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Natural Resources Committee
May 14, 2015

[CONFIRMATION]

The Committee on Natural Resources met at 8:30 a.m. on Thursday, May 14, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: None.

SENATOR SCHILZ: Well, good morning, everyone. We'll go ahead and get started here. I'm Ken Schilz, Chair of the Natural Resources Committee, from Ogallala. I represent District 47. Committee members we have here today, we'll just start over to my left with Senator Kolowski.

SENATOR KOLOWSKI: Rick Kolowski, District 31, Omaha, southwest.

SENATOR SCHNOOR: Dave Schnoor, District 15, which is Dodge County.

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance, part of Hall County.

SENATOR JOHNSON: Jerry Johnson, District 23, Saunders, Butler, Colfax.

SENATOR SCHILZ: And Senator McCollister from Omaha and Senator Hughes from Venango should be here shortly. If not, they're probably busy doing something else. Today, we have two appointments: Mr. Hellbusch and Mr. Krohn for the Nebraska Environmental Trust Board. And I think that you guys all got your sheets and everything, I think Mark got you set up for that and everything. So if you got your cell phones, it would be a good idea to silence them or turn them on vibrate. We do have a page with us today, Anne Wurth from Omaha. Good morning, Anne; thanks for coming in this morning. And with that, we will go ahead. And Mr. Hellbusch, I think you are first. If you could say and spell your name, both first and last name, for the record, and then why don't you go ahead and just give us a little bit of history about yourself and why you want...is this a new appointment? [CONFIRMATION]

JIM HELLBUSCH: Um-hum. [CONFIRMATION]

SENATOR SCHILZ: Yeah, and why you're interested in serving on the Environmental Trust Board if you would please. [CONFIRMATION]

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JIM HELLBUSCH: (Exhibit 1) Okay. My name is Jim Hellbusch, J-i-m H-e-l-l-b-u-s-c-h. I own...from Columbus, Nebraska; I own Duo Lift Manufacturing Company. We manufacture a wide range of products all the way from trailers to carry fertilizer, anhydrous ammonia tanks, liquid fertilizer tanks, and dry fertilizer tanks and spreaders. And we also sell to other manufacturers as sub chaise-type product. We manufacture trailers to carry combine heads to...we have a diesel fuel-hauling trailer we sell. We...well, I won't go into it. We sell several products. And another part of our division is that we make over-the-road highway semi-type trailers, custom built just for the individual purposes of that particular customer. About myself, graduated from University of Nebraska in 1969; came home to Columbus and told my then-wife-to-be, which is still my current wife, that I'm going to see if I can't turn dad's hobby into a business; if I can't, I'll fall back on my degree, which was teaching drafting. We were farm...had a dairy. In the back of the dairy barn, there's always a little building back there to repair farm equipment and my dad was a tinkerer and he built this and he built that and he had some products that the neighbors liked to buy, but not really...no marketing, no sales advertising, nothing, just a farmer trying to make his job better. And he had some nice products. But...so we came home and I guess the rest is history. God has blessed us tremendously about our growth. We have had as many as a hundred employees; we have about 65 to 75 employees now, due to two reasons. One is economics, the farm equipment is down a little bit. But also we've been forced to automate to complete our plant. We closed Nebraska's...the last three to five years had a lower than 3 percent employment rate, so we just couldn't hire any human beings, and so we had to go to the bank and borrow a lot of money for equipment. We bought laser cutting tables and robotic welders and C&C equipment and that took the place of about 20 to 23 employees. We didn't fire those people, we just couldn't hire them. In order for us to keep up with the demand of our sales and our marketing, we had to do something that would be able to get our product out the door faster. So, that's part of that where we are today. We sell nationwide; in Canada, we do some exporting, not a whole lot, but we do some. What else do you want to know, I'm not sure? [CONFIRMATION]

SENATOR SCHILZ: How about Environmental Trust and your interest there and how you became interested in that. [CONFIRMATION]

