

# “Leadership You Can Trust”

## Jeff Gerken/John Bradley: Why we’re running for H2GO Commissioner – and why we need your vote on November 5<sup>th</sup>!

### 1. Who we are:

#### a. Jeff Gerken:

- i. Moved to Magnolia Greens summer 2013 from Columbus, Ohio. Property owner in Magnolia Greens since 2007.
- ii. Bachelor’s degree in Chemistry; Master’s degree in Industrial Engineering.
- iii. 35-year career with major utility, American Electric Power.
- iv. 8 -year career (and counting!) as high school advanced math and science substitute teacher.
- v. Elected to H2GO Board of Commissioners in 2015 by wide margin. Elected Chairman of the board in 2017.

#### b. John Bradley:

- i. Moved to Waterford summer 2016 from Annapolis, Maryland.
- ii. Mechanical Engineer with Master’s degree in Engineering Administration
- iii. 36-year career with IBM and Lexmark, Intl.
- iv. Positions in manufacturing support, mechanical, electrical, software design, and management of design teams

### 2. Residency of H2GO customers

- a. 70% Leland, 10% Belville, 20% unincorporated county and Navassa
- b. Projected % customer residency under proposed regional agreement: 76% (or more) Leland, 8% Belville, 16% other

### 3. Brief intro to board structure

- a. Five seats
- b. Four-year, staggered terms
- c. Two seats up for election this fall
- d. Four candidates
  - i. Jeff Gerken – current chairman of the board
  - ii. John Bradley – Jeff’s running mate
  - iii. Stephen Hosmer – Compass Pointe resident since 2017, founder of “Clean Water Team” and closely aligned with and instrumentally supportive to Belville throughout litigation over Belville’s attempted unlawful takeover of H2GO

1. Bachelor's degree in mechanical engineering.
2. Career in technical sales for trailers and then windows until 2001. Since then, dealer for company selling Client Relationship Management software, and consulting for AM&B Marketing, which he founded in 1987, to provide assistance with "marketing and sales processes" (see amb-marketing.com).
- iv. **Barry Laub** – Compass Pointe resident since 2016 and close ally of Steve Hosmer.
  1. Per internet search has master's degree in guidance, counseling, and special education, is a Certified Financial Planner, and "holds several other financial degrees".
  2. Career with New York City schools, then in financial planning.
  3. Self-published co-author of "The Mindstretch" and motivational speaker.

#### 4. Current composition of board

- a. Terms expiring this year:
  - i. **Jeff Gerken** – chairman and running for re-election
  - ii. **Trudy Trombley** – term ending this year and not running for re-election
- b. Terms expiring in 2021:
  - i. **Bill Beer** – Elected to board in 2017. Aligned with Gerken and Trombley: pro-regional and financial responsibility
  - ii. **Ron Jenkins** – first elected to board in 2013, re-elected in 2017. initiated the attempted Belville takeover, pro-Belville throughout litigation, but as result of litigation outcome may support proposed regional agreement
  - iii. **Rodney McCoy** – Elected to board in 2017. Belville resident and strong Belville supporter. Position on proposed regional agreement unclear.

#### 5. Brief history of H2GO:

- a. 1976: Leland Sanitary District formed
  - i. Sanitary districts governed under NCGS Chapter 130A – Public Health. There is no public utilities commission oversight; board of commissioners holds extensive power. (NCGS = North Carolina General Statutes)
- b. 1987: First water customers served
- c. 1997: Name changed to Brunswick Regional Water & Sewer in 1997
- d. **2010: H2GO loses lawsuit with Brunswick County** over contract dispute
  - i. Board decides it wants to "get out from under county's thumb" and starts exploring options to get its own water supply, instead of buying it as a wholesale customer from the county
- e. **2012: H2GO is denied an allocation of raw water from the Cape Fear River**

