

TUTOR PERINI Corp
Form 10-Q
November 02, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-6314

Tutor Perini Corporation

(Exact name of registrant as specified in its charter)

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MASSACHUSETTS	04-1717070
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15901 OLDEN STREET, SYLMAR, CALIFORNIA 91342-1093

(Address of principal executive offices)

(Zip code)

(818) 362-8391

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-Accelerated filer	Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

The number of shares of common stock, \$1.00 par value per share, of the registrant outstanding at October 31, 2016 was 49,202,055.

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PART I. – FINANCIAL INFORMATION

Item 1. – Financial Statements

TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

UNAUDITED

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
REVENUE	\$ 1,332,978	\$ 1,340,739	\$ 3,726,477	\$ 3,719,642
COST OF OPERATIONS	(1,208,310)	(1,240,538)	(3,386,947)	(3,430,062)
GROSS PROFIT	124,668	100,201	339,530	289,580
General and administrative expenses	(63,749)	(61,227)	(189,660)	(199,641)
INCOME FROM CONSTRUCTION OPERATIONS	60,919	38,974	149,870	89,939
Other income, net	2,048	6,195	5,214	6,098
Interest expense	(15,041)	(11,214)	(44,655)	(33,885)
INCOME BEFORE INCOME TAXES	47,926	33,955	110,429	62,152
Provision for income taxes	(19,125)	(14,278)	(44,868)	(25,572)
NET INCOME	\$ 28,801	\$ 19,677	\$ 65,561	\$ 36,580
BASIC EARNINGS PER COMMON SHARE	\$ 0.59	\$ 0.40	\$ 1.33	\$ 0.75
DILUTED EARNINGS PER COMMON SHARE	\$ 0.57	\$ 0.40	\$ 1.32	\$ 0.74
WEIGHTED-AVERAGE COMMON SHARES				
OUTSTANDING:				
BASIC	49,185	49,070	49,132	48,951
DILUTED	50,100	49,775	49,649	49,718

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
NET INCOME	\$ 28,801	\$ 19,677	\$ 65,561	\$ 36,580
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX:				
Defined benefit pension plan adjustments	248	—	819	—
Foreign currency translation adjustment	(411)	(1,375)	261	(3,109)
Unrealized loss in fair value of investments	(79)	(2)	(224)	(86)
Unrealized gain (loss) in fair value of interest rate swap	—	47	(24)	152
Total other comprehensive (loss) income, net of tax	(242)	(1,330)	832	(3,043)
TOTAL COMPREHENSIVE INCOME	\$ 28,559	\$ 18,347	\$ 66,393	\$ 33,537

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED

	September 30, 2016	December 31, 2015
(in thousands, except share and per share amounts)		
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 170,744	\$ 75,452
Restricted cash	48,725	45,853
Accounts receivable, including retainage of \$541,921 and \$484,255	1,718,685	1,473,615
Costs and estimated earnings in excess of billings	820,243	905,175
Deferred income taxes	26,029	26,306
Other current assets	65,511	108,844
Total current assets	2,849,937	2,635,245
PROPERTY AND EQUIPMENT (net of accumulated depreciation		
of \$296,779 and \$254,477)	492,328	523,525
GOODWILL	585,006	585,006
INTANGIBLE ASSETS, NET	93,883	96,540
OTHER ASSETS	199,812	196,361
TOTAL ASSETS	\$ 4,220,966	\$ 4,036,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 108,897	\$ 88,917
Accounts payable, including retainage of \$245,713 and \$204,767	949,648	937,464
Billings in excess of costs and estimated earnings	334,055	288,311
Accrued expenses and other current liabilities	209,343	159,016
Total current liabilities	1,601,943	1,473,708
LONG-TERM DEBT, less current maturities (net of unamortized		
discount and debt issuance cost of \$59,694 and \$6,697)	684,202	728,767
DEFERRED INCOME TAXES	283,811	273,310

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OTHER LONG-TERM LIABILITIES	126,966	140,665
Total liabilities	2,696,922	2,616,450

CONTINGENCIES AND COMMITMENTS (NOTE 6)

STOCKHOLDERS' EQUITY:

Preferred stock - authorized 1,000,000 shares (\$1 par value), none issued	—	—
Common stock - authorized 75,000,000 shares (\$1 par value), issued and outstanding 49,202,055 and 49,072,710 shares	49,202	49,073
Additional paid-in capital	1,072,811	1,035,516
Retained earnings	443,364	377,803
Accumulated other comprehensive loss	(41,333)	(42,165)
TOTAL STOCKHOLDERS' EQUITY	1,524,044	1,420,227
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,220,966	\$ 4,036,677

