

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

Transportation and Telecommunications Committee
May 26, 2011

[CONFIRMATION]

The Committee on Transportation and Telecommunications met at 8:30 a.m. on Thursday, May 26, 2011, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments. Senators present: Deb Fischer, Chairperson; Galen Hadley, Vice Chairperson; Kathy Campbell; Annette Dubas; and LeRoy Louden. Senators absent: Charlie Janssen; Scott Lautenbaugh; and Scott Price.

SENATOR FISCHER: (Recorder malfunction)...Communications Committee. My name is Deb Fischer. I am the senator representing the 43rd District in the Nebraska Legislature and I am Chair of the committee. I'd like to introduce to you our committee members who are present at this time. On my far right is Senator Kathy Campbell from Lincoln. Next we have the Vice Chair of the committee, Senator Galen Hadley, from Kearney. On my immediate right is our committee counsel, Dusty Vaughan. On my immediate left is our committee clerk, Laurie Vollertsen. Next we have Senator Annette Dubas; she is from Fullerton, Nebraska. And on the end we have Senator LeRoy Louden who is from Ellsworth. This morning we are meeting to have a confirmation hearing for a couple of gubernatorial candidates and I'd like to welcome you to the committee this morning. And our first nomination is for Dean Cerny and this is for the Motor Vehicle Industry Licensing Board. So please come up and welcome.

[CONFIRMATION]

DEAN CERNY: Thank you. [CONFIRMATION]

SENATOR FISCHER: I will need you to say your name and spell it for the record, please. [CONFIRMATION]

DEAN CERNY: Dean Cerny, D-e-a-n C-e-r-n-y. [CONFIRMATION]

SENATOR FISCHER: Thank you for coming today. I know it's always important for the committee to have a chance to meet you and have a little face to face here.

[CONFIRMATION]

DEAN CERNY: Sure. [CONFIRMATION]

SENATOR FISCHER: If you'd like to just give us a little of your background, Mr. Cerny, and why you're interested in being on the board. [CONFIRMATION]

DEAN CERNY: (Exhibit 1) Sure. Yeah. I was born and raised in Columbus, Nebraska; kind of grew up in the auto business. My dad was a new car dealer for many years. My grandpa was a dealer before him selling Packards. So really my whole life has been in this business. I branched out about 21 years ago. My dad sold the new car business

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because of health reasons and I went on my own. So I've been at it for 21 years in Columbus. I'm married; have two kids that are college age. And the reason I want to be on the board, Bill came to me and asked me to be on the board. I've known Bill for quite a few years and I've known some other guys that have served on the board and they said it is very interesting. And being that the car business is kind of my life, I thought it would be interesting, maybe do some good. [CONFIRMATION]

SENATOR FISCHER: Thank you. Are there any questions? Senator Louden.
[CONFIRMATION]

SENATOR LOUDEN: Yes, thank you, Senator Fischer. I looked on your resume sheet here that you filled out and stuff that you went to school at Southeast Community College in Milford. [CONFIRMATION]

DEAN CERNY: Yep. [CONFIRMATION]

SENATOR LOUDEN: Well, I said that can't be all bad, because I went there some 50-some years ago myself. [CONFIRMATION]

DEAN CERNY: You bet. [CONFIRMATION]

SENATOR LOUDEN: What did you take up there just as a matter of curiosity and were you in auto mechanics or something like that? [CONFIRMATION]

DEAN CERNY: I was actually auto body. [CONFIRMATION]

SENATOR LOUDEN: Auto body, okay. [CONFIRMATION]

DEAN CERNY: And then I went back to my dad's dealership and ran the body shop for a few years and then kind of moved up from there. [CONFIRMATION]

SENATOR LOUDEN: Then you pulled a few wrenches. [CONFIRMATION]

DEAN CERNY: Yeah, a few wrenches. [CONFIRMATION]

SENATOR FISCHER: Yeah, okay. Thank you. [CONFIRMATION]

DEAN CERNY: You bet. [CONFIRMATION]

SENATOR DUBAS: Thank you, Senator Louden. Senator Dubas. [CONFIRMATION]

