

## Hertz works to move on as it moves in



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(Photo: The News-Press file photo)

The Hertz headquarters has finally arrived.

Twenty-nine months after the car-rental giant announced it would move its global headquarters from Park Ridge, N.J., to Southwest Florida, employees will soon start to move to

the 248,600-square-foot glass-covered building constructed on 34.5 acres at the southeast corner of U.S. 41 and Williams Road in Estero.

By the end of November, 650 employees who have been working out of temporary office spaces in Naples and Bonita Springs will occupy their new home, which has an 850-worker capacity with the present configuration.

About 30 percent of personnel relocated to Southwest Florida from New Jersey and elsewhere. Hertz reports it has been pleased with the local talent pool, but has found financial/audit positions to be the most difficult jobs to fill.

The move makes for a new beginning for Hertz, which has faced its share of challenges and changes since the May 2013 relocation news.



**Frissora, left, then CEO of Hertz, and Governor Scott**

The biggest challenge has involved accounting issues. In July, Hertz had to restate its earnings results for 2012 and 2013, as well as some results for 2011.

The mess cost Hertz its spot this year on the coveted Fortune 500 list.

The list compiled and published by Fortune magazine ranks the largest U.S. corporations by total revenue for the fiscal year, so when Hertz delayed to report 2014 earnings, it lost its ranking.

Accounting woes, disappointing results and investor pressure sparked the resignation of Mark Frissora, who left as CEO in September 2014. Travel and transportation industry veteran John Tague took charge two months later.

"We're proud to become a part of the Estero community," Tague said in a statement emailed to The News-Press. "The move to our new global headquarters building in the coming weeks is a significant milestone for Hertz, as well as for the Southwest Florida community."



**Hertz CEO John Tague visits with a customer service representative at the Hertz counter at Southwest Florida International Airport in July 2015.**

Tague has been busy over the past 11 months setting a fresh course, calling on executives he has worked with at prior stops, most notably with United Airlines.

“It seems like they’re starting to get some confidence back into the company,” said Andy Hill, of Andrew Hill Investment Advisors. “It’s getting close to the point where it’s worth a look, but they still have some challenges in front of them.”

Despite the challenges Hertz still faces, there is a renewed energy in the air as moving time nears.

Hertz has its temporary certificate of occupancy and was working to complete items Lee County had provided in order to get the permanent certificate, spokeswoman Beth Davis said Wednesday.

Motorists have long been able to glance over at the in-the-works headquarters as they whizzed by on U.S. 41, but may wonder what it looks like inside.

"It's a bright, open space," Davis related via email. "The majority of the walls are white, with vibrant and colorful accent walls incorporated throughout to add splashes of color."

The News-Press has been unable to tour the campus, despite multiple requests, as Hertz focuses on the big move. No open house is planned.

"The teams here have done tremendous work, particularly over the past nine months, and we're really pleased to provide them with a highly functional building that provides a contemporary, interactive environment for them to work in and continue our progress," Tague said. "Our diversity of talent – new and established – with experience across travel and other industries is a strength, and I believe we will become even more collaborative and efficient by coming together in one location."

Hertz executives and employees are involved in the community, but tend to keep a low profile. An event earlier this month provided a rare glimpse into Hertz efforts in the community. Nearly 40 Hertz employees signed up for an Oct. 17 Habitat for Humanity work day and team-building event in the Harlem Heights neighborhood of south Fort Myers. The home site and a staging area were bisected by Gladiolus Drive.

People arrived at 8 a.m. for the Saturday get-together, donning yellow T-shirts emblazoned with "Hertz" and "Habitat" logos. Coffee and pastries greeted anyone looking for a pick-me-up before pounding nails in the warm morning sun.

"We don't just build homes for families ... we build hope," Savanna Melton of Habitat told the group during welcoming comments.

Such homes require low-income buyers to put in 300 hours of sweat equity, to contribute \$1,700 toward closing costs and to pay on a 0 percent mortgage.

"Enjoy your day," Davis of Hertz told the gathering. "We're doing good things together."

Several executives were on hand, including Tom Sabatino, senior executive vice president, chief administrative officer and senior counsel. Some other high ranking but new Hertz executives were on hand: Alex Marren, executive vice president, North American rental car operations; Eliana Zem, executive vice president and chief human resources officer; and Bill Masterson, vice president of strategic communications.

"We're really excited to give back to this community," Sabatino said. "It's also a great chance to get our team together. We've been scattered around and now we're uniting."