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

	Nine Months Ended September 30,	
(in thousands)	2016	2015
Cash Flows from Operating Activities:		
Net income	\$ 65,561	\$ 36,580
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	47,295	30,959
Share-based compensation expense	10,109	17,064
Excess income tax benefit from share-based compensation	(10)	(186)
Change in debt discount and deferred debt issuance costs	7,124	1,569
Deferred income taxes	(8,636)	6,366
(Gain) loss on sale of property and equipment	300	(821)
Other long-term liabilities	(8,555)	(1,379)
Other non-cash items	(353)	(5,692)
Changes in other components of working capital	(18,669)	(63,786)
NET CASH PROVIDED BY OPERATING ACTIVITIES	94,166	20,674
Cash Flows from Investing Activities:		
Acquisition of property and equipment excluding financed purchases	(10,273)	(33,365)
Proceeds from sale of property and equipment	1,139	2,220
Change in restricted cash	(2,872)	5,798
NET CASH USED IN INVESTING ACTIVITIES	(12,006)	(25,347)
Cash Flows from Financing Activities:		
Proceeds from issuance of convertible notes	200,000	—
Proceeds from debt	1,003,092	672,719
Repayment of debt	(1,174,679)	(706,113)
Excess income tax benefit from share-based compensation	10	186
Issuance of common stock and effect of cashless exercise	(423)	(808)
Debt issuance costs	(14,868)	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	13,132	(34,016)
Net increase (decrease) in cash and cash equivalents	95,292	(38,689)

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Cash and cash equivalents at beginning of year	75,452	135,583
Cash and cash equivalents at end of period	\$ 170,744	\$ 96,894

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

(1) Basis of Presentation

The Condensed Consolidated Financial Statements do not include footnotes and certain financial information normally presented annually under accounting principles generally accepted in the United States (“GAAP”); therefore, they should be read in conjunction with the audited consolidated financial statements and the related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. The results of operations for the three and nine months ended September 30, 2016 may not necessarily be indicative of results that can be expected for the full year.

In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the Company’s consolidated financial position as of September 30, 2016 and its consolidated results of operations and cash flows for the interim periods presented. All significant intercompany transactions of consolidated subsidiaries have been eliminated. Management has evaluated all material events occurring subsequent to the date of the financial statements up to the filing of this Form 10-Q.

(2) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued new accounting guidance which amended the existing accounting standards for revenue recognition. The new accounting guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration to be received in exchange for those goods or services. The guidance will be effective for the Company as of January 1, 2018. The amendments may be applied retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In October 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-17, Consolidation (Topic 810), Interest Held through Related Parties That Are under Common Control. This ASU amends the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that variable interest entity. This guidance is effective for the Company as of January 1, 2017. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740), Intra-Entity Transfers of Assets Other Than Inventory. This ASU removes the prohibition against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. This guidance is effective for the Company as of January 1, 2018. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments. This ASU amends Accounting Standards Codification (“ASC”) 230 and is intended to provide guidance and clarification in regards to the classification of eight types of receipts and payments in the statement of cash flows, including debt repayment or extinguishment costs, settlement of zero-coupon bonds, proceeds from the settlement of insurance claims, distributions received from equity method investees and cash receipts from beneficial interest in securitization transactions. The guidance will be effective for the Company as of January 1, 2017. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In the first quarter of 2016, the Company adopted ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30). This ASU requires companies to present, in the balance sheet, debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts. In addition, the amortization of debt discounts is required to be presented as a component of interest expense. The Company applied the guidance retrospectively; accordingly, the Company reclassified unamortized debt issuance costs of \$5.8 million from Other Assets to Long-Term Debt, less current maturities in its December 31, 2015 Condensed Consolidated Balance Sheet and reclassified amortization of deferred debt issuance costs of \$0.3 million and \$0.8 million, respectively, from Other income (expense), net to Interest Expense in its Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic-842), which amends the existing guidance in ASC 840 Leases. This amendment requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases. Other significant provisions of the amendment include (i) defining the “lease term” to include the non-cancellable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED

an index or that are in substance “fixed”; and (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset’s economic benefits. This will be effective for the Company as of January 1, 2019 and will be applied using the modified retrospective transition method for existing leases. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes (Subtopic 740-10). This ASU requires entities to present all deferred tax assets and all deferred tax liabilities as noncurrent in a classified balance sheet. This ASU is effective for the Company as of January 1, 2017. The Company had \$26.0 million of current deferred tax assets and \$24.9 million of current deferred tax liabilities as of September 30, 2016, which will be presented as noncurrent upon adoption of this ASU.

(3) Earnings Per Share (EPS)

Basic EPS is calculated by dividing net income for a given period by the weighted-average number of common shares outstanding during that period, to which dilutive securities are included in the calculation of diluted EPS, using the treasury stock method. The calculations of the basic and diluted EPS for the three and nine months ended September 30, 2016 and 2015 are presented below:

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	\$ 28,801	\$ 19,677	\$ 65,561	\$ 36,580
Weighted-average common shares outstanding - basic	49,185	49,070	49,132	48,951
Effect of diluted stock options and unvested restricted stock	915	705	517	767
Weighted-average common shares outstanding - diluted	50,100	49,775	49,649	49,718

Net income per share:

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Basic	\$ 0.59	\$ 0.40	\$ 1.33	\$ 0.75
Diluted	\$ 0.57	\$ 0.40	\$ 1.32	\$ 0.74
Anti-dilutive shares not included above	610	1,580	1,339	909

With regard to diluted EPS and the impact of the Convertible Notes (as discussed in Note 5) on the diluted EPS calculation, because the Company has the intent and ability to settle the principal amount of the Convertible Notes in cash, per ASC 260, Earnings Per Share, the settlement of the principal amount has no impact on diluted EPS. ASC 260 also requires any potential conversion premium associated with the Convertible Notes' conversion option to be considered in the calculation of diluted EPS when the Company's average stock price for the periods presented is higher than the initial conversion price of \$30.25. As this was not the case during the three and nine months ended September 30, 2016, the conversion premium also has no impact on diluted EPS for those periods.