JIM HELLBUSCH: Okay. Probably give you a little bit of background on that. I've known Pete Ricketts for a long time. And I was helping him to run for senator and I also helped him greatly to run for Governor. And I got to know him very well. He knows me. I am a conservative in the fact that we only live on this earth once and we have to take care of Mother...I am on the Small Business Compliance Advisory Panel. I've been on it since '88. I'm now chairman of that committee...the panel. I was appointed by Governor Nelson at that time. And I had a run-in with the DEQ; I put a new expansion on my plant, and a young guy not knowing a whole lot, you know, put a building up and I bought a paint booth. And the supplier said, you got to get a permit for this paint booth. Oh really, how do I do that? And so, well, call this number. So I called and it

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took almost a year and a half to get a paint booth permit. It was atrocious, it was terrible; they treated me like General Motors. It was just horrible. And I had known Ben Nelson a couple times, so I called and I said this: Governor, I said, I have a problem here. I'm trying to expand; I can't even use my paint booth. I spent over \$80,000 a year and a half ago. I'm running into roadblock and roadblock and roadblock and it was a disaster, I won't go into detail. And he got me a hold...he said, well did...I forget the guy's name, the ombudsman for small business at that time and he ended up leaving here and went to the east coast. I can't think of his name. But he helped me tremendously. And then Governor Nelson said, you have had one horrible of an experience here. I said, yeah, you're right. He said, would you help us rewrite the permit writing for small business? Because that was in the category of...like I said before, General Motors, I mean it was a horrendous experience, it was a chilling experience. So I've been on that committee since that time and I think we've made tremendous strides. I was sorry to see Mike Linder leave, he was an excellent guy, but people move on. So that's part of the issue, to answer your question. We have a farm and I just love to see the pheasants fly across the corn field and deer come in here and eat my corn on my cornstalks. (Laughter) But, you know, it's just...I was brought up on a farm; I respect the farm and I respect the land. And when I was given the phone call to do this, I honestly did not know much about the Environmental Trust. I didn't know much about it at all. I did know that we did quite a bit of work for Alan Grell with Keep Nebraska Beautiful on their recycling oil trailers. We designed that for them and his goal was to send one to each...all 93 counties. And we built, probably, 40ish, in there someplace. And he said, I can't order anymore, my funds dried up. I said, what do you mean? Well, I get grants; I didn't get any more grants, so I can't do anymore. And I said, really, can I do any help there at all? And he said, no, and not because of me and my company, but because we didn't have the oil collection recycling trailers in all 93 counties. But so...but I didn't know where the money came from; I didn't know it was a trust fund, I didn't know that at that point in time. I was trying to do my own business and build my own thing, that kind of stuff. So, when I was asked about this, I thought I'd probably better not accept this nomination because there might be a conflict of interest there, because if the grant came from the trust fund, and I'm selling Keep Nebraska Beautiful equipment, I'd better step back. But I was reassured by several people that that's not the case and that come before you...you people and air it out. That's where I'm at and what I'm doing and if that opportunity to come back again for my company to sell these recycling trailers, I want to do that. And if that's a conflict, I'd like to know that, because I would...I would respectfully and decline this nomination, but I was told that I would not have to do that. [CONFIRMATION]

SENATOR SCHILZ: I don't...yeah, I don't think that that's necessary. Surely, what normally happens is if you've got a conflict or something like that, you would recuse yourself from that vote. [CONFIRMATION]

JIM HELLBUSCH: I just don't vote on the issue, yeah. [CONFIRMATION]

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SENATOR SCHILZ: Yeah, absolutely. But anyway... [CONFIRMATION]

JIM HELLBUSCH: We also sell to...keep to...Nebraska Game and Parks equipment and we sell to Nebraska Department of Roads. We have several contracts with them for trailers to haul Caterpillars and... [CONFIRMATION]

SENATOR SCHILZ: Sure. [CONFIRMATION]

JIM HELLBUSCH: ...tractors and things like that. So if that...I don't think that's an issue, but I just wanted to lay it all out so you know where we're coming from. [CONFIRMATION]

