Miami’s MasTec
This homegrown firm is building soccer in Miami — and 5G just about everywhere else.
Miami’s MasTec

The Coral Gables-based infrastructure engineering and construction behemoth, which bills itself as “the largest wireless constructor in the U.S.,” is seeing its 25th year as a public company.

By Shobhan Norisnev
Special to the Miami Herald

As you approach downtown, a cell-phone app alerts you to the locations of every empty parking spot nearby. You quickly reserve to block pesky drivers from grabbing your desired space. The clock starts ticking when you slide into the designated spot and end when you vacate.

The technology that eases this parking quest could also enable a surgeon to conduct a robotic surgery from afar and keep driverless cars from snarling intersections. The key: 5G-speed networks up to 100 times faster than the current 4G wireless networks.

Laying the groundwork, literally, for that high-speed future is MasTec, the Coral Gables company that bills itself as “the largest wireless constructor in the U.S.” Its reach and foresight recently landed it slot 428 on the Fortune 500 list of publicly traded companies — believed to be a first for a Cuban-American-founded firm. Other South Florida firms on the list are World Fuel Services, which markets and finances commercial fuel; homebuilder Lennar and logistics provider Ryder, and Broward-based auto-dealer group AutoNation.

In November, MasTec also was added to a bellwether S&P index. Perhaps most important to soccer fans, MasTec’s success is fueling Miami’s effort to make Inter Miami a reality. In the November elections, Miami voters approved a measure to allow the city to negotiate with the club led by David Beckham and the Mas family to build a stadium.
at Melrose Country Club.

For longtime Miami-based, "Mas" is a household name, thanks to the influence of the late Cuban exile leader Jorge Mas Canosa.

The firm he purchased when it was Church & Tower (later merged with Bunnup & Sima) is now known as MasTec; this year, it will celebrate its 25th year as a public company. Although it is one of South Florida's largest firms with 22,000 employees nationwide and $6.6 billion in revenues last year, the company thrives in relative obscurity.

"If you think about MasTec for the past 10 years, you're thinking, 'We're kind of low-key,'" said CEO José Mas. "You're not going to see us advertising in magazines. We don't try to get stories out on us. We try to run our business. I think we do it well."

What the company does, in many ways, is mundane and dirty work required for a connected universe: Installing cell towers, digging trenches, laying fiber optic cable.

"Every time you pick up a telephone, it's our workers who helped create the network that allows that to be possible," Mas said.

"Every time you walk into your house and you turn on a light switch, we're building the power lines that allow homes and businesses to have power associated with them. In a very indirect way, we touch peoples' lives all the time, but they'll never know who we are."

DIVERSIFICATION

Who they are looks somewhat different from a decade ago. Then, MasTec's primary business was constructing infrastructure for communications; 97 percent of the business revolved around digging telephone lines for their customers and doing DIRECTV® installations.

Today, the company also builds infrastructure (such as pipelines) for oil and gas, power generation and delivery, civil and industrial sectors like manufacturing and biofuels, satellite and other technology deployment systems, water and sewer. It builds wind farms across the country, with a concentration between North Dakota and Texas, home to the largest wind corridor in the country. More than half of MasTec's revenues now come from oil and gas projects, including a 56-mile natural gas pipeline in Minnesota and a 143-mile pipeline in southern Texas. It is also the largest player in the U.S. in building wireless cell towers.

While diversification sounds like a textbook strategy, it hasn't always brought short-term benefits. In 2014 and 2015, share prices dropped below $15 as a result of slowdowns in wireless, oil and gas and issues with its transmission business, according to the financial website Seeking Alpha.

Weather also plays a role and contributed to 2018's slow first quarter. There's seasonality in our business," Mas said. "In Miami, it's hard to get your arms around this — but at the end of the day, we're in the construction business. So, a lot of what we do is outside. We're affected by weather. The winter months — January, February, March — in most places are bad months for the business because it's snowing and you can't work."

MasTec's emphasis on infrastructure in the oil and telecom industries is now paying off. In June its share price hit a 52-week high of $53.52; its third-quarter earnings surprised estimates, sending its share price up almost 15 percent after the company revealed its net income had nearly doubled for the same quarter year over year as investment in energy projects increased. The company also settled an outstanding contract issue over a pipeline project that brought cash collections after the quarter ended.