SENATOR DUBAS: Thank you, Senator Fischer. Thank you, Mr. Cerny, for being here today. We're neighbors. [CONFIRMATION]

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DEAN CERNY: You bet. [CONFIRMATION]

SENATOR DUBAS: Familiar with the Columbus area. Are there any particular challenges or issues that you think as a board member you would either like to address or like to be a part of addressing? [CONFIRMATION]

DEAN CERNY: Well, there's always issues in the car business, things come up. One thing, curb stoning is a problem, you know, where people are selling cars without licenses, things like that. So you kind of want to keep a handle on that, and I think the board does a fairly good job with the people they have. So that's one of the main issues probably. [CONFIRMATION]

SENATOR DUBAS: Thank you. [CONFIRMATION]

DEAN CERNY: Um-hum. [CONFIRMATION]

SENATOR FISCHER: Thank you, Senator Dubas. Other questions? Senator Campbell. [CONFIRMATION]

SENATOR CAMPBELL: Thank you for your willingness to serve and starting out on an early morning no less. [CONFIRMATION]

DEAN CERNY: You bet. [CONFIRMATION]

SENATOR CAMPBELL: How is the car business in Columbus? [CONFIRMATION]

DEAN CERNY: It's a challenge the last few years like the rest of the country, especially the...you know, in the Midwest and stuff, it's been tough. Cash for Clunkers hasn't helped us. Seems like it might be on the rebound a little bit, but it's slow...it's a slow process, but we're hanging in there. [CONFIRMATION]

SENATOR CAMPBELL: Did the community lose any dealerships? [CONFIRMATION]

DEAN CERNY: We probably lost a couple, but in the past six months or so I've gained a couple back, so it's probably on an even keel. [CONFIRMATION]

SENATOR CAMPBELL: Evened out. [CONFIRMATION]

DEAN CERNY: Yeah. [CONFIRMATION]

SENATOR CAMPBELL: Thank you. [CONFIRMATION]

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SENATOR FISCHER: Thank you, Senator Campbell. Senator Hadley.
[CONFIRMATION]

SENATOR HADLEY: Mr. Cerny, thank you for being here and I appreciate your willingness to do this. We always appreciate citizens who are willing to serve on these because it's a lot...it's almost as much pay as the senators get for doing it. But I have been reading that actually, I assume you're in the used car business. [CONFIRMATION]

DEAN CERNY: Right. [CONFIRMATION]

SENATOR HADLEY: I've been reading that that's...actually that's been picking up nationwide reaching some all-time highs, so I hope... [CONFIRMATION]

DEAN CERNY: You know, it seems like you hear that in the media and it's usually West Coast, East Coast stuff and we're always...the Midwest is always the last to feel that. So I'm kind of amazed seeing that. But it is getting a little bit better, but we're always the last one to feel the growth. [CONFIRMATION]

SENATOR HADLEY: I think in everything the highs and lows are on both coasts and we're more smooth,... [CONFIRMATION]

DEAN CERNY: Right, I agree. [CONFIRMATION]

SENATOR HADLEY: ...which probably isn't a bad deal, of course, by the time it all ends. [CONFIRMATION]

DEAN CERNY: Right, exactly. [CONFIRMATION]

SENATOR HADLEY: But I appreciate your willingness to serve on this committee. Thank you. [CONFIRMATION]

DEAN CERNY: You bet. [CONFIRMATION]

SENATOR FISCHER: Thank you, Senator Hadley. Thank you for coming in today.
[CONFIRMATION]

DEAN CERNY: Okay. Thank you. [CONFIRMATION]

SENATOR FISCHER: Appreciate it. Next I think Sammy Reagan is here. So welcome to the committee. [CONFIRMATION]

SAMMY REAGAN: Thank you. [CONFIRMATION]

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SENATOR FISCHER: I'm Deb Fischer, I'm Chair of the committee. You missed our introductions earlier. I do appreciate you driving in from Omaha this morning to be here. [CONFIRMATION]

SAMMY REAGAN: I appreciate the accommodation, Senator. [CONFIRMATION]

SENATOR FISCHER: Well, you're accommodating us by coming in this early in the morning so I thank you for doing that. If you could say your name and spell it for the record to begin. [CONFIRMATION]

