge owner contacted Steve Austin about purchasing part of the partial of land for his company.
- 3) River Ridge asked Dee Schieber before purchase about 20 acres due to building pad requiring more fill dirt.
- 4) River Ridge purchased land 11/02/2011 and was not told of a problem until 2015.
- 5) Tom Rigdon, Attorney-at-Law charged River Ridge \$2,268.66 to clear the title December 18, 2015.
- 6) Newly elected commissioners posted for sale acreage in same partial of land without certified appraisal in 2015.
- 7) River Ridge Construction paid more than the commercial appraised value to the county.
- 8) County earns more than \$16,000 a year in property and equipment taxes.

Return To:

River Ridge Construction
707 E. 6th
Newkirk, OK 74647



WARRANTY DEED

1-2011-011379 Book 1547
11/02/2011 10:48 am Pg 0318-0318
Fee: \$ 0.00 Doc: \$ 0.00
Tammy Reese - Kay County Clerk
State of Oklahoma

KNOW ALL MEN BY THESE PRESENTS:

That, the Board of County Commissioners of Kay County, Oklahoma, acting on behalf of Kay County, Oklahoma, known herein as Grantor, in consideration of the sum of Fifty Five Thousand Dollars (\$55,000.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto River Ridge Construction, herein known as Grantee, the following described real property and premises, situated in Kay County, State of Oklahoma, to-wit:

A tract of land situated in the East Half of the Northeast Quarter of Section 34, Township 28 North, Range 2 East of the Indian Meridian, Kay County, Oklahoma, being more particularly described as follows: Commencing at the Southeast Corner of said Northeast Quarter; thence North 89 degrees, 38 minutes, 53 seconds West (assumed), along the South Line of said Northeast Quarter, a distance of 137.20 feet to a point on the West Right-of-Way for U.S. Highway 77 and the Southeast Corner of a tract of land recorded in Book 1198, Page 319 in the Kay County Registrar of Deeds; thence North 00 degrees, 07 minutes, 12 seconds East, along said West Right-of-Way, a distance of 660.00 feet to the Northeast corner of said recorded tract and the Point of Beginning of the herein described tract; thence North 89 degrees, 38 minutes, 53 seconds West, parallel with the South Line of said Northeast Quarter, a distance of 1179.58 feet to a point on the West Line of the East Half of said Northeast Quarter; thence North 00 degrees, 15 minutes, 31 seconds East, along the West Line of the East Half of said Northeast Quarter, a distance of 739.00 feet to a point; thence South 89 degrees, 38 minutes, 53 seconds East, parallel with the South Line of said Northeast Quarter, a distance of 1177.79 feet to a point on said West Right-of-Way; thence South 00 degrees, 07 minutes, 12 seconds West, along said West Right-of-Way; a distance of 739.00 feet to the Point of Beginning, containing 20.00 acres(s), more or less.

Together with all the improvements thereon and the appurtenances thereunto belonging, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said Grantee, its successors and assigns forever, free, clear and discharges of and from all former grants, taxes, judgments, mortgages, and other liens and encumbrances of whatsoever nature except easements for record.

Signed this 12th day of September, 2011.

Documentary Stamp Exemption:
Grantor Governmental Agency

BOARD OF COUNTY COMMISSIONERS
KAY COUNTY OKLAHOMA


Steve Austin, Chairman


Attest, Kay County Clerk
(seal)



ACKNOWLEDGMENT

STATE OF OKLAHOMA)

Page 40 – 42 Auditor's Report: R & R Dirt Contractors

District 3 commissioner Tyson Rowe brought invoices to River Ridge Construction stating the District Attorney had approved the use of his D6R Caterpillar dozer through his company R & R Dirt Contractors to push sand in the county sand pit. According to Tyson, the county did not have a large enough dozer and his dozer would save the county money. The invoice has internal writing showing payment held until insurance documentation was received. River Ridge's standard fee to sub-contractors of ten percent covers office costs and added general liability. River Ridge has never received a purchase order number on any project until the work was complete.