SENATOR SCHILZ: Very good. Thank you, Mr. Hellbusch. Do we have any...let me see if we have any questions. Senator Friesen. [CONFIRMATION]

SENATOR FRIESEN: Thank you, Chairman Schilz. Mr. Hellbusch, yeah, your equipment is all over the country. So you do build good stuff. [CONFIRMATION]

JIM HELLBUSCH: Thank you. [CONFIRMATION]

SENATOR FRIESEN: What do you feel your...the mission of the Environmental Trust should be? I mean, it...obviously, when you look through what it all has funded in the past, you know, I mean, would you say that you have any changes in mind for what they're presently doing or should they focus on something that they're not right now or...how do you feel about it? [CONFIRMATION]

JIM HELLBUSCH: Well, I've been to one meeting. And Mark did an excellent job about preparing me for what to expect. I did get the last two or three years of the publications of what the trust fund has done. I think that it's done a good thing. I think there's things that we could do more on and do less on. I don't want to comment until I get more into the meat of the issues. I think I was surprised at the dollar amount that is coming in from the lottery, and that's just an awesome, awesome issue. I think that was a great thing that the whole thing has evolved. We're one of the few states in the country that even have this and that's awesome. Having said that, we have to be fiduciary custodians of the money, the public monies that are entrusted in us. And so we have to take each individual application from--again, I'm a rookie here so I have to be careful how I say this--and look at each one, pros and cons. And I think I have the ability to do that. I'm on several national boards. I'm on some national committees. I started two national committees; one was on the safety of handling anhydrous ammonia--that's my world--and things like that. So I started two safety committees; one is on roadways. Farm equipment on roadways is a

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tremendous issue. I started that company. I'm chairman of that, along with representatives of Deere, Case, AGCO, and the majors. And also the manufacturers of ammonia equipment, I'm chairman of that...two different separate national committees. And it's not of being...it's not a point of being popular when you're in charge of those committees, you have to do what's right. And so I think I can probably sort through that, if that answers your question.
[CONFIRMATION]

SENATOR FRIESEN: Is there anything that you think they should focus on, that you've thought about at all yet, or are you still...? [CONFIRMATION]

JIM HELLBUSCH: No, I don't. I know we're going to Nebraska City here for the meeting here in a couple of weeks. But I don't think I have enough information yet to say, this is my charge and this is my charge. I don't think I can answer that with a sense of accuracy at this point in time. [CONFIRMATION]

SENATOR FRIESEN: Okay, thank you. [CONFIRMATION]

JIM HELLBUSCH: Um-hum. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Friesen. Any other questions? Seeing none, sir, thank you for coming in this morning and we'll move on with the process. [CONFIRMATION]

JIM HELLBUSCH: Well, you're welcome. Thank you for having me. [CONFIRMATION]

SENATOR SCHILZ: Are there any proponents? Any opponents? Neutral? Seeing none, that will close our hearing on Mr. Hellbusch. And we will move on to Mr. Robert Krohn. Good morning, sir. Thank you, Mr. Hellbusch, that was very good. [CONFIRMATION]

JIM HELLBUSCH: You're welcome; you're welcome. [CONFIRMATION]

SENATOR SCHILZ: Mr. Krohn, good morning. [CONFIRMATION]

ROBERT KROHN: (Exhibit 2) Good morning, Mr. Chairman and members of the Natural Resources Committee. I'm Robert Krohn, R-o-b-e-r-t K-r-o-h-n, 1427 South 85th Avenue in Omaha. And, lest the Omaha name scare you, why, I was born on a 288-acre farm in Boone County. And during a time where fortunately, I was young enough I probably didn't understand the perils of the depression and the drought and everything of that nature, but I learned two

