

Tough Decisions

Koss Construction Company takes pride in providing not only steady employment for hundreds of men and women, but also benefits for those that are building careers with the company. In fact, the company has increased these benefits steadily over recent years, often in sharp contrast with our peers. The company values providing the best health insurance and retirement savings plans that we can for those that call themselves Hard Roaders. The nearly two-million dollars spent on these benefits last year by the company is not a short-term investment; in fact, the return on this investment may be quite difficult to even measure over the next few years. Simply put, the decisions to increase the company participation in health insurance premiums from 80% to 85% of the costs, and to make significant discretionary contributions to employee 401(k) accounts above and beyond those detailed in our plan's safe-harbor provisions are what may be called tough decisions.

Our business, or at least the state departments of transportation that we work for, is much like that of a utility company. We construct and maintain transportation systems that are essential to the people and commerce of our communities, much like an electric company or a water department. Except, the department of transportation does not get to increase rates as the cost of delivering what

the users expect rises, or inflation has eroded yesterday's rates. That requires actions by our elected representatives. And in most political environments, that requires some tough decisions.

In Kansas this year, the governor and enough of the elected legislature recognized that maintaining a steady and adequate transportation program is essential to the citizens and commerce of Kansas communities. The Kansas Department of Transportation has pursued the objectives of comprehensive transportation programs since 1989 while managing hundreds of businesses that assist them with these objectives, including ours. Earlier this year an \$8.2 billion program was approved by the legislature to guide the KDOT for the next ten years. The political leadership in Kansas has consistently shown the ability to make the tough decisions for the citizens of this state.

A review of the 2010 Company Honor Roll from the spring edition of the Hard Roaders Outlook shows ninety-six men and women in the company with over five years of service, and fifty-four with over ten years of service. And, as is the case with our ability

to create career opportunities at Koss Construction, it is often the decisions made by others that allows us to also make the tough decisions on how to invest in our future. Sometimes the tough decisions are actually the easiest.



2010 Asphalt Division Dinner



Job Site 401(K) Meeting

Asphalt Division Update

The Asphalt Division has dedicated most of the 2010 construction season to a stimulus-funded project located in Kay County, Oklahoma, just south of the Kansas line. Shortly after construction started on this I-35 reconstruction project in June of 2009 there were signs that this was not going to be an ordinary reconstruction project. Once the asphalt pavement was removed by milling, the task of salvaging the original aggregate base began. The base was removed and some of the company's Cold In-Place Recycling equipment was brought in to crush and blend the salvaged base with new material to meet the proper gradation.

While the base was being loaded out and hauled away signs emerged that there was trouble that extended far deeper than anticipated by the designers. Testing proved the roadway embankment was unstable to a depth of several feet. Trucks hauling the salvaged base away even had to be pulled out with dozers. Finally, the base was removed and a fly ash stabilization process was started on the southbound lanes. This eight-inch subgrade stabilization effort was not adequate to overcome the poor embankment.

The Oklahoma Department of Transportation quickly went to work testing the in-place soils and reviewing options for changing the pavement design to overcome the weak soils. Many changes occurred and many solutions were required to keep up with the ongoing problems. Finally a new design was agreed upon and in classic Koss fashion our crews went back to work with a "new plan". With many changes in design that ranged from geo-grid reinforcing material, and thicker base and asphalt sections, the southbound lanes were completed earlier this year. After working through many



tough days on the southbound lanes, the experience gained has made completion of the northbound lanes of this project a much smoother operation. The Oklahoma Department of Transportation and Koss both look forward to the grand opening of this new interstate pavement.

Road Work Ahead

A few weeks of great weather in the fall, and the upcoming end of the 2010 season makes everyone think about a little break, as well as what work is in store for next season and beyond.

We are fortunate to have several contracts for work in the upcoming 2011 construction season. Next year our crews will see work continuing in Kingman, McPherson, Reno and Finney Counties in Kansas, as well as LeFlore County Oklahoma. New projects in Ellsworth, Lincoln and Gray Counties in Kansas will showcase the versatility of our industry.

Our estimators have kept busy this year and the upcoming year will bring more opportunities to focus on securing contracts in our area. With the passage of the T-Works program in Kansas and highway programs in the surrounding states, we are excited to enter a new year with projects to bid on the horizon.



Bidding opportunities in 2011 include additional miles of 6" concrete overlay work in Ellsworth County, Kansas and the continued reconstruction of US-54 in Kiowa and Kingman Counties, KS. The state of Oklahoma will continue their interstate reconstruction program which now is predominantly concrete. The Oklahoma Turnpike Authority is also scheduled to continue upgrades to the Cimarron Turnpike with another reconstruction project.

Large asphalt projects are expected to be pursued from Douglas County, Kansas, to Ardmore, Oklahoma, and maybe even into Arkansas. After successfully completing airport projects in recent years, we always keep this area on our radar in search of another award winner.

While the number of jobs we will bid in the upcoming year is too great to list here, the future is bright for our office staff in the upcoming bidding season.

