



Tejon Ranch Co. to Evaluate All Options to Proceed With the Eventual Development of Centennial at Tejon Ranch Following Court Ruling

Mar 27, 2023

A Los Angeles County Superior Court directs Los Angeles County to correct a minor number of court-identified flaws in the original environmental impact report before issuing further permits and approvals to allow development of the Centennial at Tejon Ranch master planned community.

LOS ANGELES, March 27, 2023 (GLOBE NEWSWIRE) -- Los Angeles Superior Court Judge Mitchell Beckloff has ordered Los Angeles County to rescind the Centennial project's 2019 approvals pending correction of a small number of inadequacies the Court identified in the project's original environmental impact report. The ruling comes after nearly four years of litigation over the County's approval of Centennial.

Tejon Ranch Co. is considering options to reinstate project approvals, such as working with Los Angeles County to complete the additional environmental analysis required by the Court's ruling.

"While we are disappointed in the Court's ruling, we remain committed to Centennial's ultimate development," said Hugh F. McMahon, Tejon Ranch Co.'s executive vice president of real estate. "Tejon Ranch has a legacy of environmental stewardship, as well as using its land to meet major needs in California. More than ever, the state desperately needs the 19,333 housing units Centennial will provide, including the nearly 3,500 affordable units."

The community of more than 19,300 homes, including 3,480 affordable housing units, and 10.1 million square feet of commercial and industrial space, is planned for an area of northwest Los Angeles County identified in the Antelope Valley Areawide Plan (AVAP) as an Economic Opportunity Area with appropriate zoning and land use designations allowing for residential and commercial real estate development. One of the litigants in the Centennial case, the Center for Biological Diversity (CBD), unsuccessfully fought to overturn Los Angeles County's approval of the AVAP, with its legal challenge being denied by both the Superior and Appellate Court.

Background

The May 2019 final approval of Centennial by the Los Angeles County Board of Supervisors was the subject of two separate legal challenges filed under the California Environmental Quality Act (CEQA).

In the first legal challenge, all claimed deficiencies in the lawsuit collectively argued by CBD and the California Native Plant Society (CNPS) were rejected as having no legal merit in the Court's April 2021 ruling. More than a dozen claims in a second, separate lawsuit brought by the environmental organization Climate Resolve (CR), were also rejected by Judge Beckloff in April 2021, including various claims that the EIR did not sufficiently analyze project greenhouse gas impacts. The Court also ruled that the County had appropriately analyzed project wildfire impacts such as fire safety design mandates and fire response measures. However, the Court did agree with two of Climate Resolve's minor arguments: the County's description of the state's cap-and-trade regulatory program was not clear, and the County should have analyzed the risk of offsite fire ignitions separately from the County's otherwise adequate evaluation and mitigation of wildfire risks.

The CR lawsuit was later dismissed with prejudice in December of 2021, following a settlement agreement between Tejon Ranch and CR. The settlement resulted in the Centennial project further reducing its greenhouse gas emissions (GHG) to become a "Net Zero GHG" community. The settlement also established an unprecedented community fire safety grant program to assist nearby communities in fire prevention and management. The agreement sets a new standard for environmental sustainability in a residential community and establishes a new higher standard for a Net Zero GHG community.

Although CBD/CNPS did not prevail in any of their arguments against the project, Judge Beckloff later decided in February 2022 to grant CBD prevailing party status on the two claims on which Climate Resolve prevailed. The Company now has the option of appealing the Court's February 2022 decision, in addition to appealing the Court's March 24, 2023 judgment.

Ruling

The Court's judgment requires the County to rescind all County approvals for the Centennial project pending further CEQA compliance, which may include further environmental analysis of the project's GHG and offsite fire risk impacts. Any further environmental review of the Centennial project would assume implementation of the CR settlement terms – net zero GHG and funding for community wildfire protection measures – which already address the two deficiencies identified by the Court.

The Centennial/Climate Resolve Settlement Agreement includes the following measures and features, which will be considered part of the Centennial project:

- Net Zero Greenhouse Gas (GHG) Emissions: The community commits to net zero GHG emissions by reducing to zero all emissions through significant on-site and off-site commitments. A large component prioritizes disadvantaged communities, followed by other projects within Los Angeles County, and other parts of southern and central California.
- Electric Vehicle Advancement: Advance the EV future through commitments to install almost 30,000 chargers within and outside the community. Provide incentives to support the purchase of 10,500 electric vehicles.
- Elimination of natural gas for residential use and most commercial uses at Centennial.
- Wildfire Prevention: Funding for on-site and off-site fire protection and prevention measures, including fire-resilient design, planning, and vegetation management with benefits to neighboring communities.
- Unrivaled Transparency: Provide annual public reports and create an independent non-profit established to monitor compliance and implementation of the agreement which is empowered to enforce compliance and require arbitration in the case of disputes.

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Forward-Looking Statements

This press release contains forward-looking statements, including without limitation statements regarding our commitments under the Settlement Agreement and certain aspects of our real estate operations. In some cases, these statements are identifiable through use of words such as “commit” and “will.” These forward-looking statements are not a guarantee of future performance, are subject to assumptions and involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance, or achievement implied by such forward-looking statements. These risks, uncertainties and important factors include, but are not limited to, the impacts of COVID-19 and the actions taken by governments, businesses, and individuals in response to it, success in obtaining various governmental approvals and entitlements for land development activities, and the risks described in the section entitled “Risk Factors” in our annual and quarterly reports filed with the SEC.



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Source: Tejon Ranch Co