SAMMY REAGAN: Yes, it's Sammy C. Reagan, S-a-m-m-y, middle initial C, Reagan, R-e-a-g-a-n. [CONFIRMATION]

SENATOR FISCHER: Thank you. And if you would just like to tell us a little bit about yourself and why you would like to be appointed to this board. [CONFIRMATION]

SAMMY REAGAN: (Exhibit 2) Well, I've been in the business since 1976. I'm a second generation dealer. The board has been a very important part in our industry. It is a good check and balance, and I fully support the director who has done a wonderful job for us. I've been on the board the previous three years and I'm up for renomination. [CONFIRMATION]

SENATOR FISCHER: Okay, thank you. What about your family? [CONFIRMATION]

SAMMY REAGAN: I'm married 28 years this year; three daughters, none of them married yet. But I do have... [CONFIRMATION]

SENATOR FISCHER: I have a couple sons. (Laughter) [CONFIRMATION]

SAMMY REAGAN: Okay. I do have one left in college and two are in Nebraska and one is in Illinois. Hobbies are golf, reading, that kind of stuff. [CONFIRMATION]

SENATOR FISCHER: Great. [CONFIRMATION]

SAMMY REAGAN: Probably in that order. [CONFIRMATION]

SENATOR FISCHER: Great, thank you for coming in today. [CONFIRMATION]

SAMMY REAGAN: Not a problem. [CONFIRMATION]

SENATOR FISCHER: Are there any questions from the committee? Senator Campbell. [CONFIRMATION]

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SENATOR CAMPBELL: Thank you, Senator Fischer. We appreciate you coming in early and also for your continued service. I noted that you had served as a National Dealer Council board member. How long were you on the national council?
[CONFIRMATION]

SAMMY REAGAN: Unfortunately, December 12, 2000, when Oldsmobile announced that they were going to close was my first day as a National Dealer Council member for Oldsmobile. And they announced 45 minutes later they were going to have a conference call. Automotive News, which is our weekly rag, asked me what I said in that conference call. Unfortunately I said you can't print it in the newspaper. The National Dealer Council was an enjoyable experience. I was on that for about two years. Before that I was on the South Central Region General Motors Council representing Oldsmobile interest. Again I was a single line Oldsmobile dealer. And you really learn a lot of the inner workings of the manufacturer. In addition to that I was on an ad hoc committee that negotiated the dealer agreement for all General Motors dealers. And at the time there were about 9,000 dealers, and we were seven. And it was about the time that General Motors decided they were going to go into competition against us and they were going to buy the top 10 percent of all the dealers. And there was a big uproar. And I happened to be involved in that negotiation. That was quite interesting. Ultimately they closed that venture. [CONFIRMATION]

SENATOR CAMPBELL: Great experiences to bring forward. [CONFIRMATION]

SAMMY REAGAN: Yes, it was very interesting. [CONFIRMATION]

SENATOR CAMPBELL: Yeah, thank you. [CONFIRMATION]

SENATOR FISCHER: Thank you, Senator Campbell. Senator Hadley.
[CONFIRMATION]

SENATOR HADLEY: Mr. Reagan, again as we said before, thank you for your willingness to serve on this, and I want to assure you that we work closely with Loy Todd in the New Car Dealers Association to try and make sure that the dealers do get a fair shake from the manufacturers in Nebraska. In the last couple years, Senator Fischer has worked closely with them in rewriting legislation to make sure that they cannot be capricious and come in and do things to our dealers that we don't want.
[CONFIRMATION]

SAMMY REAGAN: Senator, I appreciate that very much. Loy Todd serves and does a wonderful job. We couldn't ask for representative any better. There have been many instances where I have been in national environments...National Motor Dealers Association Convention, and other meetings that his expertise was just paraded. It was just wonderful. But by the same token, member of the board I also feel that I have to be

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nonpartisan, in a fact that I have to represent on an equal basis the manufacturers, the dealers, and the consumers. So I have to balance it. I'm sometimes a little biased maybe, but only because of self-serving interest. And I try to balance them as best I can. But Loy does a wonderful job. And I hope he doesn't badger you too much. (Laughter.) [CONFIRMATION]