Personnel News

Ray Courter has rejoined the company as Plant Foreman assigned to the Sunflower Division. Ray worked from 1998 until 2005 as a plant loader operator and plant foreman.

Ross Olsen has been promoted to Construction Engineer. Ross joined the company in 2005 and has worked on asphalt and concrete paving projects as well as assisted with a recent cost accounting software conversion at our headquarters.

Scott Tatman has been promoted to Plant Foreman assigned to the Asphalt Division. Scott joined the company in 2004 as a plant loader operator and later moved in the operating seat of the Astec asphalt plant.

Jamie Thomas has joined the company as Plant Foreman, starting with the Sooner Division in McPherson County, Kansas.

In Memory

Freda Lewis, 52, of Lincoln, Kansas passed away on March 2, 2010, after a long battle with cancer. Freda began her association with Koss on June 26, 2001, as a flagger for Lynn Maxey's milling crew. Due to her illness, she left Koss in December, 2008. She will be remembered by those who knew her as always having a smile on her face and trying to make people laugh or smile. No matter where the milling crew would be heading for a project, she would be there ready to go and never complain.

Robert "Dale" Rickstrew, of Westmoreland, Kansas passed away Saturday, June 27, 2010. Dale had 22 years of service with Koss Construction Company when he retired in 1995. He held the position of a Mechanic Welder before his promotion to a Slipform Paver Operator in 1981. Dale was proud to be the first to operate the Slip Paver in the state of Kansas.

Key Measurements of Quality

Almost all projects we build have Quality Control specifications. These specifications require that the Contractor have trained and certified technicians on the project at all times when Asphalt,



Concrete or Cement Treated Base is being produced. Technicians will perform tests to measure the quality of the individual components as well as the finished product to assure that it meets the quality level specified in the contract documents.

Technicians test the wet or plastic concrete to measure key indicators of initial quality as well as testing the hardened concrete for depth and ultimate strength. Testing plastic concrete for slump, air content, density and temperature insure the quality of the overall finished product. This season our technicians have ran over 800 tests on the plastic concrete to insure all quality requirements are met.

Asphalt also requires close monitoring and testing to insure that the mix contains the desired properties. Asphalt technicians monitor the density of the asphalt pavement to insure the rollers are achieving the compaction required. Asphalt technicians also run tests in the lab to check the gradation of aggregates, oil content and air voids to insure the pavement produced will be a durable and lasting product.

One test for quality that everyone can appreciate is pavement smoothness. Technicians measure pavement smoothness using a 25 foot rolling straight edge called a profilograph. Profilographs are used to find individual defects as well as measure the overall smoothness of the finished surface. Measurements are taken in the wheel paths of each lane. So far this construction season our technicians have pushed profilographs over 150 miles checking the finished surface of pavements we have produced.

YWCA Career Assistance Network (C.A.N.)

The YWCA Career Assistance Network (C.A.N.) was awarded a grant from the Kansas Department of Transportation (KDOT) to administer the Highway Construction and Life Skills Management Training Program. This program is jointly funded by KDOT and the Federal Highway Administration for the project year 2010. This non-traditional training program targets eligible women, minorities and economically disadvantaged persons for job skills training in an effort to help increase the representation of these under-represented groups on Federal-aid highway construction projects in Northeast Kansas.

Koss Construction has been supportive of this program for the past few years. Becky Harmon has served on the YWCA Career Assistance Network (C.A.N.) Advisory Board. During the Summer 2010 graduation ceremony for the 3rd session of this program year, Becky Harmon and Koss Construction were recognized as being an advocate and supporter.



Becky Harmon receiving Contractor Award from Linda Kinney, YWCA C.A.N. Director, in recognition of in-kind contributions, providing leadership and guidance as a Highway Construction Advisory Council Member, and committed employer of C.A.N. graduates.

2009 Awards Update

The 2009 construction season will be remembered as a challenging wet year, but several projects were completed and a few earned some well deserved recognition.



Scott City Municipal Airport

The Sunflower Division secured the National ACPA Gold Award for General and Reliever Airports for the Scott City Airport project. See last Fall's Hard Roader for details on a project that was completed on time and to the satisfaction (and appreciation) of the owner.

HazCom & MSDS Sheets

Hazard Communication or HazCom is an important element of Koss Construction's safety program. The program is published in the Employee Handbook where it is accessible to all employees. It also informs employees of the existence of Material Safety Data Sheets (MSDS) that are maintained on hazardous chemicals and where these MSDS sheets are located.

The information contained on these MSDS sheets are important to workers so that they are not only aware of what the hazards are of a specific chemical or substance, but what they need to do to protect themselves when working with that substance. MSDS sheets are required by law to include the following topics: Identity, hazardous ingredients, physical data, fire and explosion hazard data, health hazard data, and other information.

The health hazard data is extremely important to workers. This section outlines the acute effects of what will happen if a substance gets on a person's skin or in their eye. It outlines the chronic effects if there could be cumulative effects of working with a substance. There are signs and symptoms noted of what type of injury or illness can develop if safety precautions are not practiced, as well as what emergency and first aid procedures should be followed. The MSDS sheets will also outline some pre-existing medical conditions that are generally aggravated by exposure to a specific substance.