(4) Costs and Estimated Earnings in Excess of Billings

Reported costs and estimated earnings in excess of billings consist of the following:

	September 30, 2016	December 31, 2015
(in thousands)		
Claims	\$ 435,890	\$ 407,164
Unapproved change orders	183,759	270,019
Other unbilled costs and profits	200,594	227,992
Total costs and estimated earnings in excess of billings	\$ 820,243	\$ 905,175

Claims and unapproved change orders are billable upon the agreement and resolution between the contractual parties. Increases in claims and unapproved change orders typically result from costs being incurred against existing or new positions where recovery is concluded to be both probable and reliably estimable; decreases normally result from resolutions and subsequent billings. Other unbilled costs and profits are billable in accordance with the billing terms of each of the existing contractual arrangements and, as such, the timing of contract billing cycles can cause fluctuations in the balance of unbilled costs and profits. Ultimate resolution of other unbilled costs and profits typically involves the passage of time and, often, incremental progress toward contractual requirements or milestones.

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED

(5) Financial Commitments

Long-Term Debt

Long-term debt consists of the following:

(in thousands)	September 30, 2016	December 31, 2015
Term Loan	\$ 77,054	\$ 222,120
2014 Revolver	155,343	155,815
2010 Notes	297,867	297,118
Convertible Notes	150,542	—
Equipment financing, mortgages and acquisition-related notes	107,930	133,288
Other indebtedness	4,363	9,343
Total debt	793,099	817,684
Less – current maturities	(108,897)	(88,917)
Long-term debt, net	\$ 684,202	\$ 728,767

The following table reconciles the outstanding debt balance to the reported debt balances as of September 30, 2016 and December 31, 2015:

(in thousands)	September 30, 2016	December 31, 2015
	Long-Term	Long-Term

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	Outstanding Long-Term Debt	Unamortized Discount and Issuance Cost	Debt, as reported	Outstanding Long-Term Debt	Unamortized Discount and Issuance Cost	Debt, as reported
Term Loan	\$ 80,000	\$ (2,946)	\$ 77,054	\$ 223,750	\$ (1,630)	\$ 222,120
2014 Revolver	160,500	(5,157)	155,343	158,000	(2,185)	155,815
2010 Notes	300,000	(2,133)	297,867	300,000	(2,882)	297,118
Convertible Notes	200,000	(49,458)	150,542	—	—	—

2014 Credit Facility

On June 5, 2014, the Company entered into a Sixth Amended and Restated Credit Agreement (the “Original Facility,” with subsequent amendments discussed herein as amended, the “2014 Credit Facility”) with Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. The 2014 Credit Facility provides for a \$300 million revolving credit facility (the “2014 Revolver”), a \$250 million term loan (the “Term Loan”) and a sublimit for the issuance of letters of credit up to the aggregate amount of \$150 million, all maturing on May 1, 2018. Borrowings under both the 2014 Revolver and the Term Loan bear interest based either on Bank of America’s prime lending rate or the London Interbank Offered Rate (“LIBOR”), each plus an applicable margin.

During the first half of 2016, the Company entered into two amendments to the Original Facility (the “Amendments”): Waiver and Amendment No. 1, entered into on February 26, 2016 (“Amendment No.1”), and Consent and Amendment No. 2, entered into on June 8, 2016 (“Amendment No. 2”). In Amendment No. 1, the lenders waived the Company’s violation of its consolidated leverage ratio covenant and consolidated fixed charge coverage ratio covenant. These violations were the result of the Company’s financial results for the fiscal year ended December 31, 2015, which included the previously reported \$23.9 million non-cash, pre-tax charge related to an adverse ruling on the Brightwater litigation matter in the third quarter of 2015 as well as \$45.6 million of pre-tax charges in the third and fourth quarters of 2015 for various Five Star Electric projects. In Amendment No. 2, the lenders consented to the issuance of the Convertible Notes subject to certain conditions, including the prepayment of \$125 million on the Term Loan and the paydown of \$69 million on the 2014 Revolver, and consented to a potential sale transaction of one of the Company’s business units in its Building segment.

In addition to the Amendments’ provisions discussed above, the Amendments also modified other provisions and added new provisions to the Original Facility, and Amendment No. 2 superseded and modified some of the provisions of Amendment No. 1. The following reflects the more significant changes to the Original Facility and the results of the Amendments that are now reflected in the 2014 Credit Facility. Unless otherwise noted, the changes below were primarily the result of Amendment No. 1: (1) The Company may utilize LIBOR-based borrowings. (Amendment No. 1 precluded the use of LIBOR-based borrowings until the Company filed its