"We had a great quarter," Mas said in a statement, "despite regulatory and hurricane flooding disruptions on selected projects." Thanks to record results, he predicted a "significant improvement in MasTec's immediate future." A consensus of seven key analysts — including Deutsche Bank and Nicolaus Stifel — now rates the stock "buy." Institutional investors — including BlackRock and Vanguard Group — hold 83 percent of the company's stock. According to SEC filings, chairman Jorge Mas holds almost 10.5 million shares — a little more than 15 percent of the company. CEO José Mas holds almost 4.9 million shares, a little more than 6 percent.

Friday, its shares closed at $45.37, bringing the company's market capitalization to $3.07 billion.

The positive Q3 results may renew momentum the company enjoyed last winter and spring. In May, Cress Capital CEO Steven Cress called MasTec "one of our top picks for Trump's America." In Forbes, referencing the president's announced infrastructure improvement plans. In July, Cress downgraded the company stock to a neutral, noting in an email to the Herald "that other companies involved in the same type of builds have done better than MasTec."
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business "were increasing at a faster pace, and this did have a negative impact on the share price over the month of July and August." The calendar for the Q4 results has not yet been released.

A project due to begin in upcoming months is the restoration of Puerto Rico's power grid. Last June, following 2017's Hurricane Maria, the Puerto Rico Electrical Power Authority awarded a $50 million contract to MasTec to rebuild the island's brittle transmission lines and replace wooden poles.

One of the brightest factors in its future: 5G, which will require more towers to relay information at record speeds. "We're the guys that build the towers," said Joel. "If you're going to have two cars with sensors on them and they're communicating with each other, they're communicating many times through some form of cellular activity. For an autonomous car to work, there can be no latency."

LOW-KEY AND UNDERCOVER

Jose, who became CEO in 2007 at age 36, is equally low-key. When he appeared on the reality TV show "Undercover Boss" a few years later, his soft-spoken nature suffered dramatically from some demanding bosses featured on the show. He shaved off his signature goatee and further disguised himself for the show by bleaching his hair blond, then tried to keep pace with his colleagues in the field and excel with their good-natured ribbing. In one scene, Wendy, a heavy-equipment operator in Idaho, even questioned his future with the company.

Low-key MasTec workers repair traffic lights at University Road and Oakland Park Boulevard in Broward County after Hurricane Wilma in 2005.

Homeowner in Puerto Rico thanks a MasTec team member for his work in the aftermath of Hurricane Maria in Puerto Rico.

Last June, after 2017's Hurricane Maria, the Puerto Rico Electrical Power Authority awarded a $50 million contract to MasTec to rebuild the island's brittle transmission lines and replace wooden poles.
person he is and was to me, it caused me to be a better person," she told the assembled crowd. "It was very humbling to know more about Jose and the whole MasTec thing. Because it is the true American Dream," she said. "His parents, being immigrants and coming here, is what America is and was in making a life for themselves and his children. One of the things, when I hugged Jose's neck that day, I said, "Your father would be proud.""

His father was the late exile leader Jorge Mas Canosa, who fled Cuba after Fidel Castro seized power in 1959.

When he arrived in Miami, Mas Canosa was a 20-year-old who spoke no English and had limited job prospects, said Jose, 47, who is the youngest of his three sons. Mas Canosa's eldest son is Jorge, 55, family members call him George. Mas Canosa's second son is Juan Carlos, 52, an attorney based in Coral Gables; he has held various executive positions at MasTec and several of its four dozen subsidiaries. Mas Canosa came to this country "basically to participate in the Bay of Pigs invasion," Jose said. When that failed, Mas Canosa committed to making his new life work and held a variety of jobs, including stevedore, shoe salesman and milkman. Then two Friends who had left Cuba and settled in Puerto Rico asked for his help in reviving the Miami office of their company, Church & Tower, which built...
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underground utilities such as phone lines. Two years later, Mas Canosa purchased the company.

AFTER HURRICANE ANDREW

The company has always favored honey over Stingi. Literally, after Jorge Mas Canosa discovered a beehive under a company trailer in 1969, his dad said, "Don't touch the bees," Jose recalled. "As the business grew, we starting putting it in boxes and cultivating honey." The bees have become the company mascot; the Mas Mid honey became a coveted gift for associates and friends.

After Hurricane Andrew hit in 1992, the company took the same lemon-to-lemonade approach.