- 1) River Ridge lease purchased D6R dozer from Tyson Rowe. Below is the breakdown.
- 2) Sheet below shows employee hired to operate dozer and the date is at same time of lease purchase.
- 3) Auditor's report asked about \$5,000 in repairs. River Ridge hired Caterpillar to fix the air-conditioner and they billed Tyson Rowe for the repairs instead of River Ridge. River Ridge paid Tyson for repairs.
- 4) In the list below is the payment schedule with interest and fees added into payment.
- 5) Balance owed by River Ridge is lower than certified appraisal.

Details of Lease Purchase of Dozer.

*Note: ACH = Automatic withdraw from bank. Monthly payments include interest/fees.

Dozer Operator - Folk hired 09/07/2013 Folk hours shown at end of each year.

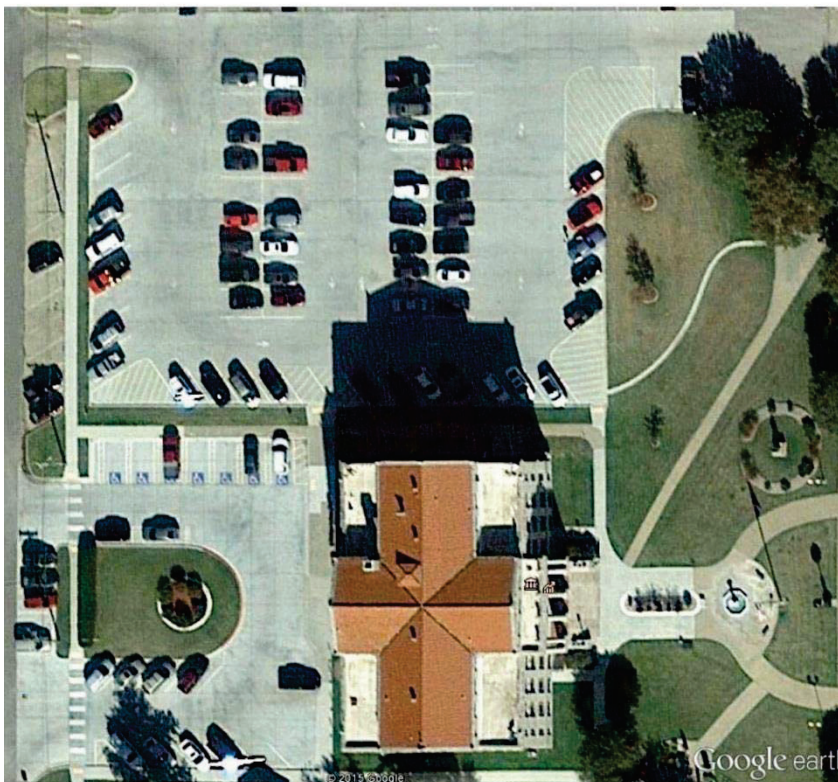
Projects or Cat Payment	Date	ACH/Ck #	Man Hours	Cat Payment	Balance
Caterpillar Financial	09/09/13			\$ 2,913.87	
Repairs pd to Tyson	09/09/13			\$ 5,000.00	
Caterpillar Financial	11/15/13			\$ 531.81	
Caterpillar Financial	11/15/13			\$ 2,784.64	
Folk Hours Year 2013	12/31/13		391		
Caterpillar Financial	01/14/14			\$ 2,632.80	
Caterpillar Financial	01/14/14	4202		\$ 1,501.22	
Caterpillar Financial	02/27/14	ACH		\$ 2,784.64	
Caterpillar Financial	04/21/14	ACH		\$ 2,784.64	
Caterpillar Financial	05/06/14	ACH		\$ 2,784.64	
Caterpillar Financial	07/01/14	ACH		\$ 2,916.28	
Caterpillar Financial	09/16/14	ACH		\$ 5,832.56	
Caterpillar Financial	10/16/14	ACH		\$ 2,916.28	
Caterpillar Financial	11/10/14	ACH		\$ 2,784.64	
Caterpillar Financial	12/10/14	ACH		\$ 2,784.64	
Folk Hours Year 2014			2394.5		
Caterpillar Financial	01/09/15	ACH		\$ 2,982.80	
Caterpillar Financial	02/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	03/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	04/09/15	ACH		\$ 2,632.80	71740.21
Caterpillar Financial	05/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	06/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	07/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	08/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	09/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	10/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	11/09/15	ACH		\$ 2,632.80	
Caterpillar Financial	12/09/15	ACH		\$ 2,632.80	55198.85
Folk Hours Year 2015			2314		

