

MASTEC INC
Form 11-K
May 23, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

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

For the transition period from _____ to _____

Commission File Number 001-08106

- A. Full title of the plan and the address of the plan, if different from that of the issuer Named below:
The MasTec, Inc. 401(k) Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
MasTec, Inc.

800 S. Douglas Road, 12th Floor

Coral Gables, FL 33134

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Report of Independent Registered Public Accounting Firm

Plan Administrator and Participants

The MasTec, Inc. 401(k) Retirement Plan

Miami, Florida

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the The MasTec, Inc. 401(k) Retirement Plan (the Plan) as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on the Plan s financial statements based on our audits. We are a public accounting firm registered with the Public Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan s management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedules of Schedule H, line 4a Delinquent Deposits of Participant Contributions for the year ended December 31, 2017 and Schedule H, line 4i Schedule of Assets (Held at End of Year) as of December 31, 2017 have been subjected to audit procedures performed in conjunction with the audit of the Plan s financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but included supplemental information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan s management. Our audit

procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BDO USA, LLP

We have served as the Plan's auditor since 2004.

Miami, Florida
May 22, 2018

Table of Contents**The MasTec, Inc. 401(k)****Retirement Plan****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

	December 31,	
	2017	2016
Investments, at fair value	\$ 174,212,689	\$ 135,653,127
Receivables:		
Contributions from employer	3,120,273	2,937,028
Contributions from plan participants	516,251	464,452
Notes receivable from plan participants	5,891,118	4,546,671
Total net assets available for benefits	\$ 183,740,331	\$ 143,601,278

See accompanying notes to the financial statements

Table of Contents**The MasTec, Inc. 401(k)****Retirement Plan****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****for the Year Ended December 31, 2017**

Additions to net assets available for benefits attributed to:

Investment income:	
Net appreciation in fair value of investments	\$ 20,950,568
Dividend and interest income	3,536,959
Other investment income	334,263
Total investment income	24,821,790
Interest income on notes receivable from plan participants	208,071
Contributions:	
Participants	20,851,612
Employer	11,950,653
Rollovers	1,574,408
Total contributions	34,376,673
Total additions	59,406,534
Deductions to net assets available for benefits attributed to:	
Benefits paid to participants	19,018,965
Administrative expenses	248,516
Total deductions	19,267,481
Net increase in net assets available for benefits	40,139,053
Net assets available for benefits at beginning of year	143,601,278
Net assets available for benefits at end of year	\$ 183,740,331

See accompanying notes to the financial statements

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NOTE A DESCRIPTION OF PLAN

Description of the Plan

The following description of The MasTec, Inc. 401(k) Retirement Savings Plan (the Plan), as amended, provides only general information. Effective January 1, 2017, July 1, 2017 and October 1, 2017, Three Phase Construction, Inc., Sefnco Communications, Inc. and Cash Construction Company, Inc. became participating employers in the Plan.

Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of MasTec, Inc. and its subsidiaries (the Company) who have completed at least thirty days of service (eligibility period). Employees enter the Plan on the first day of the month coinciding with or the next month following the date on which they meet the eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan's trustee, custodian and record keeper is Bank of America Merrill Lynch (Merrill Lynch).

Contributions

The Plan is a Safe Harbor match, which provides for a match of 100% of the first 3% and 50% of the next 2% of the contribution made to the plan up to a maximum 4% employer match. The match is credited on a quarterly basis, in the months of April, July, October, and January of the following year. The Company's matching contribution is funded 50% in the form of the Company's common stock, and 50% in cash, which is invested in accordance with each participant's investment directive. Company's matching contributions are vested immediately and participants can change their investment options with respect to the matching contributions made in the form of the Company's common stock as soon the matching contribution is funded, subject to the terms of the Plan.

Contributions from participants are recorded when payroll deductions are made. The Plan is required to return contributions received during the Plan year in excess of the Internal Revenue Service (IRS) limits. Participants contribution limit is \$18,000 for 2017 and 2016. Participants who have attained age 50 during the calendar year are eligible to make catch-up contributions to the Plan. The IRS limit for the catch-up contribution amount is \$6,000 for 2017 and 2016. Upon enrollment, a participant may direct employee contributions, in 1% increments, to any of the Plan's fund options. Participants may change their investment options daily.

Participants' Accounts

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and the Plan's investment results. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Upon distribution of the account to a participant who separates from service before vesting, the portion of the account attributable to the Company's contributions is forfeited. Forfeited balances of participants' non-vested accounts are used to reduce future Company contributions or pay administrative expenses of the Plan.

Vesting

Participants vest immediately in their contributions and amounts rolled over into the Plan. In accordance with all Safe Harbor provisions, participants vest immediately in all Safe Harbor Company contributions made after January 1, 2013.

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Forfeitures

Forfeitures of participant account balances are allocated to the general funds of the Plan and can be used to pay administrative expenses of the Plan and to reduce contributions otherwise required of the employer. Any remaining forfeitures shall be allocated to participants. At December 31, 2017 and 2016, unallocated forfeited accounts totaled \$83,275 and \$117,968, respectively. The Company has elected to use the forfeitures to pay certain plan expenses. During the year ended December 31, 2017, no forfeitures were used to pay administrative fees.