SENATOR HADLEY: No, we try. The only other thing, I noticed you're on the CWS. I assume that's not the Chicago White Sox. (Inaudible) [CONFIRMATION]

SAMMY REAGAN: No, I used to be on the College World Series board when I had the Oldsmobile franchise, because General Motors provided automobiles through the Oldsmobile franchise to the College World Series Inc. At one time I had access...at one time, to 60 tickets to that venture. It was wonderful. But by the same token we had to disperse 60 units to all the dealers...from the dealers, coordinate them, and then the umpires and the coaches, you know, we had vans and that type of stuff to transport them around. It was a great experience. It was a...College World Series is near and dear to my heart. Have you been to the new stadium yet? [CONFIRMATION]

SENATOR HADLEY: I've been in and stayed in the Hampton across the street, but have not been in it yet. [CONFIRMATION]

SAMMY REAGAN: It's beautiful, it really is. [CONFIRMATION]

SENATOR HADLEY: Well, we appreciate what Omaha has done to help continue that wonderful tradition. [CONFIRMATION]

SAMMY REAGAN: Well, the Legislature has been very instrumental in setting that up. We probably could not have gotten it done without the Legislature's support. [CONFIRMATION]

SENATOR HADLEY: Well, thank you so much, sir. [CONFIRMATION]

SENATOR FISCHER: Thank you, Senator Hadley. Other questions? Senator Louden. [CONFIRMATION]

SENATOR LOUDEN: Yeah, thank you, Senator Fischer. Well, thank you, Mr. Reagan. You're a GM dealer, right? [CONFIRMATION]

SAMMY REAGAN: Not anymore. Now I have Japanese franchises. Woefully you're aware of the earthquake that occurred, unfortunately, in Japan about 45 days ago. I have Infiniti and Mitsubishi. [CONFIRMATION]

SENATOR LOUDEN: Okay. You were...did I see in here you were a Buick dealer?

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[CONFIRMATION]

SAMMY REAGAN: My father was the Buick dealer. [CONFIRMATION]

SENATOR LOUDEN: I see. [CONFIRMATION]

SAMMY REAGAN: I had the Oldsmobile franchise which we opened up in 1990.
[CONFIRMATION]

SENATOR LOUDEN: Okay. Now as...then you're somewhat familiar, they did away with the Oldsmobiles and the Pontiacs right? [CONFIRMATION]

SAMMY REAGAN: Oldsmobile was the first one that, in my opinion, General Motors started down the wrong path. I told them when that conference call that I alluded to earlier that I said...and this is what was quoted in the Automotive News, I said, you know, it may take five years, it may take ten years, but the way you come to market, if you don't change the way you come to market, you'll go under; and they scoffed at me. And that was nine years, four months when they did go under. And as a result, they've changed quite a bit of the regime that caused the problem and they got rid of a couple underperforming franchises after, of course, Oldsmobile has already done. Pontiac I didn't think needed to be gone, but they did close it. They closed Saturn, they closed Hummer, and they sold off Saab. General Motors is a much more robust and better run company than it ever has been in my opinion right now. [CONFIRMATION]

SENATOR LOUDEN: And at the present time then they're selling the Cadillac and the Buick and the Chevy? [CONFIRMATION]

SAMMY REAGAN: And GMC. [CONFIRMATION]

SENATOR LOUDEN: And the...well, yeah, the GMC. [CONFIRMATION]

SAMMY REAGAN: Right. [CONFIRMATION]

SENATOR LOUDEN: Now have they as a person on the outside of that corporation, have they commingled some of those...I mean, when I looked at them, their old Bonneville Pontiacs look like to me about what a CGS Cadillac is now and that sort of thing. Is some of that being picked back up for those consumers in there? And my question is then, how does that affect the licensing? [CONFIRMATION]

SAMMY REAGAN: Well, ultimately the termination of franchises that occurred by General Motors' actions occurred in the bankruptcy court, federal court, which, unfortunately, usurped the responsibility of the Motor Vehicle Industry Licensing Board and the Legislature and our state laws. It overruled them, so we had no redress

