

May 11, 2015

To the Texas Commission on Environmental Quality:

This document is filed in accordance with the TCEQ's open comments period for Agreed Order, Case #46774, Docket #2013-0866-WQ-E.

**BACKGROUND and HISTORY:**

Larry Hilderbrand has systematically plundered and pillaged Live Oak Resort for years, to such a degree that LOR can no longer even maintain it's basic infrastructure. The condition of the facility has deteriorated dramatically during the past seven years.

Ignoring existing leases, Live Oak Resort has substantially increased rates and fees across the board in the last seven years, claiming that the increases were necessary due to 'infrastructure reviews'. Such increases have been a nearly annual event and have never produced any benefit to the infrastructure.

In spite of this, Larry Hilderbrand has embarked on on numerous spending sprees since 2008, none of which benefited Live Oak Resort in any way, but all of which have been entirely funded by Live Oak Resort.

These include a structure referred to as "The Man Cave". The cost of the man cave has been conservatively estimated at \$400,000.00. While listed as a Live Oak Resort asset, this 18,000 square foot structure is strictly for Mr. Hilderbrand's personal use. It contains a bar, lounge, car wash bay, automobile lift, and shop area.

Mr. Hilderbrand has spent well in excess of \$100,000.00 during the past six years buying Snap On tools and

accessories. These are also for personal use only and include a \$27,000.00 toolbox.

Over the past two years, Live Oak Resort has been in the process of building a social hall. This 4000 square foot structure has cost no less than \$60,000.00 to date, and is still not completed.

Mr. Hilderbrand had a custom Harley Davidson motorcycle built in Florida. The express purpose of this motorcycle was for display in competitions at motorcycle events. This fiasco resulted in expenses of far more than \$100,000.00. The motorcycle has been less than successful in competitions.

During this period, Mr. Hilderbrand also embarked on a senior years racing career. His first race car venture resulted in well over \$100,000.00 in expenses that were incurred by Live Oak Resort. Several additional race cars were subsequently purchased or built, at costs unknown but quite substantial.

In furtherance of his senior racing fantasy, Mr. Hilderbrand/Live Oak Resort purchased a Freightliner toter to pull a new custom built 53' racing trailer. The cost of these two items exceeded \$140,000.00.

Mr. Hilderbrand's latest racing venture is a shop facility for building racing engines, intended for sale to the racing public, which has been built at Live Oak Resort in the past nine months. The structure and ancillary shop machines and equipment have cost Live Oak Resort a minimum of \$200,000.00.

When it comes to Mr. Hilderbrand's hobbies, money is never an object. In the past six years, a very conservatively estimated \$1,000,000.00 has been spent on just racing related ventures.

A minimum of \$300,000.00 has gone to racing related expenses in just the past twelve months.

As far as anyone can tell, this money is not declared as personal income. Rather, it is expensed to Live Oak Resort, yet has nothing whatsoever to do with Live Oak Resort, other than it's proximity.

To summarize, in the past seven years, Mr. Hilderbrand has had no problem spending far in excess of \$1,000,000.00 for projects he wanted to pursue, yet Live Oak Resort doesn't have the money to maintain it's water and sewer systems, roads, and grounds.

Today, Live Oak Resort has two Agreed Orders in effect with the TCEQ. One is for serious water system violations, and the second is for major sewer violations. In addition, Live Oak Resort is presently in violation of Public Utility Commission orders to refund illegal electrical charges collected over a six year period.

Mr. Hilderbrand has attempted to dictate his terms to the Public Utilities Commission, which are in complete contradiction to the orders issued by the Commission. Live Oak Resort has been issued a Notice of Violation by the PUC, which is also asking the Texas Attorney General to seek a court order against Live Oak Resort.

Like the PUC Order, both TCEQ orders mandate specific requirements (changes and improvements) that are required by very specific dates.

Live Oak Resort claimed to be unable to pay the TCEQ fines of \$17,630.00 and \$63,000.00 respectively. Astonishingly, LOR based this inability on the claim that they had to pay the PUC refunds immediately. Both TCEQ fines were given a monthly payment plan because of this blatantly false claim by LOR.

Why would regulators actually accept such misrepresentation, and do so repeatedly? Larry Hilderbrand is simply playing both ends against the middle with these falsehoods.

Live Oak Resort and Larry Hilderbrand have a rich history of non-compliance with orders from any State agency. There have been many over the years, yet he is still not even classified as a repeat offender. He has never been penalized for failure to comply. This is a complete disconnect from everything logical.

LOR has already failed to comply with parts of the Water Agreed Order and no work is underway to satisfy the looming May 27th deadline for system infrastructure modifications. Based upon the TCEQ's own Drinking Water Watch reports, no sample from Live Oak Resort in the past ten (10) months did not indicate coliform bacteria or excessive chemicals.

The sewer system Agreed Order mandates that LOR cease ALL sewage discharges by the time the order is formally signed, which is expected to take place in early May. That task will be daunting one, yet to date, nothing whatsoever has been initiated to meet that mandate.

As has been the case with all previous Agreed Orders with the TCEQ, Live Oak Resort will default on both of the current Agreed Orders.

Mr. Hilderbrand decries that the complaints against LOR are only to extract a pound of flesh. He claims that he can't find the funds to pay for refunds of illegally collected fees, fines for water and sewage violations, and repairs to the basic infrastructure of the facility to meet State requirements.

In truth, a group of Live Oak Resort tenants tried to get Mr. Hilderbrand to address the electrical surcharge, water, and sewer issues some thirty months ago, before bringing any complaints to regulators. Mr. Hilderbrand refused to discuss these matters or even acknowledge that the problems existed. His response was that tenants could "get out" if they were dissatisfied.

Once the multiple tenants of Live Oak Resort filed complaints, retaliation began. In 2014, Live Oak Resort leases, fees, and various charges were increased by nearly 100% across the board, in what can only be viewed as retaliation. Still, no money is available for refunds, fines, or repairs.

Today, two and one-half years after filing the TCEQ and PUC complaints, only one of the original group of five complainants remains at Live Oak Resort. That complainant recently received a certified letter from Live Oak Resort informing him that his lease will not be renewed.

Each of the complainants who left suffered huge losses in selling their improvements, but no other option was available. Others, who were not complainants, have also suffered massive financial losses because the conditions at the facility made it extremely difficult, if not impossible, to sell their property.

A number of lot owners have simply abandoned their property, as no buyers could be found, at any price.

### **Conclusions:**

The facts point to the reasonable conclusion that Mr. Hilderbrand is not a responsible business owner. This is demonstrably not someone who should be entrusted to do what's best in matters of public health and safety, or business ethics. Given a choice between what is best for the public and what is best for Larry Hilderbrand, the latter always prevails.

The reckless disregard will continue until someone takes steps to stop this charade. It is quite possible that Mr. Hilderbrand will file bankruptcy because he feels he is being (unjustly) abused by regulators.

This fact stands; Whether the straw that breaks the camel's back is brought by the PUC, the TCEQ, the IRS,

or his own hand, Larry Hilderbrand's continued tenure as the owner of Live Oak Resort is not optimistic.

Should any regulatory action force Live Oak Resort into bankruptcy, there are buyers fully prepared to step in and take immediate steps to correct the known problems. No members of the Live Oak Lot Owner's Group are involved in any way with those buyers, other than having responded to questions to us on these matters.

Allowing Mr. Hilderbrand to continue treating these matters with insouciance is not in the public's best interest, in any conceivable way. There simply is no logical justification for allowing these abuses to continue.

To continue to do so is a complete travesty of all that is reasonable and just.