Notes Receivable from Participants

Notes receivable from participants consist of participant loans that are secured by the balance in the participant account. Each participant may have only one loan outstanding at any given time. The Plan's loan feature allows participants to borrow up to a maximum equal to the lesser of \$50,000 or 50% of their accrued vested benefit. The loans bear interest at the published prime rate in the Wall Street Journal plus 1%, at the date of the loan. The annual interest rate charged on employee loans outstanding during the year ended December 31, 2017 ranged from 4.00% to 5.25%. Loan terms range from 1 to 5 years or may exceed 5 years for the purchase of a primary residence. Loans provide level amortization for repayments to be made not less frequently than on a quarterly basis. Repayment generally is made by payroll deduction. Participants pay certain administrative expenses associated with the loan. If any scheduled loan repayments remain outstanding for greater than 90 days, the participant loan will be placed in default and reported as deemed distribution. Notes receivable from participants are stated at cost, plus accrued interest, which approximates fair value.

Payments of Benefits

Upon termination of service due to death, disability, or retirement, a participant is entitled to receive payment of the vested accrued benefit in a single lump sum or the payment can be deferred until a later retirement age upon election by the participant. For termination of service due to other reasons, a participant is entitled to receive only the vested percentage of his account balance.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and present the net assets available for Plan benefits as of December 31, 2017 and 2016 and changes in net assets available for Plan benefits as of December 31, 2017.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for various investment options and combinations from which participants may choose, including the Company stock fund, mutual funds and other investment securities. Investment securities are exposed to various

risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that these risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

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Administrative Expenses

All administrative expenses of the Plan are chargeable to the Plan and as allowed under ERISA. The Company may, at its sole discretion, pay any such expenses, in whole or in part.

Benefit Payments

Benefits are recorded when paid. At December 31, 2017 and 2016, there were \$410,681 and \$125,884, respectively, allocated to accounts of persons who had elected to withdraw from the Plan, but had not been paid.

Investment Valuation and Income Recognition

Plan investments are stated at estimated fair values. MasTec, Inc. stock is valued at its quoted price on the last business day of the Plan year. As described in Accounting Standard Codification (ASC) 946, Subtopic 210, investment contracts held by a defined contribution plan are required to be reported at fair value. Contract value, which represents net contributions plus interest at the contract rate, approximates fair value. The contracts are fully benefit-responsive, as defined in ASC 946, Subtopic 210.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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NOTE C FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under ASU 2015-07, Fair Value Measurements (Topic 820) are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- a. Quoted prices for similar assets or liabilities in active markets
- b. Quoted prices for identical or similar assets or liabilities in inactive markets
- c. Inputs other than quoted prices that are observable for the asset or liability
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liability.

Level 3: Inputs that are unobservable inputs for the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Asset Valuation Techniques

Valuation technologies maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

Common Stocks Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stable Value Fund Composed primarily of fully benefit-responsive investment contracts and is reported at fair value using net asset value (NAV) as a practical expedient. The stable value fund calculates NAV per share in a manner consistent with the measurement principles in FASB Accounting Standards Codification Topic 946 *Financial Services Investment Companies*. Those measurement principles indicate that, in the determination of a stable value fund's NAV, the relevant measurement is net assets which include the fully benefit investment contracts held by the fund at contract value. This NAV represents the Plan's fair value since this is the NAV at which the Plan transacts with the fund. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the Plan initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months notification in order to ensure that securities liquidations will be carried out in an orderly business manner.

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The following tables set forth by level within the fair value hierarchy individual investments that represent the Plan's net assets as of December 31, 2017 and 2016 as follows:

Investments in the fair value hierarchy: ^(a)

	December 31,	
	2017	2016
Mutual funds	\$ 123,485,107	\$ 94,995,088
MasTec, Inc. common stock	\$ 36,592,179	\$ 27,834,921
	\$ 160,077,286	\$ 122,830,009

Investments measured at net asset value: ^(b)

	December 31,	
	2017	2016
Stable funds	\$ 13,747,261	\$ 12,685,691

- (a) Mutual funds and MasTec, Inc. common stock have been classified within Level 1 of the fair value hierarchy.
- (b) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of the net assets available for benefits.

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Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2017 and 2016, respectively.

December 31, 2017

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Stable Value	\$ 13,747,261	N/A	Daily	N/A

December 31, 2016

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Stable Value	\$ 12,685,691	N/A	Daily	N/A

Transfer between Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value to another. In such instances, the transfer is reported at the end of the reporting period.

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2017, there were no transfers between levels.