"We got the contracts to rebuild a lot of the telecom infrastructure that was damaged by Hurricane Andrew," said Jose, who was in UM graduate school when the storm hit. "It was difficult because our office at the time was in Perdido, and it was devastated by the storm. We had employees who had lost their homes. I think every truck that we owned had their windows blown out through the pressure of the storm. So, it was a challenging time, no question, but it also created an enormous amount of opportunity because it really allowed us to grow. The hurricane also drove Jose out of school and into the office. His father had declared, "All hands on deck, we've got all this work in front of us. You need to be here every day."

Even with his sons helping, Mas Canosa had to reach out to other companies for assistance in fulfilling his contracts.

One of those companies was Burnup & Sims. Created during the Great Depression by two unemployed carpenters, Burnup & Sims built phone networks throughout the U.S., Middle East and Pacific Islands, losing nearly one-fourth of the country's cable TV systems, according to MasTec. "They had this business that did telecom infrastructure like we did," Jose said. "They were bigger than us, and they had a beverage business. They were a lot more interested in the beverage business than they were in the construction business. So, in 1994, we did a reverse merger, where they actually bought Church & Tow- er, but we ended up controlling 75 percent of the total entity. So, even though they bought us, we were the predominant company. We changed the name to MasTec."

Burnup & Sims kept the beverage business, and eventually became National Beverage Corp. The company, still based in Fort Lauderdale, owns brands including Shasta and LaCroix, a flavored sparkling water.

The post-Andrew business boom gave the Mas family the confidence to expand beyond South Florida; the reverse merger provided the means. At the same time, the telecom industry consolidated; the Internet created more demand. The Telecom Act of 1996, which expanded competition in telecommunications, spurred the need for fiber cable installation nationwide.

And then came Hurricane. Mas Canosa died of lung cancer in 1997. Three years later, the dot-com bubble burst.

"All that growth that we enjoyed kind of went away," Jose said. "In 1994, after the hurricane, we were probably doing $100 million in sales. During the dot-com bubble, revenues probably surpassed $1 billion for a short period. And then the bubble burst and our revenues went back down to $400 million in the 2000s."

"By the time Jose took the helm in 2007, revenues had climbed to $700 million annually. Under his leadership, the company has seen a 20 percent compounded annual growth rate in revenue. "We're going to do $7 billion this year," he said. "We have grown..."
It was very humbling to know more about Jose and the whole Mastec thing, because it is the true American dream. One of the things, when I hugged Jose’s neck that day, I said, ‘Your father would be proud.’

Wendy, a heavy equipment operator in Idaho, who had worked with Jose during the third season finale of ‘Undercover Boss.’ She spoke at a party he hosted in Miami when the show aired in 2012.
	enfold in 10 years,” he predicted. Fear has helped drive his success. Even though he had worked at Mastec for years and earned an MBA from the University of Miami, just seeing that some people thought his CEO title was due only to his last name.

“That drove me — that fear, the perception that people weren’t sure that I deserved it for whatever reason,” he said. “That was a huge motivator for me. Huge. With all the success that we’ve had, we’re just scratching the surface to what we could become. That desire to keep growing and to keep getting better and to keep proving people wrong is still burning inside of me, just like it was 10 years ago.”

According to his competition, he’s doing plenty right.

Mastec’s biggest rival is Quanta Services of Houston, Texas, and CEO and COO of Quanta, said he sometimes collaborates with, and sometimes competes against, Mastec. Quanta has a bigger presence in the energy sector, and Mastec is larger on the telecom side. They jointly operate Cross Country, a heavy equipment rental company.

“He’s done a great job,” Austin said of Jose, and praises Mastec as “good competition.” In general, we’re going to have competition in the business. You might as well have good competition.”

Austin likes Mastec because he believes it has a firm grasp on the industry. When people understand the risks involved in the industry, they take the necessary precautions and are on the same level when bidding on projects, he said. “Also, just having good values for the industry as well (as appreciated),” he added. “If you have people in the business who are not doing the right thing, it causes all of us angst, and problems with regulations. So, if everyone does a good job training… it just helps us from a regulations standpoint, as well.”

ROAD SOME TIMES ROUGH

The company’s journey hasn’t always been smooth. For a period in the early 2000s, Miami-Dade ceased working with Church & Tower following charges of overbilling over a 1993 paving contract. That dispute was settled after Mastec paid $2.25 million to the county and absorbed an additional $2.5 million in unpaid invoices in 2003. The next year, Mastec also paid $2.1 million to settle another squabble over construction delays on a government project in Pompano Beach.

The company has faced occasional employee issues. In 2006, Mastec fired 26 of its technicians for disloyalty after they spoke to a local TV station in Orlando, alleging Mastec Advanced Technologies in Tampa had pressured them to mislead customers by saying a specific type of DirectTV connection was required when it was not. Mastec has defended the firings; both sides of the matter have filed various appeals. Last summer, Mastec said it had offered jobs to 16 of the 26 fired technicians.

Over the years, the company has been hit with several allegations of failure to pay overtime. Most have been settled out of court, with the company making relatively small payments but admitting no wrongdoing.

The company also has faced scrutiny from the Department of Labor for unsafe work conditions. In 2012, Mastec North America was placed on the Occupational Safety & Health Administration’s “severe violator” list for allegedly failing to protect workers installing utility pipes in Wisconsin. The case was settled, and Mastec was removed from the list.

And according to reports from the Occupational Safety & Health Administration, at least seven Mastec employees were injured, and several more were sickened from exposure to lead.

PUBLIC NOTICE

Miami Beach Visitor and Convention Authority (MBVCA)

Request for Proposals (RFP) – RFP# 11-19

PUBLIC RELATIONS SERVICES

THE MIAMI BEACH VISITOR AND CONVENTION AUTHORITY (MBVCA) is requesting proposals from responsible vendors to meet its Public Relations needs.

For a complete copy of the RFP, please visit http://www.miamibeachva.com/newsroom/

A non-mandatory pre-bid conference will be held Tuesday, January 22, 2019 at 10:00 am at The Harold Rosen War Room (MBVCA offices), located at 1701 Meridian Avenue, Suite 403, Miami Beach to answer any questions. All proposals will be considered by the MBVCA in February 2019.

All dates and locations are subject to change without notice. For questions or comments regarding the RFP, contact the MBVCA at (305) 673-7050, fax: (305) 673-7282. groquemarcos@miamibeachva.com.
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Tec employees have died on the job between 2014 and 2017, including a Cape Coral worker who was electrocuted last spring while replacing a utility pole.

Said Mas via email, “Our team members work on some of the most demanding, complicated infrastructure projects in the U.S. The passing of any of our team members, under any circumstance, is a tragedy. These unfortunate situations have ranged from suicide to heart attacks, vehicle and work accidents, and even a death related to a bee sting. MasTec has dedicated significant resources to the well-being of our employees and have developed a world-class safety culture on the field.”

**BANNER YEAR**

The year 2018 was one for milestones. MasTec is believed to be the first company founded by a Cuban American to make the Fortune 500 list of the most profitable publicly traded U.S. companies.

And in November, S&P Dow Jones added MasTec to its benchmark Midcap 400 Index.

“1 don’t think we ever set a goal to be a Fortune 500 company,” Joao said. “It might have been part of a secret bucket list, but I don’t know if it was part of a strategy of the company to say, ‘Let’s figure out a way to get on this list.’”

But he remains humbled by the honor. “The fact that our father started this business with the shirt on his back,” Joao said. “He started this business here in Miami with a couple of employees, and here we’re one of the 500 largest traded companies in the country. That’s pretty amazing.” Technology is always evolving, and MasTec is well.

Not every attempt brings a win. Earlier, the company made a foray into highway digital smart signs that display information about traffic conditions and closures. At first it sounded like a good fit for MasTec’s skill set, but the engineers at MasTec never mastered the technology.

“Not everything’s a success,” Mas said, with a shrug. “If you don’t have any failures, then you’re not trying hard enough. I really believe that as a business if everything is going well, then you didn’t take enough risks. You left something on the table.”

At the same time, the company cannot be reckless.

“You can’t take too many risks, because then you won’t be here,” he said. “But there’s a balance there, and we’re constantly evaluating it. We’re constantly evaluating different businesses, different technologies.

“It’s a small part of what we do, but it’s a very important part of what we do. And it’s exciting. It allows you to engage in all different kinds of thought processes to potentially change how we’re going live our lives.”

Writer Aaron Lohr-Bawitz and Miami Herald Business Editor Jane Woldrake contributed to this report.