

Kentucky Transportation Cabinet: FY2018 Summary & Analysis

According to the U.S. Census Bureau's July 2017 population estimate, Kentucky is the 26th most populous state in the United States. Since the 2010 Census, Kentucky's population has grown 2.44%, which ranks 32nd among all states. According to Kentucky Transportation Cabinet ("KYTC"), the total proposed transportation budget for 2016-2020 is **more than \$12.3 Billion**.

The table on the left below highlights the **FY2018 bidding activity** on KYTC projects. The largest project awarded during the period was a \$81M project won by **ATS Construction**. Additionally, there were a total of 18 projects larger than \$10M and 9 projects larger than \$20M awarded during this period. A total of 13 different contractors won jobs over \$10M. The total value of contracts let during the period was \$1.13 Billion, the top five contractors won 53.8% of all work let during the period. **Mountain Enterprises Inc.** was the most active during this period submitting a total of 97 bids, with 89 low bids for a win percentage of 91.8% and total value of \$84M. **ATS Construction** was the most successful bidder with 58 low-bids worth a total of \$300M.

The table on the right below highlights the average margin of victory by letting period between first and second place bidders on these projects, with the most competitive period being April with an average margin of victory of 5.72% and the most active period being May with 67 projects awarded. November was the least active month with only 13 project being let.

**Top 15 Contractors by Low Bid KYTC Contract Value
FY 2018**

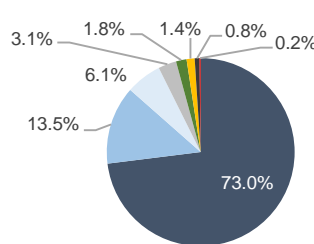
Bidder	Total 1st Place Bids	Total Bids	Win %	Winning Bid Value
1 ATS CONSTRUCTION	58	70	82.9%	300,348,131
2 SCOTTY'S CONTRACTING AND STONE	60	85	70.6%	89,339,311
3 MOUNTAIN ENTERPRISES INC	89	97	91.8%	84,126,458
4 EATON ASPHALT PAVING CO INC	18	97	18.6%	69,499,142
5 LOUISVILLE PAVING COMPANY INC	23	78	29.5%	65,219,506
6 HINKLE CONSTRUCTION SERVICES LLC	3	12	25.0%	46,519,585
7 BIZZACK CONSTRUCTION LLC	2	3	66.7%	44,748,079
8 JIM SMITH CONTRACTING COMPANY LLC	26	34	76.5%	35,577,776
9 HINKLE CONTRACTING COMPANY LLC	63	83	75.9%	33,055,558
10 HALL CONTRACTING OF KENTUCKY INC	5	20	25.0%	31,264,861
11 THE WALKER COMPANY OF KENTUCKY	15	21	71.4%	28,315,679
12 THE ALLEN COMPANY INC	18	21	85.7%	27,233,768
13 RIEGLER BLACKTOP INC	9	21	42.9%	24,686,518
14 MAGO CONSTRUCTION COMPANY LLC	40	57	70.2%	19,320,641
15 E & B PAVING INC	1	7	14.3%	14,297,300

**Margin of Victory KYTC Bid Results
FY 2018**

	# of Projects w/ Multiple Bidders	Average Win Margin
January	50	13.17%
February	25	7.84%
March	34	8.72%
April	36	5.72%
May	67	15.03%
June	39	17.56%
July	44	9.59%
August	24	7.02%
September	22	8.84%
October	26	26.90%
November	13	16.87%
December	46	14.70%
Weighted Average		12.47%

The graph to the right highlights the total planned expenditures for Kentucky Transportation during the 5-year 2016-2020 period. These planned expenditures were detailed in the Commonwealth of Kentucky 2018-2020 Budget of the Commonwealth. In the budget, a total of \$12.4 Billion was made available by the Commonwealth for Transportation during the 2016-2020 period. The largest contributor to the budget was Highways contributing a total of \$9 Billion, 71% of that \$9 Billion was for construction totaling \$6.5 Billion. On average a total of \$1.3 Billion per year was budgeted for Highway construction, 2016 was the highest budgeted year with \$1.6 Billion and 2020 was the lowest budgeted year with \$1.09 Billion.