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TUTOR PERINI CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED

compliance certificate for the fourth quarter of 2016; however, Amendment No. 2 negated this preclusion.) (2) The Company is subject to an increased rate on borrowings, with such rate being 100 basis points higher than the highest rate under the Original Facility if the Company's consolidated leverage ratio is greater than 3.50:1.00 but not more than 4.00:1.00, and an additional 100 basis points higher if the Company's consolidated leverage ratio is greater than 4.00:1.00. (3) The Company will be subject to increased commitment fees if the Company's consolidated leverage ratio is greater than 3.50:1.00. (4) The impact of the Brightwater litigation matter is to be excluded from the calculation of the Company's consolidated leverage ratio and consolidated fixed charge coverage ratio covenants. (5) Interest payments are due on a monthly basis; however, if the Company is in compliance with its consolidated leverage ratio and consolidated fixed charge coverage ratio covenants provided in the Original Facility as of December 31, 2016, the timing of interest payments will revert to the terms of the Original Facility. (6) The accordion feature of the Original Facility, which would have allowed either an increase of \$300 million in the 2014 Revolver or the establishment of one or more new term loan commitments, is no longer available. (7) The Company's maximum allowable consolidated leverage ratio was increased to 4.25:1.00 for the first, second and third quarters of 2016 after which it returns to the Original Facility's range of 3.25:1.00 to 3.00:1.00. (Amendment No. 1 increased the Company's maximum allowable consolidated leverage ratio covenant requirements to 4.25:1.00 for the first quarter of 2016 and 4.0:1.0 for the second and third quarters of 2016. Amendment No. 2 increased the maximum allowable consolidated leverage ratio covenant requirements to 4.25:1.00 for the second and third quarters of 2016.) (8) The Company is subject to additional covenants regarding its liquidity, including a cap on the cash balance in the Company's bank account and a weekly minimum liquidity requirement (based on specified available cash balances and availability under the 2014 Revolver). (9) The Company is required to achieve certain quarterly cash collection milestones, which were eased somewhat in Amendment No. 2. (10) The Company is required to make additional quarterly principal payments, which will be applied to the Term Loan balloon payment, with some of the payments based on a percentage of certain forecasted cash collections for the prior quarter. This change will be effective beginning in the fourth quarter of 2016. (11) The lenders' collateral package was increased by pledging to the lenders (i) the equity interests of each direct domestic subsidiary of the Company and (ii) 65% of the stock of each material first-tier foreign restricted subsidiary of the Company. (12) The 2014 Credit Facility will now mature on May 1, 2018, as opposed to maturity date of the Original Facility of June 5, 2019.

As of September 30, 2016, there was \$139.3 million available under the 2014 Revolver and the Company had utilized the 2014 Credit Facility for letters of credit in the amount of \$0.2 million. The Company was in compliance with the financial covenants under the 2014 Credit Facility for the period ended September 30, 2016.

In October 2010, the Company issued \$300 million of 7.625% Senior Notes due November 1, 2018 (the “2010 Notes”) in a private placement offering. Interest on the 2010 Notes is payable semi-annually on May 1 and November 1 of each year. The Company may redeem the 2010 Notes at par beginning on November 1, 2016. At the date of any redemption, any accrued and unpaid interest is also due.

Convertible Notes

On June 15, 2016, the Company issued \$200 million of 2.875% Convertible Senior Notes due June 15, 2021 (the “Convertible Notes”) in a private placement offering.

To account for the Convertible Notes, the Company applied the provisions of ASC 470-20, Debt with Conversion and Other Options. ASC 470-20 requires issuers of certain convertible debt instruments that may be settled in cash upon conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer’s nonconvertible debt borrowing rate. This is done by allocating the proceeds from issuance to the liability component based on the fair value of the debt instrument excluding the conversion feature, with the residual allocated to the equity component and classified in additional paid in capital. The \$46.8 million difference between the principal amount of the Convertible Notes (\$200.0 million) and the proceeds allocated to the liability component (\$153.2 million) is treated as a discount on the Convertible Notes. This difference is being amortized as non-cash interest expense using the interest method, as discussed below under Interest Expense. The equity component, however, is not subject to amortization nor subsequent remeasurement.

In addition, ASC 470-20 requires that the debt issuance costs associated with a convertible debt instrument be allocated between the liability and equity components in proportion to the allocation of the debt proceeds between these two components. The debt issuance costs attributable to the liability component of the Convertible Notes (\$5.1 million) are also treated as a discount on the Convertible Notes and amortized as non-cash interest expense. The debt issuance costs attributable to the equity component (\$1.5 million) were netted with the equity component and will not be amortized.

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The following table presents information related to the liability and equity components of the Convertible Notes:

(in thousands)	September 30, 2016
Liability component:	
Principal	\$ 200,000
Conversion feature	(46,800)
Allocated debt issuance costs	(5,063)
Amortization of discount and debt issuance costs (non-cash interest expense)	2,405
Net carrying amount	\$ 150,542
Equity component:	
Conversion feature	\$ 46,800
Allocated debt issuance costs	(1,547)
Net deferred tax liability	(18,815)
Net carrying amount	\$ 26,438

The Convertible Notes, governed by the terms of an indenture between the Company and Wilmington Trust, National Association, as trustee, are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company. The Convertible Notes bear interest at a rate of 2.875% per year, payable in cash semiannually in June and December.