Sabatino said Hertz aims to follow employees' lead when it comes to such initiatives.

"It's a great opportunity to support the employee base," he said. "What we're doing in this community, right here in Fort Myers, we can say we have helped build this."

The Habitat effort was spurred by Ryan King, a Fort Myers native and Bishop Verot High School graduate who has worked for Hertz as a contribution strategist since February 2014.

King, 31, spoke on the cramped home site, where not all of the volunteers could work at once for safety reasons. Habitat trailers filled with tools were backed up to the property, where lumber was stacked next to a cinderblock foundation that was starting to support framed walls.

The FGCU graduate shared how his father involved him in Habitat projects during his middle and high school years and that he recently returned to help the nonprofit.

“I decided it was a good idea to get the rest of the group involved and it took off from there,” he said, a generator buzzing nearby.

“Does anyone want to switch out?” a woman yelled. “We’ve got two fresh ones.”

### **Incentives drive move**

When Hertz moved to Estero from New Jersey, it was partly because of the balmy Southwest Florida climate.

But a bigger factor was the welcoming economic climate of Florida, and Estero in particular, according to John Boyd, a corporate relocation consultant based in Princeton, N.J.

“This out-migration out of New Jersey is real,” he said. “Mercedes left a year after Hertz. The outflow of huge corporations from the state isn’t over. People are leaving in droves.”

For example, he said, Mercedes-Benz, the German car manufacturer, is in the process of moving its U.S. headquarters from Montvale, N.J., to Sandy Springs, Ga.

“We term operating costs in New Jersey as confiscatory,” Boyd said. “It’s an extremely expensive place to do business.”

Gov. Chris Christie has introduced some attractive incentives for businesses to stay, Boyd said, but he’s term limited and will be gone after 2017.

As for Estero, Boyd said, it benefits from Florida’s aggressive incentive program to bring in corporate headquarters.

Added to that, he said, the Estero area has the lowest business operating costs of any suburban office market in the East.

Hertz came to Estero through a complex deal that gave the company \$84 million in tax credits and economic incentives from Lee County and the state.

Biggest of the incentives was \$68 million in tax credits – spread out over 20 years following the completion of the 248,600-square-foot headquarters. That’s the amount of money it cost Hertz to build the structure.

So far, Hertz has received relatively modest benefits: “Lee County did just disperse \$2 million” of a jobs stimulus grant from the county, said Betsy Clayton, communications director for Lee. “They have not yet received any tax refunds.”

Back at the Habitat project staging area, software developer Olexiy Kovtunenکو and a co-worker stacked Jenga blocks as others chatted in a circular break area.

“I’m looking forward to moving into the new building, but I’ve never worked in an open concept environment,” said Kovtunenکو, also an FGCU graduate. “It’s going to be interesting.”

## **HERTZ FACTS**

- Hertz, founded in 1918, operates the Hertz, Dollar, Thrifty and Firefly car rental brands in more than 10,300 corporate and licensee locations in 150 countries.
- Hertz stock, which trades on the New York Stock Exchange as HTZ, has fluctuated. It closed at \$25.83 per share the day of the moving news and traded at \$28.50 when Mark Frissora left as CEO. Its 52-week low is \$14.85, its 52-week high is \$25.72 and it is now trading around \$19.50.

## **TIMELINE: 10 THINGS TO KNOW**

- **May 2013:** Hertz says it is moving from Park Ridge, N.J., to Southwest Florida.
- **November 2013:** Groundbreaking at new headquarters; temporary headquarters operations established in Naples and Bonita Springs.
- **June 2014:** Internal audit starts to reveal accounting errors.
- **November 2014:** Hertz discloses in a filing that the U.S. Securities and Exchange Commission is investigating \$87 million in accounting errors.
- **May:** Hertz says it plans to close 200 stores, none in Southwest Florida, as part of a cost-cutting plan.
- **June:** Signage goes up at the new headquarters in Estero.
- **July:** Hertz files annual report for the fiscal year ending Dec. 31, 2014, which includes restated results for 2012 and 2013, as well as selected unaudited restated financial information for 2011.
- **October/November:** Hertz moves into new global headquarters in Estero.
- **November:** Hertz expected to report third-quarter earnings.
- **Second quarter 2016:** Hertz Global Holdings expects to spin off Hertz Equipment Rental Corp., its equipment leasing division based in Bonita Springs, into a separate publicly-traded company.