5099.5 \$ 72,896.26

Lippard Auctioneers Commercial Appraisal 05/13/2015 \$85,000.00 Balance 12/31/2015 \$71,740.21

**Further examples of items auditors listed:
Court House Parking project.**

Square Yard is figured by taking the cubic yard x 54 divided by 9 = square yard.			
Cubic Yard is figured by taking length x width x depth divided by 27 = cubic yard.			
Court House Parking Lot			
Rive Ridge was lowest bidder.			
*Bid = The amount to bill from 6 month bid. River Ridge charged lower costs as shown.			
River Ridge charged cubic yard instead of sq yd.			
Invoice # & Date	River Ridge Billed	Waller Const. - KS	Figures
07/25/2012 - 5737	\$ 21,773.93	\$ 22,133.93 x	14.75 x 54 divide by 9 = \$4005
08/02/2012 - 5753	\$ 10,086.46	\$ 11,661.46 x	12 x 54 divide by 9 = \$3240
08/09/2012 - 5762	\$ 7,084.65	\$ 12,009.74 x	19 x 54 divide by 9 = 114 x \$45 = \$5,130
08/15/2012 - 5779	\$ 14,703.85	\$14,073.85 x	Pour/Finish was higher than cubic
08/23/2012 - 5787	\$ 86,351.11	\$ 216,851.11 x	580 x 54 divide by 9 = 3480 x \$45 = \$156,600
08/27/2012 - 5789	\$ 38,906.10	\$ 72,206.10 x	148 x 54 divide by 9 = 888 x \$45 = \$39,960
12/11/2012 - 5867	\$ 8,680.50	\$ 9,625.50 x	7.5 x 54 divide by 9 = 45 x \$45 = \$2,025
01/03/2013 - 5882	\$ 7,552.60	\$ 10,027.60 x	14 x 54 divide by 9 = 84 x \$45 = \$3,780
01/09/2013 - 5887	\$ 36,107.40	\$ 79,262.40 x	186 x 54 divide by 9 = 1116 x \$45 = \$50,220
01/18/2013 - 5894	\$ 20,437.25	\$ 34,837.25 x	60 x 54 divide by 9 = 360 x \$45 = \$16,200
04/03/2013 - 5902	\$ 7,165.00	\$ 7,165.00 x	No pour/finish hours
07/15/2013 - 56339	\$ 2,833.78	\$ 2,833.78 x	No pour/finish hours
10/24/2012 - 5833	\$ 13,588.32	\$ 19,818.92 x	28 x 54 divide by 9 = 168 x \$45 = \$7,560
11/01/2012 - 5835	\$ 7,003.37	\$ 8,083.37 x	10 x 54 divide by 9 = 60 x \$45 = \$2,700
11/07/2012 - 5839	\$ 5,218.00	\$ 9,186.00 x	20 x 54 divide by 9 = 120 x \$45 = \$5,400
12/05/2012 - 5864	\$ 14,348.47	\$ 14,348.47 x	No pour/finish hours
12/20/2012 - 5873	\$ 11,463.38	\$ 13,353.38 x	15 x 54 divide by 9 = 90 x \$45 = \$4,050
12/28/2012 - 5876	\$ 12,394.10	\$ 14,824.10 x	14 x 54 divide by 9 = 84 x \$45 = \$3,780
	\$ 325,698.27	\$ 572,301.96	