Prior to January 15, 2021, the Convertible Notes will be convertible only under the following circumstances: (1) during the five business day period after any ten consecutive trading day period in which the trading price per \$1,000 principal amount of Convertible Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (2) during any calendar quarter commencing after the calendar quarter ending on September 30, 2016, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the

conversion price on each applicable trading day or (3) upon the occurrence of specified corporate events. On or after January 15, 2021 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The Convertible Notes will be convertible at an initial conversion rate of 33.0579 shares of the Company's common stock per \$1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately \$30.25. The conversion rate will be subject to adjustment for some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, the Company is required to increase, in certain circumstances, the conversion rate for a holder who elects to convert their Convertible Notes in connection with such a corporate event including customary conversion rate adjustments in connection with a "make-whole fundamental change" described in the indenture. Upon conversion, and at the Company's election, the Company may satisfy its conversion obligation by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock.

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Interest Expense

Interest expense as reported in the Condensed Consolidated Statements of Operations consists of the following:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Cash interest expense:				
Interest on 2014 Credit Facility	\$ 3,553	\$ 3,515	\$ 15,943	\$ 10,743
Interest on 2010 Senior Notes	5,719	5,719	17,156	17,156
Interest on Convertible Notes	1,438	—	1,677	—
Other interest	556	1,456	2,755	4,417
Total cash interest expense	11,266	10,690	37,531	32,316
Non-cash interest expense:(a)				
Amortization of debt issuance costs on 2014 Credit Facility	1,458	279	3,969	837
Amortization of discount and debt issuance costs on 2010 Senior Notes	251	245	750	732
Amortization of discount and debt issuance costs on Convertible Notes	2,066	—	2,405	—
Total non-cash interest expense	3,775	524	7,124	1,569
Total cash and non-cash interest expense	\$ 15,041	\$ 11,214	\$ 44,655	\$ 33,885

(a) Non-cash interest expense produces effective interest rates that are higher than contractual rates; accordingly, the effective interest rates for the 2014 Credit Facility, the 2010 Senior Notes and the Convertible Notes are 9.86%, 7.99% and 9.39%, respectively.

(6) Contingencies and Commitments

The Company and certain of its subsidiaries are involved in litigation and are contingently liable for commitments and performance guarantees arising in the ordinary course of business. The Company and certain of its customers have made claims arising from the performance under their contracts. The Company recognizes certain significant claims for recovery of incurred cost when it is probable that the claim will result in additional contract revenue and when the amount of the claim can be reliably estimated. These assessments require judgments concerning matters such as litigation developments and outcomes, the anticipated outcome of negotiations, the number of future claims and the cost of both pending and future claims. In addition, because most contingencies are resolved over long periods of time, assets and liabilities may change in the future due to various factors.

Several matters are in the litigation and dispute resolution process. The following discussion provides a background and current status of the more significant matters.

Long Island Expressway/Cross Island Parkway Matter

The Company reconstructed the Long Island Expressway/Cross Island Parkway Interchange project for the New York State Department of Transportation (the "NYSDOT"). The \$130 million project was substantially completed in January 2004 and was accepted by the NYSDOT as finally complete in February 2006. The Company incurred significant added costs in completing its work and suffered extended schedule costs due to numerous design errors, undisclosed utility conflicts, lack of coordination with local agencies and other interferences for which the Company believes the NYSDOT is responsible.

In March 2011, the Company filed its claim and complaint with the New York State Court of Claims and served to the New York State Attorney General's Office, seeking damages in the amount of \$53.8 million. In May 2011, the NYSDOT filed a motion to dismiss the Company's claim on the grounds that the Company had not provided required documentation for project closeout and filing of a claim. In September 2011, the Company reached agreement on final payment with the Comptroller's Office on behalf of the NYSDOT which resulted in an amount of \$0.5 million payable to the Company and formally closed out the project allowing the Company to re-file its claim. The Company re-filed its claim in the amount of \$53.8 million with the NYSDOT in February 2012 and with the Court of Claims in March 2012. In May 2012, the NYSDOT served its answer and counterclaims in the amount of \$151 million alleging fraud in the inducement and punitive damages related to disadvantaged business enterprise ("DBE") requirements for the project. The Court subsequently ruled that NYSDOT's counterclaims may only be asserted as a defense and offset to the Company's claims and not as affirmative claims. In November 2014, the Appellate Division First Department affirmed

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the dismissal of the City's affirmative defenses and counterclaims based on DBE fraud. The Company does not expect the counterclaims to have any material effect on its consolidated financial statements.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

Fontainebleau Matter

Desert Mechanical Inc. ("DMI") and Fisk Electric Company ("Fisk"), wholly owned subsidiaries of the Company, were subcontractors on the Fontainebleau Project in Las Vegas ("Fontainebleau"), a hotel/casino complex with approximately 3,800 rooms. In June 2009, Fontainebleau filed for bankruptcy protection, under Chapter 11 of the U.S. Bankruptcy Code, in the Southern District of Florida. Fontainebleau is headquartered in Miami, Florida.

DMI and Fisk filed liens in Nevada for approximately \$44 million, representing unreimbursed costs to date and lost profits, including anticipated profits. Other unaffiliated subcontractors have also filed liens. In June 2009, DMI filed suit against Turnberry West Construction, Inc., the general contractor, in the 8th Judicial District Court, Clark County, Nevada (the "District Court"), and in May 2010, the court entered an order in favor of DMI for approximately \$45 million.