- f. **2013: H2GO starts making plans to build a reverse osmosis water treatment plant**, to finish water from deep-water aquifers instead of surface water from the Cape Fear River
- g. 2015: Community opposition to H2GO's plans builds; Gerken and Trombley elected to board by wide margin, but are in the minority until 2017
- h. June 2017: Gen X story breaks
- i. November 7, 2017: Jenkins re-elected, McCoy and Beer elected by small margins. Incoming board majority of Gerken, Trombley and Beer opposes H2GO plans to break away from county and go it alone. Jenkins and McCoy support go it alone.
- j. **November 28, 2017: Lame duck meeting, outgoing board majority votes 3-2 (Gerken and Trombley opposed) to transfer all H2GO assets and contracts to Belville** in order to circumvent the election results, for only \$10.00; **deal with Belville put together in secret**, hidden from Gerken, Trombley, and H2GO's own attorney. The rushed deal with Belville is designed to be completed before the new board can be sworn in, scheduled for Dec. 19<sup>th</sup> board meeting. Plan is to create "**Belville Public Works Commission**" with H2GO's assets and employees; H2GO left with nothing.
  - i. Belville accepts transfer at 8 a.m. meeting the following morning, rushes to get deed recorded, funds transferred.
  - ii. If plan had been completed, the 91% of H2GO customers who live outside of Belville would have lost their right to vote on matters relating to their water and sewer service provider. Only Belville residents would have retained voting rights.
  - iii. **Quick action by Commissioner Gerken** results in the swearing-in of Bill Beer on first Monday in December, in accordance with statute, prior to December 19, 2017 board meeting. Then calls emergency meeting with quorum, which prevents full implementation of the planned deal. **Litigation ensues**, with Leland and the new H2GO board majority fighting to get H2GO assets back from Belville.
- k. **April 22, 2019: Superior Court decision finds against Belville, and for Leland and H2GO. Transfer to Belville is "unlawful, void and of no effect"** (p. 67).
  - i. Court also finds "...competent and substantial evidence to support the legal conclusion that the commissioners of both governing boards of H2GO and Belville, acting in concert, failed to act in good faith, and their actions were so clearly unreasonable as to amount to an oppressive and manifest abuse of their discretion." (pp. 53-54)
- l. April 29, 2019: **Belville appeals**; return of assets to H2GO put on hold pending the appeal.
- m. May 21, 2019: At first H2GO board meeting after Belville files appeal, **board votes 5-0 to authorize discussions with regional stakeholders** to negotiate agreement to end the litigation.
- n. June – August 2019: **Commissioner Gerken chairs regional working group meetings.**
- o. August 13, 2019: Regional working group forges **proposed regional agreement**:
  - i. Belville returns everything to H2GO

- ii. Leland turns over its utility customers and assets to H2GO
- iii. H2GO and Leland to cooperate on future development in northern Brunswick County.
- iv. H2GO builds reverse osmosis water treatment plant

**6. Gerken accomplishments and pledges**

- a. Consistent supporter of regional cooperation instead of “go it alone” approach of previous board majority
- b. Cultivated contacts with regional stakeholders throughout his four-year term
- c. Demonstrated record of asking hard questions and questioning economics of the “go it alone” approach
- d. Successfully defended H2GO against Belville takeover
- e. Instrumental in initiating discussions leading to proposed regional agreement
- f. Demonstrated perseverance and flexibility in reaching proposed regional agreement
- g. Going forward, will work to make transition to expanded H2GO service territory and construction of RO plant successful, and will continue to ask the hard questions
- h. Will maintain working relationship with Brunswick County to promote regional collaboration
- i. Cement legacy as agent of change in achieving regional collaboration and efficiency, minimizing risks of rate increases for H2GO customers

**7. Bradley pledges**

- a. I will apply my experience in managing technical projects to the management of H2GO. The ability to understand a wide range of technical areas is becoming more important as processes become more advanced.
- b. I promise to support the ethical operation of the H2GO board and of H2GO itself.
- c. As I have done since the RO became an issue, I will continue to do the necessary research to allow decisions to be made on a sound technical basis, not on hearsay and gossip.
- d. I will provide a voice of reason as H2GO grows and faces new challenges.
- e. I realize that one can never satisfy everyone but I will work for the benefit of the majority of H2GO customers and not be beholden to any one group or development. I will not use my position on the board to try and influence other decisions, such as annexation of outlying areas.

**8. Concerns about opponents: (Note: references to “SH” = Steve Hosmer, “BL” to Barry Laub; bolding of text excerpts added for emphasis):**