Tonkawa Recycle Center - \$217,122.50				
	River Ridge		Hembree	6 M-Bid
Trucking	\$ 23,940.00	\$ 105.00	\$ 25,080.00	\$ 110.00
Rock	\$ 9,165.00	\$ 6.50	\$ 10,575.00	\$ 7.50
Cement	\$ 73,163.58		\$ 73,163.58	
Dozer	\$ 17,593.00	\$ 155.00	\$ 18,160.00	\$ 160.00
Plans	\$ 4,677.86		\$ 4,677.86	
Paving Panels	\$ 15,207.50		\$ 15,207.50	
Dowels, Caps & Rebar	\$ 4,194.76		\$ 4,194.76	
Pickups & Tools	\$ 2,550.00	75 a day	\$ 5,440.00	20 an hr
Rental Silicone pump	\$ 1,254.00		\$ 1,254.00	
Surveying	\$ 4,252.60		\$ 4,252.60	
Forming	\$ 29,785.00		\$ 23,166.00	
Pour/Finish	\$ 32,065.00		\$ 80,199.90	30 sq yd
	\$ 217,848.30		\$ 265,371.20	
*River Ridge - Leving Pour/Finish - volume purchase through River Ridge				
** County paid less than 6 month bid costs due to requested estimate.				
*** Explanation - Levings 24,060 sq ft divided by 9 = 2,673.33 sq yard x 30.00 = \$80,199.90				

Items	River Ridge	Bid Sheet	Dietz	Bid Sheet
Bridge #136 - January 2014				
33 hrs Drive Pilings	\$ 5,115.00	Exc 155.00 hr	\$ 6,270.00	\$190.00 hour
316.66 hrs Welding	\$ 22,166.20	\$70 hour	\$ 22,166.20	\$70 hour
278.09 hrs Welder Help	\$ 11,122.80	\$40 hour	\$ 9,733.00	\$35 hour
101.90 hrs Supervisor	\$ 5,095.00	\$50 hour	\$ 5,095.00	
67.72 hrs tie steel	\$ 3,047.40	\$45 hour	\$ 3,047.40	
Pour deck 108 cubic yd	\$ 4,860.00	\$45 cubic yard	\$ 19,440.00	\$30 sq yd.
9.5 hrs Truck Lowboy	\$ 950.00	\$100 hr	\$ 950.00	
Pump to pump deck	\$ 2,401.37		\$ 2,401.37	
Pickup/Tools	\$ 6,108.60	\$20 hr	\$ 6,108.60	
Totals	\$ 60,866.37		\$ 75,211.57	
Hembree does not bid bridges and Dietz does not do cement.				
Bridge #114 - July 2013				
96 hrs Drive Pilings	\$ 14,400.00	Exc \$150.00 hr	\$ 18,240.00	\$190 hr.
34 hrs Interlocking sheet	\$ 4,930.00	\$145 hr	\$ 6,120.00	\$180 hr.
32 hrs Set Beams	\$ 5,120.00	\$160 hr	\$ 6,080.00	\$180 hr.
150 Welding Bridge	\$ 10,500.00	\$70 hr	\$ 10,500.00	\$70 hr.
150 Welder Help	\$ 5,250.00	\$35 hr	\$ 5,250.00	\$35 hr.
72 hours tying steel	\$ 3,240.00	\$45 hr	\$ 2,520.00	\$35 hr.
Pour/Finish 47 cubic yd	\$ 2,115.00	\$45 hr	\$ 8,460.00	\$35 sq yd.
Pump Truck -Pour Deck	\$ 1,500.00		\$ 1,500.00	
Cement	\$ 4,883.30	Cost + 10%	\$ 4,883.30	Cost + 10%
Totals	\$ 51,938.30		\$ 63,553.30	
Bridge 22A Bender - October 2013				
64 hrs Drive Piling	\$ 9,600.00	Excav \$150 hr	\$ 11,520.00	\$180 hr
66 hrs Interlocking Sh	\$ 9,570.00	\$145 hr	\$ 11,880.00	\$180 hr
40 hrs Set Beams	\$ 6,400.00	\$160 hr	\$ 7,200.00	\$180 hr
128 hrs Welding	\$ 8,960.00	\$70 hr	\$ 8,960.00	\$70 hr
75 hrs Welder Helper	\$ 2,625.00	\$35 hr	\$ 3,000.00	\$40 hr
38 Cubic yds cement	\$ 4,409.90		\$ 4,409.90	
48 hrs Forming	\$ 2,160.00	\$45 hr	\$ 1,680.00	\$35 hr
Pour/Finish	\$ 1,710.00	\$45 cubic yd	\$ 6,840.00	\$30 sq yd
Pump to pump deck	\$ 1,130.00		\$ 1,130.00	
18 Concrete Blankets	\$ 297.00		\$ 297.00	
Totals	\$ 46,861.90		\$ 56,916.90	
Headwalls Traders December 2013				
216 hrs Forming	\$ 9,720.00	\$45 hr	\$ 7,560.00	\$35 hr
32 hrs Pour/Finish	\$ 1,440.00	\$45 hr	\$ 3,255.00	\$30 sq yard
15 1/2 cubic yd cement	\$ 2,092.07		\$ 2,092.07	
Truck/Tools Rental	\$ -		\$ 640.00	
Totals	\$ 13,252.07		\$ 13,547.07	