In January 2010, the Bankruptcy Court approved the sale of the property to Icahn Nevada Gaming Acquisition, LLC, and this transaction closed in February 2010. As a result of a July 2010 ruling relating to certain priming liens, there was approximately \$125 million set aside from this sale, which is available for distribution to satisfy the creditor claims based on seniority. At that time, the total estimated sustainable lien amount was approximately \$350 million. The project lender filed suit against the mechanic's lien claimants, including DMI and Fisk, alleging that certain mechanic's liens are invalid and that all mechanic's liens are subordinate to the lender's claims against the property. The

Nevada Supreme Court ruled in October 2012 in an advisory opinion at the request of the Bankruptcy Court that lien priorities would be determined in favor of the mechanic lien holders under Nevada law.

In October 2013, a settlement was reached by and among the Statutory Lienholders and the other interested parties. The Bankruptcy Court appointed a mediator to facilitate the execution of that settlement agreement. Settlement discussions are ongoing.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

Honeywell Street/Queens Boulevard Bridges Matter

In 1999, the Company was awarded a contract for reconstruction of the Honeywell Street/Queens Boulevard Bridges project for the City of New York (the “City”). In June 2003, after substantial completion of the project, the Company initiated an action to recover \$8.8 million in claims against the City on behalf of itself and its subcontractors. In March 2010, the City filed counterclaims for \$74.6 million and other relief, alleging fraud in connection with the DBE requirements for the project. In May 2010, the Company served the City with its response to the City’s counterclaims and affirmative defenses. In August 2013, the Court granted the Company’s motion to dismiss the City’s affirmative defenses and counterclaims relating to fraud.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements.

Westgate Planet Hollywood Matter

Tutor-Saliba Corporation (“TSC”), a wholly owned subsidiary of the Company, contracted to construct a timeshare development project in Las Vegas which was substantially completed in December 2009. The Company’s claims against the owner, Westgate Planet Hollywood Las Vegas, LLC (“WPH”), relate to unresolved owner change orders and other claims. The Company filed a lien on the project in the amount of \$23.2 million, and filed its complaint with the District Court, Clark County, Nevada. Several subcontractors have also recorded liens, some of which have been released by bonds and some of which have been released as a result of subsequent payment. WPH has posted a mechanic’s lien release bond for \$22.3 million.

WPH filed a cross-complaint alleging non-conforming and defective work for approximately \$51 million, primarily related to alleged defects, misallocated costs, and liquidated damages. WPH revised the amount of their counterclaims to approximately \$45 million.

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Following multiple post-trial motions, final judgment was entered in this matter on March 20, 2014. TSC was awarded total judgment in the amount of \$19.7 million on its breach of contract claim, which includes an award of interest up through the date of judgment, plus attorney's fees and costs. WPH has paid \$0.6 million of that judgment. WPH was awarded total judgment in the amount of \$3.1 million on its construction defect claims, which includes interest up through the date of judgment. The awards are not offsetting. WPH and its Sureties have filed a notice of appeal. TSC has filed a notice of appeal on the defect award. In July 2014, the Court ordered WPH to post an additional supersedeas bond on appeal, in the amount of \$1.7 million, in addition to the lien release bond of \$22.3 million, which increases the security up to \$24.0 million. The Nevada Supreme Court has not yet ruled on this matter.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements. Management has made an estimate of the total anticipated recovery on this project and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Matter

Rudolph and Sletten, Inc. ("R&S"), a wholly owned subsidiary of the Company, entered into a contract with the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") for the construction of a 287,000 square-foot facility for NOAA's Southwest Fisheries Science Center Replacement Headquarters and Laboratory in La Jolla, California. The contract work began on May 24, 2010, and was substantially completed in September 2012. R&S incurred significant additional costs as a result of a design that contained errors and omissions, NOAA's unwillingness to correct design flaws in a timely fashion and a refusal to negotiate the time and pricing associated with change order work.

R&S has filed three certified claims against NOAA for contract adjustments related to the unresolved Owner change orders, delays, design deficiencies and other claims. The First Certified Claim was submitted on August 20, 2013, in the amount of \$26.8 million ("First Certified Claim") and the Second Certified Claim was submitted on October 30, 2013, in the amount of \$2.6 million ("Second Certified Claim") and the Third Certified Claim was submitted on

October 1, 2014 in the amount of \$0.7 million ("Third Certified Claim").

NOAA requested an extension to issue a decision on the First Certified Claim and on the Third Certified Claim, but did not request an extension of time to review the Second Certified Claim. On January 6, 2014, R&S filed suit in the United States Federal Court of Claims on the Second Certified Claim plus interest and attorney's fees and costs. This was followed by a submission of a lawsuit on the First Certified Claim on July 31, 2014. In February 2015, the Court denied NOAA's motion to dismiss the Second Certified Claim. In March 2015, the Contracting Officer issued decisions on all Claims accepting a total of approximately \$1.0 million of claims and denying approximately \$29.5 million of claims. On April 14, 2015, the Court consolidated the cases. Trial is scheduled to commence in December 2017.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

Five Star Electric Matter

In the third quarter of 2015, Five Star Electric Corp. ("Five Star"), a subsidiary of the Company that was acquired in 2011, entered into a tolling agreement related to an ongoing investigation being conducted by the United States Attorney for the Eastern District of New York ("USAO EDNY"). The tolling agreement extended the statute of limitations to avoid the expiration of any unexpired statute of limitations while the investigation is pending. Five Star has been cooperating with the USAO EDNY since late June 2014, when it was first made aware of the investigation, and has been providing information related to its use of certain minority-owned, women-owned, small and disadvantaged business enterprises and, in addition, most recently, information regarding certain of Five Star's employee compensation, benefit and tax practices. The investigation covers the period of 2005-2014.