- a. **Lack of objectivity and concern for all H2GO customers, not just those in Compass Pointe; demonstrated pro-Belville and anti- Leland biases, even though majority of H2GO customers are in Leland:**
- i. Hosmer claims that concern about the water supply has been his motivation for creating the “Clean Water Team”. The litigation record indicates another motivation:
    1. **Hosmer bought into and spread unfounded rumors of Leland planning a forced annexation of Compass Pointe – even though under 2012 changes to North Carolina law, forced annexation is no longer possible without a referendum and approval by property owners in the potential annexation area (NCGS Chapter 160A-58.64):**
      - a. Hosmer was **actively supportive of the secretive Belville takeover from the day it was announced**, Nov. 28, 2017. On the very next day, Nov. 29, 2017, Hosmer received an **email** from newly-elected Commissioner McCoy, a Belville resident and proponent, **thanking him (Hosmer) for “being so involved”**, and also noting that **“by partnering with Belville, this puts a layer between power hungry Leland Council and H2GO**. By partnering with Belville, this also insures that Leland, or Brunswick County will not be able to take over, and that **will make it that much harder to do any sort of forced annexation**. I agree that it would be no advantage for Compass Pointe to be annexed into Leland.” McCoy also noted that “I hope you do not feel left out on any of this, but the ones involved [in the transfer to Belville] had to be very quiet as the other side is so devious.” McCoy also told Hosmer that **“Compass Pointe came out to be the biggest winners.”**
  - ii. From Hosmer’s testimony under oath for the litigation (deposition p. 63): “And were you concerned in November of 2017 that the Town of Leland might annex Compass Pointe?” SH: “I was concerned that – yes, I would say yes.” **“And did you - did you feel that this transaction between H2GO and Belville would make it less likely that the Town of Leland would annex Compass Pointe” SH: “Yes.”**
  - iii. **SH email to Belville Mayor Allen**, December 11, 2017, shortly after the transfer: **“I have been working as a citizen to raise awareness and interest in making sure that Belville successfully acquires all of H2GO.”**
  - iv. Also from SH’s testimony under oath about continuing meetings at Belville Town Hall, in late 2018/early 2019, up to date of the his deposition:
    1. **“...as I have noted earlier, the Town of Belville and the citizens of Compass Pointe have similar goals. We attempt to keep Mayor Allen apprised of what we are doing.”** (p. 34 of deposition)
    2. Extensive record of emails between SH and the acting Belville Public Information Office (“PIO”).

- v. Hosmer and Laub also collaborated with Belville’s PIO, with assists from Commissioners Jenkins and McCoy, on preparing scripts, complete with stage directions, to be read by recruited supporters during the public comments section of the monthly H2GO board meetings. Hosmer has openly bragged about his role in creating these scripts: “We have been responsible for all of these shows or play-acting.” (May 21, 2019). His collaboration with Belville and the two pro-Belville commissioners in preparation of the scripts is also extensively detailed in the litigation record.
- b. **Hosmer** – Examples of his **failures to substantiate or verify claims before making them**:
- i. **Falsely claimed** in August 21<sup>st</sup> email to his supporters that **Gerken “illegally tried to destroy the partially completed H2GO wells”**.
    - 1. Completely false, never happened, have affidavit signed by H2GO Executive Director Robert Walker confirming that the wells have been preserved, at the direction of the Board. SH repeated this claim, even though the preservation of the wells was confirmed, again, by Mr. Walker at the previous evening’s board meeting, at which SH was present.
  - ii. **Falsely claimed** that **Gerken “apparently considered illegally selling H2GO RO assets.”**
    - 1. Completely false, never happened.
  - iii. **Falsely claimed** outside the May 2019 board meeting that “there is a lot of speculation behind the scenes that **Gerken was promised a seat on the council on the town of Leland** once he gets the assets transferred over”.
    - 1. Completely false, never happened.
  - iv. In **attempt to discredit Leland, SH claimed** outside the August 20, 2019 board meeting that **Leland doesn’t know where its water utilities lines are and has no maps**.
    - 1. When challenged by a Leland town council member who overheard him on his source for that misinformation, he said he’d “heard it” from a couple of “sources” – but had not made any attempt to confirm or deny his (mis)information with Leland.
  - v. **Tried to claim credit for the proposed regional agreement**, even though he played no role in it whatsoever.
    - 1. He did draft a proposal, on his own, two days before the December 2018 board meeting, which he then asked Commissioners Jenkins and McCoy to present to the board, but the **proposal was so inartfully drafted and slanted in Belville’s favor that it could not be seriously considered**.
    - 2. Mediation, including attorneys for all sides and a professional mediator, all of whom were very familiar with all of the issues and complexities, had already failed to yield any hopes of a resolution absent a court ruling.