Example of Bonded, Insured and Sealed Bid vs Six Month & Force Account Work

The picture below is of the Newkirk High School parking which was a project River Ridge Construction won in sealed bid within a year of county project. The project was smaller than Kay County Court House parking (county costs \$325,698.27) and the high school paid \$405,022.20.



§ 126. Construction on Force Account Basis.

Nothing in this act shall be construed to prevent a public agency from doing public construction work on a force account basis.

In Oklahoma it is called the six-month sealed bid list.

Auditor's Report page 47 – Other Issues

Auditor states during 2014, county paid Wells Built for river rock and other native materials. The auditor also mentioned that Wells Built and River Ridge Construction owned M. K. Crushing and this was true however M. K. Crushing does not sell river rock or the other material listed in the charges on page 47 and M. K. Crushing sold to Allied in 2014. Wells Built owns a separate sand/gravel pit and sold items from that location.

Details of North Pecan Road mobilization and breakdown of Blackwell Wind Farm project below: Insert here when finished with excel sheet.

Auditor's findings on first page: ***Please notice North Pecan Road was let out at public letting.

- Kay County awarded more than \$5 million in public construction and reconstruction projects in apparent violation of the Public Competitive Bidding Act. (Pg. 4)
 - All above projects used BIA funds.
- (Auditor's Review) Kay County utilized term-bid contracts to circumvent the Public Competitive Bidding Act. Of ten contracts reviewed, ranging from over \$13,000 to 1,9 million, all had been awarded through the county's term bids or through no bids at all. (Pg. 4)
 - River Ridge shows all work was bid or used force account from six month sealed bid/estimate sheets.
 - **Title 61 § 126. Construction on Force Account Basis.**
Nothing in this act shall be construed to prevent a public agency from doing public construction work on a force account basis.
 - **Title 69 O.S. & 633**, part of the Oklahoma Highway Code of 1968, requires the county, in order to ensure sound engineering practices, to have engineering plans and specifications for any culvert or bridge constructed or reconstructed at an estimated cost of \$150,000 or more or for any grade-and-drainage project or reconstruction, replacement, or major repairs at an estimated cost of \$400,000 or more.

Such projects shall be advertised for bids pursuant to Section 1101, and the contract shall be let only after notice at a public letting. *****If the construction work can be completed for a cost below or equal to the estimate of the engineer OR below any bid submitted at a public letting, the county may document such cost and utilize its force account for construction labor.**

- **Dictionary definition of Force Account:** Work ordered on a construction project **without an existing agreement** on its cost, and performed with the understanding that the contractor will bill the owner according to the cost of labor, materials, and equipment plus a certain percentage for overhead and profit.
- River Ridge provided copies of all invoices and certified payroll reports of all work projects.
 - River Ridge purchased a system which pulls the workers hours in as they clock into specific jobs. These hours are tracked by the accounting system and at the end of a job, the county was given certified payroll reports. The truck drivers were the only employees who did not use the electronic system but they filled out their work sheets daily with job numbers and those hours were put into the system. All sub-contractor hours are also put into the system by job and those invoices along with material costs were given to the county.
 - Force account work does not require a bond or insurance. River Ridge could have provided documentation of company insurance but if a bond was required or insurance for the project, the costs would have risen 20% which is the approximate cost to provide.