The Company cannot predict the ultimate outcome of the investigation and cannot accurately estimate any potential liability that Five Star or the Company may incur or the impact of the results of the investigation on Five Star or the Company.

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Alaskan Way Viaduct Matter

In January 2011, Seattle Tunnel Partners (“STP”), a joint venture between Dragados USA, Inc. and the Company, entered into a design-build contract with the Washington State Department of Transportation (“WSDOT”) for the construction of a large diameter bored tunnel in downtown Seattle, King County, Washington to replace the Alaskan Way Viaduct, also known as State Route 99.

The construction of the large diameter bored tunnel requires the use of a tunnel boring machine (“TBM”). In December 2013, the TBM struck a steel pipe, installed by WSDOT as a well casing for an exploratory well. The TBM was damaged and was required to be shut down for repair. STP has asserted that the steel pipe casing was a differing site condition that WSDOT failed to properly disclose. The Disputes Review Board mandated by the contract to hear disputes issued a decision finding the steel casing was a Type I differing site condition. WSDOT has not accepted that finding.

The TBM is insured under a Builder’s Risk Insurance Policy (“the Policy”) with Great Lakes Reinsurance (UK) PLC and a consortium of other insurers (the “Insurers”). STP submitted the claims to the insurer and requested interim payments under the Policy. The Insurers refused to pay and denied coverage. In June 2015, STP filed a lawsuit in the King County Superior Court, State of Washington (“Washington Superior Court”) seeking declaratory relief concerning contract interpretation as well as damages as a result of the Insurers’ breach of its obligations under the terms of the Policy. WSDOT is deemed a plaintiff since WSDOT is an insured under the Policy and had filed its own claim for damages. Trial is scheduled for June 2017. The Insurers filed proceedings challenging the venue for the litigation, contending that the case should be heard in New York. Those proceedings are not yet concluded but interim rulings upheld STP’s jurisdictional position.

In March 2016, WSDOT refiled the action against STP in Thurston County Superior Court. STP filed its answer to WSDOT’s complaint and filed a counterclaim against WSDOT and against the manufacturer of the TBM. Trial is set for June 2018.

As of September 2016, the Company has concluded that the potential for a material adverse financial impact due to the Insurer's and WSDOT's respective legal actions are neither probable nor remote. With respect to STP's counterclaim, management has included an estimate of the total anticipated recovery concluded to be both probable and reliably estimable in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

(7) Share-Based Compensation

The Company's share-based compensation plan is described, and informational disclosures are provided, in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 2015. During the first nine months of 2016 and 2015, the Company issued the following share-based instruments: (1) restricted stock units of 483,387 and 321,500 at weighted-average per share prices of \$19.14 and \$23.07, respectively; (2) 274,000 and 259,000 stock options at weighted-average per share exercise prices of \$16.20 and \$16.07, respectively; and (3) 64,603 and 68,160 unrestricted stock units at weighted-average per share prices of \$21.67 and \$21.93, respectively. Both the restricted stock units and options granted in 2016 and 2015 vest upon the achievement of defined performance targets.

(8) Other Comprehensive Income (Loss)

The tax effects of the components of other comprehensive income (loss) for the three months ended September 30, 2016 and 2015 are as follows:

(in thousands)	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Tax		Net-of-Tax Amount	Tax		Net-of-Tax Amount
	Before-Tax Amount	(Expense) Benefit		Before-Tax Amount	(Expense) Benefit	
Other comprehensive income (loss):						
Defined benefit pension plan adjustments	\$ 427	\$ (179)	\$ 248	\$ —	\$ —	\$ —
Foreign currency translation adjustment	(708)	297	(411)	(1,792)	417	(1,375)
Unrealized loss in fair value of investments	(145)	66	(79)	(2)	—	(2)
Unrealized gain (loss) in fair value of interest rate swap	—	—	—	77	(30)	47
Total other comprehensive income (loss)	\$ (426)	\$ 184	\$ (242)	\$ (1,717)	\$ 387	\$ (1,330)

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The tax effects of the components of other comprehensive income (loss) for the nine months ended September 30, 2016 and 2015 are as follows:

(in thousands)	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Tax		Net-of-Tax	Tax		Net-of-Tax
	Before-Tax Amount	(Expense) Benefit		Before-Tax Amount	(Expense) Benefit	
Other comprehensive income (loss):						
Defined benefit pension plan adjustments	\$ 1,280	\$ (461)	\$ 819	\$ —	\$ —	\$ —
Foreign currency translation adjustment	500	(239)	261	(4,633)	1,524	(3,109)
Unrealized gain (loss) in fair value of investments	(403)	179	(224)	(140)	54	(86)
Unrealized gain (loss) in fair value of interest rate swap	(45)	21	(24)	250	(98)	152
Total other comprehensive income (loss)	\$ 1,332	\$ (500)	\$ 832	\$ (4,523)	\$ 1,480	\$ (3,043)