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Information about the net assets and significant components of changes in net assets related to the investment that includes non-participant-directed amounts is as follows:

	December 31,	
	2017	2016
MasTec, Inc. common stock	\$ 33,049,646	\$ 25,002,649
	Year Ended	
	December 31,	
	2017	
Changes in Net Assets		
Contributions	\$ 5,886,930	
Net appreciation in fair value of investments	7,309,720	
Benefits paid to participants	(3,232,803)	
Transfers	(1,544,748)	
Other	(372,102)	
	\$ 8,046,997	

NOTE E TAX STATUS

The IRS has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE F RELATED-PARTY TRANSACTIONS AND PARTY IN INTEREST TRANSACTIONS

The Plan invests in the Common Stock of MasTec, Inc., the plan sponsor. The fair market value of the MasTec, Inc. Common Stock at December 31, 2017 and 2016 was \$36,592,179 and \$27,834,921, respectively. In addition, there are \$5,891,118 and \$4,546,671 in outstanding participant loans as of December 31, 2017 and 2016, respectively.

NOTE G PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

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NOTE H NON-EXEMPT TRANSACTIONS

During the Plan years ended December 31, 2017 and 2016, employee withholdings in the amounts of \$6,495, and \$1,134, respectively, were not remitted within the appropriate time period by the Company. These transactions constitute prohibited transactions as defined by ERISA. The Company is aware of the occurrence and has taken the appropriate steps to correct the situation. Estimated interest assessed on these amounts were \$358 and \$61, for the years ended December 31, 2017 and 2016, respectively. The Company has chosen to correct this without use of the Voluntary Fiduciary Contribution Program. Furthermore, the Company does not believe that these prohibited transactions will have a material impact on the accompanying financial statements and supplemental schedules.

NOTE I SUBSEQUENT EVENTS

The Plan evaluated subsequent events thru May 22, 2018, the date the financial statements were available to be issued.

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The MasTec Inc.

401(k) Retirement Plan

Employer Identification Number 65-0829355

Plan # 002

SCHEDULE H, LINE 4a-

SCHEDULE OF DELINQUENT DEPOSITS PARTICIPANT CONTRIBUTIONS

Year ended December 31, 2017

Participant Contributions

**Transferred Late to Plan
Check here if Late**

Total that Constitute Nonexempt Prohibited Transactions

Participant Loan

Repayments are included:

\$6,495

**Contributions
Not Corrected**
\$358

**Contributions Corrected
Outside VFCP**

**Contributions
Pending
Correction in
VFCP**
\$358

**Total Fully
Corrected Under
VFCP and PTE
2002-51**
\$6,853

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The MasTec Inc.

401(k) Retirement Plan

Employer Identification Number 65-0829355

Plan # 002

SCHEDULE H, LINE 4i-

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2017

(a)	(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Par or Maturity Value	Cost	Current Value	
Investment Contract #610145 with Bank of America Merrill Lynch:				
MFS Growth Fund Class A	Mutual Fund	**	\$ 19,229,795	
Pioneer Short Term Income Fund Class Y	Mutual Fund	**	13,768,684	
Columbia Trust Stable Government Fund I-5 Fund	Stable Value	**	13,747,261	
Delaware Value Fund Class I	Mutual Fund	**	13,185,757	
BlackRock Total Return Fund Class I	Mutual Fund	**	10,115,165	
iShares S&P 500 Index Fund Class I	Mutual Fund	**	9,834,508	
Lazard International Strategic Equity Portfolio Fund Open Class	Mutual Fund	**	9,318,553	
Janus Enterprise Fund Class I	Mutual Fund	**	7,787,105	
JP Morgan Mid Cap Value Fund Class L	Mutual Fund	**	7,118,286	
JP Morgan Small Cap Value Fund Class A	Mutual Fund	**	6,997,274	
Voya Small Cap Opportunities Fund Class A	Mutual Fund	**	3,378,070	
BlackRock Inflation Protected Bond Fund Class I	Mutual Fund	**	3,350,967	
Oppenheimer Developing Markets Fund Class Y	Mutual Fund	**	2,765,162	
Prudential High Yield Fund Class Z	Mutual Fund	**	2,654,949	
American Beacon International Equity Fund Class I	Mutual Fund	**	2,602,410	
Oppenheimer International Growth Fund Class Y	Mutual Fund	**	2,516,460	

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T Rowe Price Real Estate Fund	Mutual Fund	**	2,414,869
T Rowe Price Dividend Growth Fund	Mutual Fund	**	1,920,123
Vanguard Total International Stock Index Fund Admiral Class	Mutual Fund	**	1,769,677
PIMCO Commodity Real Return Strategy Fund Class I	Mutual Fund	**	1,310,467
PIMCO Foreign Bond Fund (US Dollar-Hedged) Institutional Class	Mutual Fund	**	844,597
Vanguard Total Bond Market Index Fund Admiral Class	Mutual Fund	**	602,229
PPB Contribution Fund	Money Market	**	34
* MasTec, Inc. Stock	Common stock	\$ 18,447,264	36,592,179
* Notes Receivable from plan participants	Interest rates range from 4.00% to 5.25% maturing at various dates through 2027, collateralized by vested participant balances	\$ 0	5,891,118

* Represents a party-in-interest

** Not applicable as the investment is participant-directed

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

The MasTec, Inc. 401(k) Retirement Plan

/s/ Jose R. Mas
Chairman, Benefits Committee of MasTec, Inc.

Date: May 22, 2018

/s/ George Pita
Chief Financial Officer of MasTec, Inc.