Kentucky State Budget 2016-2020 – Transportation (\$000's)



Highways	9,050,602
Revenue Sharing	1,669,569
Debt Service	761,540
General Administration	387,057
Vehicle Regulation	225,132
Public Transportation	171,949
Aviation	99,993
Transfer to Capital Projects	27,458
TOTAL EXPENDITURES	12,393,299

EXPENDITURES BY UNIT - Highways

	2016	2017	2018	2019	2020
Construction	1,648,978	1,301,405	1,329,647	1,098,023	1,091,970
Maintenance	375,001	314,895	352,761	380,873	375,179
Equipment Services	60,794	59,505	69,084	68,933	68,717
Highway Operations	30,310	32,956	45,980	51,980	52,980
Engineering Administration	13,930	14,057	15,262	24,211	26,119
Planning	13,067	14,382	16,116	15,389	15,231
Highway Safety	9,592	8,952	10,674	10,674	10,674
Research	4,506	3,927	4,817	4,527	4,527
TOTAL EXPENDITURES	2,156,177	1,750,078	1,844,341	1,654,609	1,645,397

Sources: US Census Bureau, KYTC bid lettings, KYTC Bid Express, Kentucky State Transportation Budget 2016-2020

Why We Are Different

Focused Strictly on Infrastructure

- Management has years of experience in the Infrastructure Industry
- Solely focused on advising public and private clients in the Infrastructure/Construction sector

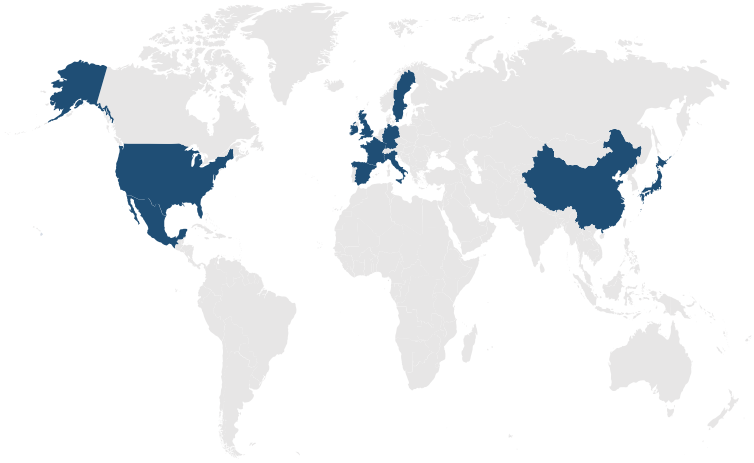
Broad Range of Advisory Services

- M&A, Project Financing, Strategic Consulting, Restructuring, Executive Placement, and Financial Analysis
- All Industry Sub-Sectors

Experience in All Major Infrastructure Markets

- Star America has worked in all infrastructure markets, including Civil Construction, Vertical Building, Public-Private Partnerships, Industrial

Star America Global Reach



Service Offerings

Mergers & Acquisitions

We have a strong track record in both domestic and cross-border M&A advisory roles. We operate both negotiated processes and auctions, assist in deal structuring, and provide impartial advice about the merits of transactions in our industry of focus.

Business Development

Star is well qualified to assist clients in developing their business plans in the U.S. Given the depth of experience of its partners and operating professionals, the company offers access to thought leadership of C-Level executives.

Capital Raising

We maintain contacts at banks, hedge funds, equipment finance companies, and other financial firms. These are sources of capital for clients desiring funds for expansionary capital expenditures or general operating cash flow needs.

PPP Financial Advisory

Star provides financial advisory services to companies and consortia seeking to participate in alternative procurement processes. We advise on debt capital raising in the bank and bond markets, and help structure competitive bids for our clients.

Management Consulting

We work with clients to formulate and pursue strategic and tactical goals. Star provides true business solutions, including identifying potential management hires, developing and implementing marketing plans, and increasing operational efficiencies.

Strategic & Financial Analysis

Industry analytics form the core of a successful financing or business development strategy. With our significant industry knowledge, we assess companies' current and projected financial and competitive positions to provide actionable recommendations. We have the capacity to provide comprehensive financial analysis as well as contractor prequalification solutions, allowing contractors to properly vet lower tiers and improve overall capital strength.

Disclaimer:

This material is for informational purposes only. It should not be relied on for any other purposes. The goal of this report is to help market participants critically assess each state's expected infrastructure budgets and competitive environment.