- Title 19 – Purchasing 1501-1505

- 19-1505.2. Exception to purchasing procedures for public trusts.

The procedures specified in Sections 1500 through 1505 of this title shall not apply to the receipt of or the purchases, lease-purchases and rentals of supplies, materials, equipment and improvements made with funds of a public trust expended by a county on behalf of such public trust, if the county is a beneficiary of such public trust and such public trust receives and administers the proceeds of sales tax. Added by Laws, c 342, & 1, eff. July 1, 1996

- CONSTRUCTION OF FEDERALLY FUNDED (FEDERAL AID) LOCAL AGENCY PROJECTS BY NON-COMPETITIVE BID CONTRACT (FORCE ACCOUNT) The Code of Federal Regulations (CFR) Title 23, part 112, and 23 CFR 635.104(b), allow federal aid construction work to be completed by a method other than competitive bidding.

§635.104 Method of construction.

(a) Actual construction work shall be performed by contract awarded by competitive bidding; unless, as provided in §635.104(b), the STD demonstrates to the satisfaction of the Division Administrator that some other method is more cost effective or that an emergency exists. The STD shall assure opportunity for free, open, and competitive bidding, including adequate publicity of the advertisements or calls for bids. The advertising or calling for bids and the award of contracts shall comply with the procedures and requirements set forth in §§635.112 and 635.114.

This method, known as the “**Noncompetitive Bid Contract**”, or **Force Account** method, authorizes the local municipal agency, generally described as a county, city, or village, to complete the project by furnishing the labor, equipment, and materials under its direct control. Work to be completed by force account may be either a stand-alone project, or may be a portion of a larger, competitively bid project.

§635.204 Determination of more cost effective method or an emergency.

(a) Congress has expressly provided that the contract method based on competitive bidding shall be used by a State transportation department or county for performance of highway work financed with the aid of Federal funds unless the State transportation department demonstrates, to the satisfaction of the Secretary, that some other method is more cost effective or that an emergency exists.