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things, my first job, probably as a six-year-old, was to chop weeds and burn trash out of drainage ditches. And those two items are hardly touched today by landowners, which is ironical, I think. And...but anyway, after graduated from high school, served in the Army during the Korean War and then after that earned a civil engineering degree from the University of Nebraska and shortly thereafter got married. And my wife wanted to get her masters degree, so we agreed to stay in Lincoln for two years and I became a public health engineer with the Nebraska Department of Health. And they had nobody responsible for overseeing the public potable water supplies in the state. And so I...my wife was studying all the time, so I sort of led on a mission to get to these cities, and there were over 400 of them, towns and villages and cities. And so I made it to over 200 in that two years and really got to understand the Nebraska waters, both the surface- and the groundwater. And so in '62, moved to Omaha and joined Henningson, Durham and Richardson. And as I was going around to these villages, I saw the drawings, they're Henningson Engineering Company had done a lot of the original water systems in the state. And that sort of intrigued me with that company. And so I continued in the water resources work on a broader scale for them. And at that time, we didn't have the natural resource districts in Nebraska and so forth where some of the other states did. So we did a lot of that work. But in '69, I was transferred to Washington, D.C., to expand HDR's work on the east. I also took over the international work. And so I traveled to 26 countries and 49 of the 50 states in that effort and came back to Omaha in 1976 to be president of HDR and had no idea of staying there for over ten more years, because I think if you work hard enough at your job leading an organization that's growing as rapidly as we were that you sort of burned yourself out, you need some personal time. So '88 I left, but then I sort of agreed to draft...to serve as chairman of Commercial Federal Bank in 1989 during the savings and loan crisis. And it was, basically, a defunct organization. And I took...they said, you can make a couple calls. I called my wife, called my attorney, they both said, don't do this. But I did, because I think growing up on a farm, engineering, you sort of work on problems, and was able to turn it around in '95; it's a public company. Stock went from, basically, nothing up to \$35, so I stepped down as chairman. And in the meantime, some friends had started a company in the mail business, presorting mail. And they were having problems with it, so I agreed to go in as president and chairman of that and finance it, if I could run it the way a company ought to be run. So I did. And we grew it to over 40 cities and by far the largest operation in the country in mail. We did 30 percent of first-class mail for the country in conjunction with the Postal Service. So, that was sold to Pitney Bowes in 2002. And so I stayed as a part of that until March of 2013. And so I've gotten, more or less, out of the management business after 30 years of experience and that's enough of that, I think. So I think the thing from having been on the Environmental Trust Board that is really disappointing is the lack of taking care of property by the owners. And this is in the city and the rural areas, but we've got the invasive species, we got a lot of erosion problems that are caused...all are causing a lot of the cost. And so the trust keeps getting requests to help fix this erosion problem or something. Well, on the farm, you've got minimum tillage, you've got no tillage, you got everything, and if you read the farm magazines and knowledgeable of this, a lot of these things are...you don't have to demonstrate them much anymore. And so I

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think somehow or another we need to get back to where the owner can take care of this property. We still have cousins and so forth in the farming business and the price of land, as you all know, has gone up enough that you should be able to afford a little bit of investment to take care of it. But if you look at some of these invasive species that we have in the state in both the public and private portion, it's going to be very costly some day. And it will be much more money than we have at the present time. [CONFIRMATION]

SENATOR SCHILZ: Absolutely. Thank you, sir. Any questions? Seeing none...
[CONFIRMATION]

SENATOR McCOLLISTER: Hi, Bob. [CONFIRMATION]

ROBERT KROHN: Hi, John; how you doing? [CONFIRMATION]

SENATOR McCOLLISTER: How you doing, sir? [CONFIRMATION]

ROBERT KROHN: Good. [CONFIRMATION]

SENATOR SCHILZ: Well, thank you, sir, very much, very impressive resume. If there's no questions, we will move on with the process. Thank you very much for coming in.
[CONFIRMATION]

ROBERT KROHN: Okay. Thank you. [CONFIRMATION]

SENATOR SCHILZ: Any proponents? Opponents? Neutral? Thank you, sir. And that will end both hearings this morning. And thank you for coming in today. We very much appreciate it and we will work on getting those nominations to the floor and getting that all over with. Thank you very much. [CONFIRMATION]