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whatsoever to help our dealers. Now once they have come out of bankruptcy, and there have been documents that have been signed that were basically...I better be careful to say, not under duress, but possibly, you don't keep your franchise if you don't sign it, rules, come back to us in some form or manner. And our executive director, Bill Jackson, has done a wonderful job at making sure that there's no heavy-handedness by the manufacturer. They want to make the buildings upgraded in some situations that don't make reasonable sense financially. And they have not really cannibalized the lines like you were alluding to as much as they have tried to enforce certain standards and operating procedures that are contrary to our state law. And luckily we are monitoring that at the...at our level to make sure that it's not taken advantage of and it's done according to law. [CONFIRMATION]

SENATOR LOUDEN: Very good, because we've...when they had some of that shake-up, why we've lost a lot of our local GM dealers. I mean in Alliance now we got a Ford dealer; Chadron we have a GM and a Chevrolet dealer, I guess. And I think he sells other ones too, but this is...I mean, this is a whole scope of territory and then when we don't have our dealerships anymore. And I'm wondering if that was pushed down from the General Motors top, you know, more than from a lack of sales on the bottom and where the licensing board fits in on some of this? [CONFIRMATION]

SAMMY REAGAN: Like I alluded to earlier, it came through the bankruptcy court proceeding where they could overrule us. Personally knowing some of the intricacies of the General Motors hierarchy, I'm sure it was politically motivated. There was no question in my mind that there was some areas that they took advantage of, if they could, and closed some dealers that they just didn't care for. They said they used a set of standards that they would go through and that had been challenged in the federal legislation of arbitration and that type of stuff, they went back through, and to the benefit of General Motors, they did reinstate probably 900 dealers; where Chrysler, 40, 47 dealers. So if they...the dealers that were cancelled appealed and went to this arbitration and wanted to stay in as a General Motors dealer, more often than not, they actually had an opportunity to do that. But because of the time line of when the cancellation occurred and the legislation passed on the federal level that it would come back with the arbitration, a lot of them didn't have the money. They lost it all. And that was what was really, really, sad. [CONFIRMATION]

SENATOR LOUDEN: And that's what I've noticed. Our independents, we have some Ford dealers that are independents, but our independents in the General Motors are either connected with some other large operation in cities or, well, Husker Motors here got dealerships all over the world, literally, and that sort of thing. And when you...you're actually dealing with an off-shoot of General Motors. And I'm hoping you guys on the licensing board can keep a handle on some of that. [CONFIRMATION]

SAMMY REAGAN: We are tasked with that all the time. It does come up. The

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experience that is on that board, Roy Neneman is in Grand Island; he is more of a small town dealer; smaller out west, not as far as you are, but he can speak well of the actions that sometimes has to go on. And I take a lot of his lead, because he's got a lot more experience in that than I do coming from Omaha. I'm a smaller dealer. I am only two franchises in one location. Whereas the Husker Auto Group is owned by a conglomerate, the Van Tuyl organization. They, too, are an independent of General Motors and they have multiple franchises, not only of General Motors, but also BMW, Mercedes, Toyota, they have quite a few franchises and they run a very good organization. They just bought Old Mill Toyota in Omaha. There are requirements that we have to adhere to being on the board that we do watch. There's advertising violations that as independent dealers we watch and make sure and if there is a problem we report it. And the board goes after it. They don't take it lightly. It is enforced and there are fines that are placed and the school boards do appreciate that I'm sure. [CONFIRMATION]

SENATOR LOUDEN: Okay, well, thank you. [CONFIRMATION]

SAMMY REAGAN: Thank you very much, Senator. [CONFIRMATION]

SENATOR FISCHER: Thank you, Senator Louden. Other questions? I see none. Thank you for driving in today, we appreciate it. I certainly appreciate your service to the state and your willingness to be reappointed to the board. [CONFIRMATION]

SAMMY REAGAN: Senator Fischer, thank you very much for allowing me to do that. [CONFIRMATION]

SENATOR FISCHER: Thank you. Thank you very much. Is there anyone here to speak in support of either of these nominations? Anyone in opposition? Anyone in the neutral capacity? I see none. With that I will close the hearing for the day. Thank you very much. [CONFIRMATION]