3. Moreover, because the court had not yet handed down a decision in December 2018, H2GO did not have the leverage it needed to obtain the best possible agreement for its customers. The board majority had full confidence in the judicial process, and that the court would find in its favor, which it did.
  4. At the very first board meeting after the April 2019 decision, the board united to pass a resolution 5-0 to initiate regional discussions, discussions which resulted in the August proposed regional agreement. The agreement would not have been possible prior to the court's decision. Discussions leading up to the agreement did not include any consideration of Hosmer's biased and unrealistic proposal.
- vi. In an email to H2GO's litigation counsel in early 2019 in response to notice of deposition in the litigation, **SH accused counsel of attempting to harass him** and questioned the timing of the notice, shortly after what SH admitted was a "warning" that he made to Commissioners Gerken, Trombley, and Beer at the January 2019 board meeting, based on their "failure" to move forward with SH's proposal. In that same email, SH referred to his "carefully considered and prepared, proposed settlement agreement in the hopes that, if provided with a clear and doable road map, the board would initiate action to get the project completed."
1. Yet in his deposition (p. 72), **SH admitted under oath** that the idea for his **self-described "carefully considered and prepared, proposed settlement agreement" in reality came to him a couple of nights before the December 2018 board meeting, that he wrote it himself**, and that the only other persons who saw it were Commissioners Jenkins and McCoy - who needed to see it because he was asking them to present it at the board meeting.
- c. Several examples of **Hosmer/Laub questionable judgment and behaviors of concern**:
- i. **Arranged meeting with Commissioners Beer and Gerken under false pretenses.** In March 2018, Hosmer arranged a meeting with Commissioners Gerken and Beer on the pretense of wanting to listen to their views. In fact, the **meeting was a set up arranged in coordination with Belville's public information officer.** From the litigation record, email from SH to the Belville PIO: "Bill [Beer] has been stalling because he, as he says, is very busy. I am staying on him and we will meet sometime soon. [The meeting took place on April 7<sup>th</sup>.] **Then I'll follow your lead and let him talk and dig his own hole. Afterwards we can provide contradictory information to his facts and try to turn him.... See you Thursday...And yes, you have final say on participants."**
  - ii. **Ex parte communication with judge.** In a major breach of protocol, in December 2018 Hosmer **wrote a lengthy email directly to the Superior Court judge hearing the Belville litigation, asking the judge to discuss**

related issues with him “in a confidential phone conversation”, and provided his phone number. Furthermore, **“No one besides myself knows of or will know that I am contacting you with these questions and I would prefer to keep this email and any ensuing discussion confidential.”**

Needless to say, the judge, as soon as he realized what SH was asking of him, stopped reading the email and passed the matter on to his assistant for disposition.

- iii. **Booklets improperly using photographs of Brunswick County schoolchildren.** At the November 15, 2018 board meeting, Hosmer and Laub gave **personalized, full color glossy booklets** to Commissioners Gerken, Beer and Trombley (but not to Jenkins or McCoy), **featuring many photos of Brunswick County schoolchildren, without permission**, with text such as “Gaze on the faces of those you are hurting Commissioner Gerken” , “Which of these unsuspecting students will not grow old because of you? Do they deserve what you are doing to them Commissioner Gerken?”, and “Which one or more of these unsuspecting students will be dead before their 10<sup>th</sup> high school reunion because of you?” **SH and BL were reported to the Brunswick County School Administrative office, and reprimanded.**
- iv. **“Warnings” to Commissioners Gerken, Trombley, and Beer.**
  1. Hosmer sent emails to Commissioners Gerken, Trombley and Beer in December 2018, pushing his “solution” to the litigation, and **warning** them that “Once parents find a suitable target for their assumed wrongful death anger, **things could get unpleasant and expensive for you.**”
  2. At the December 2018 board meeting, Hosmer warned Commissioners Gerken, Trombley, and Beer to **“accept our proposed settlement...You have that power. So use it. Or... we will use our power to eliminate you from office. ... H2GO is our house and right now, by your actions, you three commissioners are the dirt. It’s time for a clean sweep.”**
  3. Hosmer followed up at the January 2019 board meeting with **“No more playing nice on our part, end of patience time’s up, and you are not going to like the consequences. We suggest you act wisely tonight in the true best interests of your customers for a change for we have committed volunteers who are waiting to start actions if you don’t and if you don’t, time’s up, Trudy Trombley, time’s up Bill Beer, and for you time is really up Mr. Gerken.”**

## 9. Conclusion:

### a. **Jeff Gerken:**

- i. I care deeply about the future of H2GO, its customers, and this region
- ii. I want the opportunity to continue efforts to bring together regional entities that have a history of working at cross-purposes

- iii. There is a critical need for strong, ethical leadership during transition
- iv. I have full confidence in John Bradley as a hard-working, knowledgeable and ethical partner who can contribute in a significant way to the work of the board of commissioners
- v. Please consider both of us when you vote this fall – we need every vote, and both seats on the board, to help ensure the future of H2GO. **Leadership you can trust!**

**b. John Bradley:**

- i. My technical and management experience give me a solid base to take on the challenge of overseeing H2GO in a time of change.
- ii. I have followed and researched the reverse osmosis issue since I moved here and will continue to do so as a Commissioner.
- iii. I feel that Chairman Gerken and I are by far the best candidates to provide ethical and responsible leadership as H2GO grows.

**Note:** Additional background can be obtained by accessing the H2GO website, [h2goonline.com](http://h2goonline.com), and reviewing the monthly board meeting minutes. They are located under the “About” tab; select “Board Meeting Minutes” from the dropdown menu. As of September 1, 2019, minutes from the May 2017 board meeting forward are available for viewing.