When employees are aware of this information, they are able to take precautions and use proper personal protective equipment (PPE) so that they can protect themselves. Employees can discuss the MSDS sheets and PPE with their Foreman or Supervisor or they can request a copy from the Field Office. Other questions regarding the MSDS sheets can be directed to Becky Harmon, Loss Prevention & Compliance Manager.

Cold Iron

Autumn is upon the Midwest and another year of hard work for Koss Construction crews is coming to a close. We need to remember that cold temperatures actually create more maintenance needs than the heat for machinery. This time of the year the "walk-around" inspections, or pre-trip inspections are very important. The cooler temperatures will cause more engine coolant leaks (better known as cold water leaks) mostly at the hose connections. Tire pressures can fluctuate with cooler temperatures at night, also.

Air systems need special attention in freezing temperatures. They need to be drained several times before freezing temperatures occur, and if possible, air system antifreeze solution added. If



air tanks are drained, air system antifreeze will need to be added again. Engine coolant antifreeze should be checked for freeze-resistant strength. All water pumps, skid mounted and truck mounted, should be drained at the end of every shift. Water truck

tanks, and any fittings that hold water, need to be drained at the end of each day, which doesn't take long once you get in the habit. It's much easier, than having to drive back at 9:00 PM when you hear that the forecast is calling for below freezing temperatures overnight. Rollers also use water and need to be drained at the end of each day.

This time of the year has special needs on equipment and personnel. The daylight hours are very limited and most of the workdays run into the dark and the work has to be completed. These two factors combined, add to more maintenance and care of equipment and personnel. It's very demanding to complete the work in a safe manner under these conditions.

Sooner Concrete Paving Division Update



This spring the Sooner Concrete Paving Division started the year on a project in Dallas County, Missouri, on US Highway 65. This project was the last phase expanding US-65 to four lane traffic from the Arkansas State line to the town of Buffalo, Missouri.

This four and a half mile project consisted of over 140,000 square yards of nine-inch dowel jointed concrete pavement placed on a four-inch aggregate base. Koss constructed four new at-grade intersections and reconstructed the corresponding side roads. The phasing of the side road reconstruction was such that local traffic would not be inconvenienced any more than necessary. The existing highway was left in place as a frontage road.

Trimming of the subgrade was a great challenge due the rocky fill material. It was decided that the Wirtgen mill would best suit this difficult task and Kelly Moore and the Asphalt Division were more than glad to pitch in. Aggregate base was placed utilizing two CMI dual-lane autogrades. The first autograde was used to spread the aggregate base while the second followed closely behind trimming final grade. A Guntert and Zimmerman 850 paver was used to pave the 26' wide mainline. The overall average smoothness for the mainline pavement was exceptional with an average of 12.2 inches per mile. While this project was paved throughout a very wet spring, it was completed on time and under budget, or as the signs say in Missouri: "Completed as Promised".

The following is correspondence received by the company president from a resident of the town served by this highway:

David,
The newspaper said that Koss Construction was the prime contractor in the expansion of US 65 between Springfield and Buffalo, MO.

I travel that road every day and am a private citizen. I just wanted to say that we have been very impressed that your dates for opening each of the three phases were hit on time and that the quality of the work once completed has been really good also. The new road saves time and will be safer (we were hit in January head-on on the old road when someone crossed the center line) and will also help Buffalo economically for years to come.

We're looking forward to the final phase opening tomorrow but just wanted to drop a note to say Well Done. Please relay this note to those in project management and operations that got the job done.

Best regards,

Dave Kolstedt
Buffalo, MO

Sunflower Concrete Paving Division Update

To kick off the 2010 paving season, the Sunflower Concrete Paving Division completed the finishing touches of a US-59 project in Franklin County, Kansas, and then headed west 340 miles to Finney County, Kansas. There awaited 8.5 miles of mainline paving on US-50 in Garden City. There were high hopes among the division to not go through another repeated weather pattern similar to eastern Kansas from the 2009 season. With an occasional spring rain storm, the summer turned out to be below normal precipitation. Crews took advantage of the weather by placing over 273, 000 square yards of concrete in the first phase of the project. The crews started cement treated base on April 27th with paving starting just three days later. Along with the mainline paving there were four side roads, including three-quarters of a mile of US-83 at the new US-50/US-83 interchange, and a new interchange serving the city of Holcomb. Half of the Holcomb interchange was completed this season, including almost a mile and half of a new concrete street. This new stretch of road will provide easier access to US 50 from an extremely busy meat-packing plant at Holcomb.



Our project schedule included a milestone date of September 15th to open the new eastbound US-50 pavement to allow grade and structure construction to begin on the new westbound lanes. With dedicated crews working extremely hard overcoming numerous consecutive days over 100 degrees, the new eastbound lanes were opened to traffic over a month ahead of schedule. The Kansas Department of Transportation was very impressed with the consistent quality production Koss provided on this project. An equal effort in 2011 will complete this project on schedule and on budget.