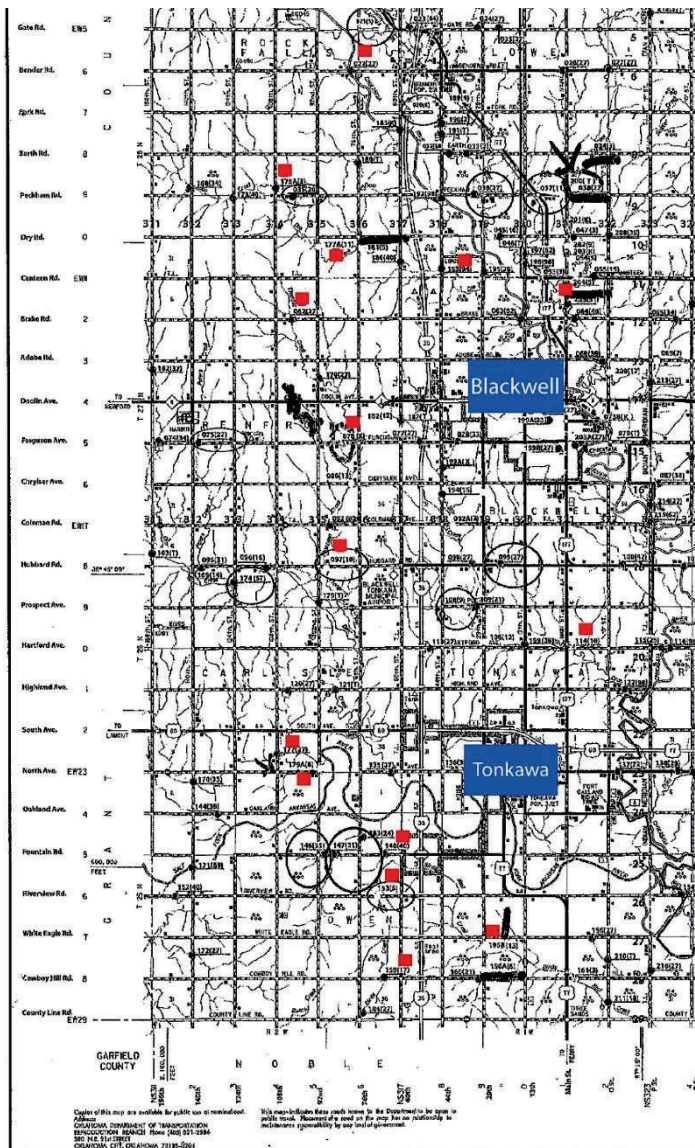
- The 1975 Indian Self -Determination and Education Assistance Act, Pub. L.93-638, gave Indian tribes the authority to contract with the Federal government to operate programs serving their tribal members and other eligible persons. The Act was further amended by the Technical Assistance Act and other Acts, Pub.L.98-250; Pub.L.100-202; Interior Appropriations Act for Fiscal Year 1988, Pub.L.100-446; Indian Self-Determination and Education Assistance Act Amendments of 1988, Pub.L.100-472; Indian Reorganization Act Amendments of 1988, Pub.L.100-581; miscellaneous Indian Law Amendments, Pub. L.101-301; Pub.L.101-512; Indian Self-Determination and Education Assistance Act Amendments of 1990, Pub.L.101-644; Pub.L.102-184; Pub. L. 102-573; Pub.L.103-138; Indian Self-Determination Act Amendments of 1994, Pub.L.103-413; Pub.L.103-435; and Pub. L. 103-437. Of these, the most significant were Pub.L.100-472 (the 1988 Amendments), Pub. L. 101-644 (the 1990 Amendments) and Pub.L.103-413 (the 1994 Amendments). The 1988 Amendments substantially revised the Act in order to increase tribal participation in the management of Federal Indian programs and to help ensure long-term financial stability for tribally-run programs. Senate Report 100-274 at 2. The 1988 Amendments were also intended to remove many of the administrative and practical barriers that seem to persist under the Indian Self-Determination Act. Id. at 2. In fashioning the amendments, Congress directed that the two Departments develop implementing regulations over a 10-month period with the active participation of tribes and tribal organizations. **In this regard, Congress delegated to the Departments broad legislative rulemaking authority.**

- Kay County overpaid River Ridge Construction more than \$500,000 as part of the Blackwell Wind Farm Roads project. (Pg. 17)
 - a. River Ridge shows auditor read bid incorrectly and shows River Ridge was underpaid.
- 2) The definition of force account in dictionary of construction.com: Work ordered on a construction project without an existing agreement on it's cost, and performed with the understanding that the contractor will bill the owner according to the cost of labor, materials, and equipment plus a certain percentage for overhead and profit.

This response to audit prepared by Cinda Wood. The accounting for River Ridge Construction was set up by a CPA/Tax Attorney. The books were audited by a forensic CPA in August, 2013 as a joint venture proposal. The accountant comes to River Ridge with many years of construction accounting experience and former professor of accounting at local college.

Comment from Cinda Wood: This discovery is not insignificant and the Oklahoma Attorney General was right in requesting an independent audit. The state auditor also publishes the policies for county commissioners and if the Oklahoma State Attorney General has discovered questionable actions in Oklahoma audits, it may require all audits and policies set by Gary Jones are reviewed before this happens again.

Bridge approximate location of toxic waste found by River Ridge Construction below:



During the audit, I wondered where the agreement was that was used against one of the commissioners in the Ponca City News.

After going to the court house to pick up a copy, I was told by Tammy Reese that I would need to get it from the DA's office.

I went to the DA and they would not give to me without a citizens request form. Two days later Tammy called and handed me the agreement. I asked her if she had put this into the Ponca Newspaper and she said no. Christi Kennedy did as her close friend worked at the Ponca News at that time. That document was court sealed and had to do with multi-millions of dollars given to Kay County to clean up toxic waste.

This explained their negative interviews to the auditor.