The following tables present the changes in accumulated other comprehensive income (“AOCI”) balances by component (after tax) for the three and nine months ended September 30, 2016:

(in thousands)	For the Three Months Ended September 30, 2016				
	Defined Benefit Pension Plan	Foreign Currency Translation	Unrealized Gain (Loss) in Fair Value of Investments, Net	Unrealized Gain (Loss) in Fair Value of Interest Rate	Accumulated Other Comprehensive Income (Loss), Net

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				Swap, Net	
Balance as of June 30, 2016	\$ (37,671)	\$ (3,931)	\$ 511	\$ —	\$ (41,091)
Other comprehensive loss before reclassifications	—	(411)	(79)	—	(490)
Amounts reclassified from AOCI	248	—	—	—	248
Total other comprehensive income (loss)	248	(411)	(79)	—	(242)
Balance as of September 30, 2016	\$ (37,423)	\$ (4,342)	\$ 432	\$ —	\$ (41,333)

For the Nine Months Ended September 30, 2016

	Defined Benefit Pension Plan	Foreign Currency Translation	Unrealized Gain (Loss) in Fair Value of Investments, Net	Unrealized Gain (Loss) in Fair Value of Interest Rate Swap, Net	Accumulated Other Comprehensive Income (Loss), Net
(in thousands)					
Balance as of December 31, 2015	\$ (38,242)	\$ (4,603)	\$ 656	\$ 24	\$ (42,165)
Other comprehensive loss before reclassifications	—	261	(224)	(24)	13
Amounts reclassified from AOCI	819	—	—	—	819
Total other comprehensive income (loss)	819	261	(224)	(24)	832
Balance as of September 30, 2016	\$ (37,423)	\$ (4,342)	\$ 432	\$ —	\$ (41,333)

The following tables present the changes in AOCI balances by component (after tax) for the three and nine months ended September 30, 2015:

For the Three Months Ended September 30, 2015

	Defined Benefit Pension Plan	Foreign Currency Translation	Unrealized Loss in Fair Value of Investments, Net	Unrealized Gain in Fair Value of Interest Rate Swap, Net	Accumulated Other Comprehensive Loss, Net
(in thousands)					
Balance as of June 30, 2015	\$ (40,268)	\$ (3,123)	\$ (194)	\$ 254	\$ (43,331)
Other comprehensive income (loss)	—	(1,375)	(2)	47	(1,330)
Balance as of September 30, 2015	\$ (40,268)	\$ (4,498)	\$ (196)	\$ 301	\$ (44,661)

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For the Nine Months Ended September 30, 2015					
	Defined Benefit Pension Plan	Foreign Currency Translation	Unrealized Loss in Fair Value of Investments, Net	Unrealized Gain in Fair Value of Interest Rate Swap, Net	Accumulated Other Comprehensive Loss, Net
(in thousands)					
Balance as of December 31, 2014	\$ (40,268)	\$ (1,389)	\$ (110)	\$ 149	\$ (41,618)
Other comprehensive income (loss)	—	(3,109)	(86)	152	(3,043)
Balance as of September 30, 2015	(40,268)	(4,498)	(196)	301	(44,661)

The items reclassified out of AOCI and the corresponding location and impact on the Condensed Consolidated Statement of Operations are as follows:

	Location in Condensed Consolidated Statements of Earnings	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)		2016	2015	2016	2015
Defined benefit pension plan adjustments	Various accounts(a)	\$ 427	\$ —	\$ 1,280	\$ —
Income tax benefit	Provision for income taxes	(179)	—	(461)	—
Net of tax		\$ 248	\$ —	\$ 819	\$ —

- (a) Defined benefit pension plan adjustments were reclassified primarily to cost of operations and general and administrative expenses.

(9) Income Taxes

The Company's effective income tax rate for the three and nine months ended September 30, 2016 was 39.9% and 40.6%, respectively, compared to 42.0% and 41.1% for the same periods in 2015. The effective tax rate for the third quarter of 2016 was favorably impacted by various return-to-provision adjustments.

(10) Fair Value Measurements

The fair value hierarchy established by ASC 820, Fair Value Measurements, prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — inputs are other than Level 1 inputs that are observable, either directly or indirectly

Level 3 — unobservable inputs

The following is a summary of financial statement items carried at estimated fair values measured on a recurring basis as of the dates presented:

(in thousands)	September 30, 2016 Fair Value Hierarchy				December 31, 2015 Fair Value Hierarchy			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (a)	\$ 170,744	\$ 170,744	\$ —	\$ —	\$ 75,452	\$ 75,452	\$ —	\$ —
Restricted cash (a)	48,725	48,725	—	—	45,853	45,853	—	—
Investments in lieu of retainage (b)	48,425	43,820	4,605	—	41,566	35,350	6,216	—
Total	\$ 267,894	\$ 263,289	\$ 4,605	\$ —	\$ 162,871	\$ 156,655	\$ 6,216	\$ —

Liabilities: