

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Transportation and Telecommunications Committee  
March 18, 2014

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[CONFIRMATION]

The Committee on Transportation and Telecommunications met at 9:00 a.m. on Tuesday, March 18, 2014, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments. Senators present: Annette Dubas, Chairperson; Jim Smith, Vice Chairperson; Lydia Brasch; and Dan Watermeier. Senators absent: Galen Hadley; Charlie Janssen; Beau McCoy; and John Murante.

SENATOR DUBAS: I think we're going to go ahead and get started. I know we're having some technical problems here with someone who's calling in, but... [CONFIRMATIONS]

SENATOR BRASCH: Can we just use a speakerphone to call the person on our cell phone and put speaker on? [CONFIRMATIONS]

SENATOR DUBAS: Yeah. Something is not allowing us to. So I'm going to go ahead and just kind of run through housekeeping duties here. I'll introduce committee members. We do have someone who's calling in. But unfortunately, we're not able to get him on to the speakerphone. So Chuck is on his way to get a screwdriver. I don't know if that's good, bad, or otherwise. My name is Senator Annette Dubas. I'm Chair of the Transportation and Telecommunications Committee, and I will introduce the committee members who are here. We have, to my far left, Senator Lydia Brasch from Bancroft. And we have Anne Hajek who is the committee clerk. She's the one who keeps the records of everything that transpires here. To my right is Senator Jim Smith from Papillion. He is the Vice Chair of the committee. Senator Dan Watermeier just ran to get himself a cup of tea, and he will be back with us momentarily. I would ask for those of you who will be testifying this morning introducing yourself, if you'd fill out a green sheet. There should be some laying on the table back there. Bring that with you when you come forward. We have a page helping us today. We have Janet Sanchez from Scottsbluff who is a senior at UNL majoring in business administration. We appreciate her help and support this morning. Oh, let's see. I think that's...all I ask is that if you have a cell phone or any other electronic devices, that you would silence or shut those off as not to interfere with our recording equipment. And with that, we will begin as soon as they get their paperwork done. We will begin with our hearing. Ms. Quinn, if you want to come forward. Thank you so much. Please have a seat. And if I could ask you to state and then spell your name for the record, appreciate that. [CONFIRMATIONS]

ANGELA QUINN: It is Angela Quinn, and last name is spelled Q-u-i-n-n.  
[CONFIRMATIONS]

SENATOR DUBAS: As I said, if you just want to give us a little bit of your background, your experience as serving on this board. I believe you're a reappointment so just share a little bit of information with us, please. [CONFIRMATIONS]

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ANGELA QUINN: (Exhibit 1) Okay. I started in the car business in 1992 selling cars. And my father had a store at that time. And currently, my brother and I are running the Performance Auto Group which includes 15 different stores in Omaha, Lincoln, and Kansas City. We are actively in the dealerships and working in the stores as well. I served one year on this committee, and it was...first of all, it was an honor. But I guess the one thing I learned is, you know, it's a very competitive environment out there. And, you know, we sat through many discussions on situations including maybe advertising or dealer plates or a lot of the regulations that keep the playing field fair. And that was really important and sometimes there were some tough decisions when, you know, maybe there...smaller dealers that were further away and maybe weren't aware or hadn't been involved in some of the communication regarding these regulations. And it was just important for them, I think, to know when they came to the board that there were some other of their peers that were helping navigate, you know, the guidelines that Mr. Jackson is trying to enforce and so forth. And although not...they didn't always like what we had to say, but I think it was sure helpful for them to hear from their peers the whys behind some of the guidelines and regulations that we have. I think it is very, very important to continue having the licensing board. And certainly, I think Mr. Jackson has done a nice job guiding it. It is, you know, as we discussed earlier, it's a time commitment. And it's sometimes kind of thankless, but there is a need out there. And I sure appreciate being a part of it. [CONFIRMATIONS]

SENATOR DUBAS: Thank you, Ms. Quinn. Are there questions? Senator Smith.  
[CONFIRMATIONS]

SENATOR SMITH: Thank you, Madam Chair. And Ms. Quinn, thanks for being here today, early in the morning on a Tuesday after we've been on recess. But you know, whether...I know you're a second generation company. Whether you're a first or second or third generation company, there's a lot of work that goes into being a business owner. And I really appreciate you and your family's sacrifice and courage for being small business owners, working in a competitive industry, creating jobs, and doing what you're doing in our local economies. And you know, and it's not just being a business owner, but it's being a business owner with high ethical standards, a great reputation in our communities, and appreciate all that you do and particularly your willingness to serve on the Motor Vehicle Industry Licensing Board. Appreciate you stepping up to do that. Can you tell us just a little bit about what you believe you bring to that licensing board?  
[CONFIRMATIONS]

ANGELA QUINN: There is...I think...what I feel I bring, I've started...several stores that we have purchased that were mom and pop stores. And you go in there, and you see the culture. And then bringing those stores into a group where you have three Chrysler stores in the same area competing for the same business, and you see the advertising. And some of those things that you have to be so cognizant of; number one, still being

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competitive, but being competitive in the right way where you're doing the right things for the consumer, being transparent. I think that more and more we're getting to this transparent age where, you know, nothing else is acceptable. And it's hard to kind of convert that culture if you're not used to it. And I think that's one thing that the licensing board has done a nice job of, helping the dealers become aware of why it's inappropriate to say, can never be undersold, or you know, some of the things that bring us to this current century. And I think as the level of the game gets better and more competitive, it's, like I said before, it's just helpful to have a group of peers helping some of those dealers navigate through this and getting to where they need to be so they can still compete in business and make a profit. [CONFIRMATIONS]

SENATOR SMITH: Thank you. [CONFIRMATIONS]

SENATOR DUBAS: Other questions? Senator Brasch. [CONFIRMATIONS]

SENATOR BRASCH: Thank you, Madam Chairman, and thank you for your willingness to be reappointed. I'm curious what...being on the board, serving again, do you see any trends or changes, opportunities ahead or challenges? Are you...is the cup half full or half empty? [CONFIRMATIONS]

ANGELA QUINN: Oh, definitely half full. It's got a lot more ahead of it. One of the challenge I see in the industry whether it's, you know, Nu-Trend Homes or the car business or whatever is...the Internet is becoming such a force in whatever business it is, and to have the...you know, it's still kind of the Wild West out there. And we need to continue to be as transparent, whether it's the Internet or the newspaper. And the general public, they want to have their answers and go in and be able to have a transaction cycle that is not four hours but, you know, 45 minutes. And they want things...a clearer concise display of what their expectations are. And when they come in, they want that to be met. They don't want someone to say, well, that's not what we said or, you know. [CONFIRMATIONS]

SENATOR BRASCH: Sure. [CONFIRMATIONS]

ANGELA QUINN: So I think that's going to be a challenge not only in the automobile business but I think in all businesses in general. [CONFIRMATIONS]

SENATOR BRASCH: Very good. Thank you. I have no other questions. [CONFIRMATIONS]

SENATOR DUBAS: Any other questions? Well, I, too, would like to thank you for your willingness to be reappointed. And what I heard last year with the appointments and reappointments to this particular board and what I've heard from you this morning is the real desire to make sure that your industry is being ran with the consumer in mind. And

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now your talk about transparency and making sure that everybody is operating on the up-and-up. And, you know, I know we can get carried away with regulation in government, and that's difficult for all businesses but especially small businesses. But yet what I heard is you are willing to deal with regulations that are going to help you be a better business so that you can serve your customers. So I really appreciate that. And hopefully we can keep those regulations within reason to help you in your business, not hurt you. So we thank you again. Any other questions? Seeing none, thank you very much. [CONFIRMATIONS]

ANGELA QUINN: Thank you very much, Senators. [CONFIRMATIONS]

SENATOR DUBAS: We've got our technical problems finished, so I think we're going to go ahead with the phone call since he was scheduled to call in first. And then we'll finish up later. So let's see. We have Mr. Cerny on the phone, is that correct? Hello, Mr. Cerny. [CONFIRMATIONS]

DEAN CERNY: Yes. [CONFIRMATIONS]

SENATOR DUBAS: Good morning. Thank you for your patience as we got our difficulties worked out this morning. We appreciate you joining us on the phone. My name is Senator Dubas. I'm the Chair of the Transportation and Telecommunications Committee. I guess what I would ask of you is just to state and spell your name for us and then give us a little bit about your background and your service so far on this board. [CONFIRMATIONS]

DEAN CERNY: (Exhibit 2) Okay. My first name is Dean, D-e-a-n, last name is Cerny, C-e-r-n-y. Just to tell you a little bit about myself, I've been in the car business for...well, I kind of grew up in the car business. My dad was a new car dealer in the '60s, '70s, and '80s, and then I went independent, opened my independent business in 1990. So I've been at it on my own for about 25 years almost, 24. I've served on our independent association, our state independent association. I served on their board. I'm a past president of that association. And then I served on...this is a reappointment hearing. So I have been on this board for three years. I'm married for 33 years. I got two grown kids, no grandkids yet, still waiting for that era of my life. But that's about it. [CONFIRMATIONS]

SENATOR DUBAS: Very good. Thank you again for taking the time to join us this morning. And I will tell you as a grandparent, it's really a great experience. So I hope that comes to you soon. [CONFIRMATIONS]

DEAN CERNY: That's what I've heard. [CONFIRMATIONS]

SENATOR DUBAS: Are there questions for Mr. Cerny? Senator Brasch.

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[CONFIRMATIONS]

SENATOR BRASCH: Thank you, Madam Chairman, and I do agree with the Chair this morning. I am a grandparent, and those are great days. I do want to thank you for your willingness to be reappointed this morning. That shows your willingness to give service and work with your industry and represent it well. I see that you're also a Sertoma Club member and have contributed to your community. I am curious...your thoughts on your industry in this reappointment, do you see the industry changing? Is it getting better, more challenging? Any insight that you'd like to share with us moving forward.

[CONFIRMATIONS]

DEAN CERNY: Yeah, as far as changes go, since I opened in 1990, there's been a huge change in most of the technology obviously. And that's...you know, obviously that's challenging, especially for a guy like me who kind of missed out in school as far as computers and things like that. So that's all a challenge. But I've enjoyed sitting on the board so far. The last three years we've been in (inaudible) for some hearings and stuff there. I think our board is doing a good job as far as not just slapping the wrist of some of these violators, but I think we're, you know, we're levying fines and stuff like that for violators of advertising and dealer plates and stuff like that. So you know, I think that's a good thing. Going forward, I think there's lots...you know, it'll always...something different every day in the car business, that's for sure. And it's a learning experience every day. And it is challenging, but you know, you've just got to stick with it. And buying cars is always tough. Prices are getting to be outrageous as everyone knows, but that's kind of the way it is everywhere for everything, I guess. [CONFIRMATIONS]

SENATOR BRASCH: Very good. Thank you. I have no other questions.

[CONFIRMATIONS]

SENATOR DUBAS: Any other questions? Senator Smith. [CONFIRMATIONS]

SENATOR SMITH: Thank you, Madam Chair. And Mr. Cerny, I see that you're represented by a very fine state senator, Paul Schumacher up in Columbus. Also, I just wanted to say thank you for your willingness to serve on the Motor Vehicle Industry Licensing Board, appreciate your willingness to serve. [CONFIRMATIONS]

DEAN CERNY: You bet. [CONFIRMATIONS]

SENATOR DUBAS: Any other questions? Mr. Cerny, I would have a question for you. This is...you're being reappointed. What did you learn that maybe you didn't know before when you served in your first term? [CONFIRMATIONS]

DEAN CERNY: To be honest with you, probably the biggest thing is all the violations that are really going on. When we meet as a board, we get a list of violations that have

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been paid and...or waived, fines that have been waived and stuff. And it's unbelievable. I've never...thank God, knock on wood, I haven't had that deal where I've been fined for advertising violation stuff. But the number of that stuff that goes on is unbelievable. And that goes along with dealer plate misuse and in-transit misuse and stuff like that. So I think our investigators and Bill Jackson do a good job keeping that kind of stuff straight. I know it's tough with the limited manpower. But overall, I think they're doing a good job. But hopefully we'll keep going down the right path there. [CONFIRMATIONS]

SENATOR DUBAS: Have you experienced...I know you mentioned technology in your earlier comments. Do you believe your customers are coming in more informed about what they're looking for because they can do a lot of research on-line, etcetera? Are they coming in and asking more questions and better questions that keep you on your toes? [CONFIRMATIONS]

DEAN CERNY: Yeah, there's no doubt about that. People...I think, the days of loyalty to a dealership, to be...you know, stay local. Stuff like that I don't think are as big as they were, you know, back 20 years. I think people shop...you know, it's so easy to shop on-line, get information. But yeah, you need to be ready for that kind of stuff. And it's probably a good thing, too, that people, our customers are more informed. But it can also be challenging, too. [CONFIRMATIONS]

SENATOR DUBAS: Very good. Are there any other questions? Well, seeing none, I, too, would like to thank you for your willingness to serve and your commitment to your industry to make sure that it is sound and reputable and what you want to do to make sure that your customers are feeling like they're being treated fairly. So we really appreciate the time you're willing to give to this board. And thank you again for joining us here this morning. [CONFIRMATIONS]

DEAN CERNY: All right. Sorry I couldn't be there in person, but I'm on the road today. But I appreciate it. And everyone have a good day. [CONFIRMATIONS]

SENATOR DUBAS: Thank you. Thank you so much. You have a good day as well. All right, we will now move on to Mr. Hansen. Good morning. [CONFIRMATIONS]

DONALD HANSEN: (Exhibit 3) Good morning. [CONFIRMATIONS]

SENATOR DUBAS: If you would state and spell your name for us, please. [CONFIRMATIONS]

DONALD HANSEN: I'm Don Hansen, D-o-n H-a-n-s-e-n. [CONFIRMATIONS]

SENATOR DUBAS: If you just want to give us a little bit of your background about your, you know, your personal, your business, and then service on this board.

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[CONFIRMATIONS]

DONALD HANSEN: Well, as the other two candidates there, I'm second generation also. My dad worked with Angela Quinn's dad 50 years ago in the car business, and then he branched off and we started manufactured housing and moved into the trailer business. Nu-Trend Homes is our company. So that was in 1967. I've worked around there ever since 1967. My dad has always sold used cars there. In fact, he's retired now and sells used cars in Arizona at 80 years old. So he still has a little used car lot down there. My brothers and I have taken the company and gone more into manufactured modular homes, modular classrooms. We do a lot of that type of thing. And then I've taken the company, and we've done a lot of manufactured housing communities. So we own several communities where they put the homes and so on. So that's kind of my history in the business. I've been doing it all of my life, never moved five miles from where I grew up. So I've kind of all lived in the same...I went to Burke High School, kids went to Burke High School. So we've got kind of that history there. I serve on my church. I'm chairman of the board of elders at my church. I serve on the board for the Boy Scouts, was an Eagle Scout growing up. And then I have four daughters. So now I serve on the board and I do have now 4.5 grandchildren. The fourth daughter, the last one, is now getting married in May. She graduates from medical school about...I think it's the 10th and gets married on the 25th. So she's marrying a classmate. And so then I'll have to have a road trip. They're going to find out where their residency is on Friday. They have match day across the United States where all the medical students find out where they're going to go to medical school. Well, since she's marrying a classmate, they have to do what they call a double match. They have to be...whoever likes them has to like both of them. It's either both of them or none. So that's been a kind of a nail-biting type experience that we've been experiencing here for the last few months. They've done 16 interviews throughout the United States. So they'll find out on Friday. And then after their wedding, we'll probably load them up and head them to their new destination. [CONFIRMATIONS]

SENATOR DUBAS: Very good. Are there questions for Mr. Hansen? Senator Brasch. [CONFIRMATIONS]

SENATOR BRASCH: Thank you, Madam Chairman, and I also wanted to thank you, Mr. Hansen, for your willingness to be reappointed. And seeing you're an Eagle Scout, that says a lot. I've met quite a few Eagle Scouts over the last several years. And they go from good to great. So that's a great start. With your reappointment, do you have any recommendations moving forward on the board, any changes? Are things working well, good plan laid out, nice road map perhaps? [CONFIRMATIONS]

DONALD HANSEN: I tell you what. The number one plan that I have for the board is to keep Bill Jackson as the director. He does a terrific job. We knew him very well. He had the area of patrol or his area before was in Omaha. So we've known him for 25 years.

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He is very, very dedicated. He knows the industry. And it's just like, it's not so much again, what you know; it's who you know. It's the relationships. Anything, it's all about the relationships. And he has great relationships with the dealers. He has great relationship with law enforcement. He is just a good guy to work with; very, very organized; very, very structured. And he's put together a great team. He's a great leader. So my number one recommendation is, we need a way to keep him involved because he does a good job. [CONFIRMATIONS]

SENATOR BRASCH: Very good. Thank you, again. [CONFIRMATIONS]

DONALD HANSEN: Thank you. [CONFIRMATIONS]

SENATOR BRASCH: I have no other questions. [CONFIRMATIONS]

SENATOR DUBAS: Other questions? Senator Smith. [CONFIRMATIONS]

SENATOR SMITH: Thank you, Madam Chair; and, Mr. Hansen, it's kind of great to see a business neighbor. We both have businesses in the Ralston neighborhood or community. So, you know, appreciate you being there for so many years and adding to the community. And as I was saying to Ms. Quinn, regardless of whether you're a first generation business owner or second generation or third generation, it takes just as much sacrifice and courage to keep those businesses going and especially to hold them to a high ethical standard as I know you do with your business. So thank you for what you do in our communities, and thank you for your willingness to serve on this board. [CONFIRMATIONS]

DONALD HANSEN: Thank you. [CONFIRMATIONS]

SENATOR DUBAS: Other questions? I see in your resume that you have gone in and revitalized some communities where manufactured homes are already there. I'm really interested in...you know, there is that perception of those mobile home communities maybe not being some of the nicest areas in town. And it looks to me like you have really taken this on to build that reputation and maybe get rid of that stigma a little bit. [CONFIRMATIONS]

DONALD HANSEN: Well, but I tell you what. One of the largest projects we took over just about six, seven years ago where we came into a community we purchased, and it has all the old trailers--trailers, we're all familiar with. The long skinny ones that were built in the '60s and early '70s. They were built what we call pre-HUD. In 1976, the federal government came in and put various regulations for fire, for safety, for...like the bottom had been using aluminum wiring. And aluminum wiring eventually over 30, 40 years can cause fires. So the government came in in 1976 and made sure you had copper wiring, made sure of the fire retardancy was put into the homes. In fact, in the



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new manufactured homes, there's less of a chance of a fire in a new manufactured than there is in a conventional home. So we still, though, have the thousands of older trailers that are out there that have to be removed. So when we purchase a community, we have to take those homes out, remove them. And unfortunately, there's people living in there...or fortunately, there's people living in there. And again, you can't displace the person. So it takes time. It takes money in order to remove those homes. And then put in the newer homes which are very similar to conventional homes anymore; drywall interior, shingled roofs, vinyl or concrete siding. So very good construction, but we still have a lot of homes to remove, and of course what's happened over the last six or seven years? We've had so much...problems with the financing industry. So the financing has been difficult. And our industry has really taken a very, very big hit over the last six or seven years. But now it's coming back strong with Warren Buffett buying the third-largest, I think, of the seven largest manufacturers and also buying the largest finance company. So he's believing that the manufactured housing industry is the industry in the future because he's put billions of dollars into it. So we're just trying to follow on his coattails. [CONFIRMATIONS]

SENATOR DUBAS: Are your homes typically those first-time-buyer type homes or...?  
[CONFIRMATIONS]

DONALD HANSEN: We have two markets: First-time homes buyers, but probably the largest market we have right now is the retired market. So many people are retiring, and they have no pensions. They have no IRAs, or their IRAs are \$10,000 or \$20,000, \$40,000. That's to live the rest of their life. So these people are going to be living on Social Security. If they have a little bit of equity in a conventional home and multiple steps--a lot of times these people have these older homes that are so much work and so much cost. As Senator Smith realizes, just the cost of keeping up garage doors over 30, 40 years in these homes, it's just very expensive to keep them up. A lot of people sell their conventional homes, take their equity, pay cash for a manufactured home. And then they can live on their Social Security for the rest of their lives. That's the big part of the market, and I think that's where Warren Buffett sees also people going as far as for retirement. It's going to be a big...big for our industry. And that's the direction we're going, too. [CONFIRMATIONS]

SENATOR DUBAS: Well, I think, again, based on what your resume shows you have a real commitment to your community and wanting to make your community a great place to live and give people good places to live in. So we really appreciate that, and I, too, would like to say thank you for your willingness to serve. Are there any other questions? Thank you also for taking the time to drive down and visit with us this morning. We really appreciate it. [CONFIRMATIONS]

DONALD HANSEN: Well, again, thank you for what you senators do. I mean, you do it on just a small amount of money so you have to be dedicated to what you do and quite

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a commitment. So appreciate you. [CONFIRMATIONS]

SENATOR DUBAS: You bet. Thank you again for joining us. [CONFIRMATIONS]

DONALD HANSEN: Thank you. [CONFIRMATIONS]

SENATOR DUBAS: Well, that will close our hearing since we don't have anybody testifying; I didn't even ask for people to come forward. [CONFIRMATIONS]