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11	Natural Resources Defense Council, Inc., National Audubon Society, Inc., Endangered Habitats League, and Planning and Conservation League
12	Additional attorney information on page 2
13	SUPERIOR COURT OF THE STATE OF CALIFORNIA
14	COUNTY OF KERN
15	NATURAL RESOURCES DEFENSE ) CASE NO.: COUNCIL, INC., a New York nonprofit )
16	corporation, NATIONAL AUDUBON SOCIETY, INC., a New York nonprofit ) COMPLAINT FOR DECLARATORY
17	corporation, ENDANGERED HABITATS ) RELIEF LEAGUE, a California nonprofit public benefit )
18	corporation, PLANNING AND (Unlimited Jurisdiction Case CONSERVATION LEAGUE, a California non-
19	profit public benefit corporation, and SIERRA ) CLUB, a California nonprofit public benefit )
20	corporation, ) Plaintiffs,
21	v. )
22 23	TEJON RANCH CO., a Delaware corporation and TEJON RANCHCORP, a California
23	corporation,
25	Defendants.
26	TEJON RANCH CONSERVANCY, a )
27	a California nonprofit public benefit corporation,
28	Real Party in Interest.
	,

COMPLAINT FOR DECLARATORY RELIEF

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Attorneys for Plaintiff Sierra Club

## **NATURE OF THIS ACTION**

- 1. Plaintiffs seek declaratory relief from this Court to require Defendants to honor their agreement to fund the Tejon Ranch Conservancy, a California non-profit public benefit corporation dedicated to preserving Tejon Ranch and the surrounding Tehachapi Range's natural resources for future generations.
- 2. Plaintiffs are public interest organizations dedicated to conservation and protection of the environment. Defendants are private landowners and own Tejon Ranch, the largest contiguous private property in California. Tejon Ranch is home to a diversity of wildlife and plants. Because the landholding has been maintained substantially as a cattle ranch for centuries, it remains virtually undeveloped today.
- 3. In the 1990s, Defendants began to explore several large-scale developments on the Ranch. Over a period of years of scientific analysis and intense negotiations beginning in 2006, Plaintiffs and Defendants reached an agreement in 2008 to ensure that the vast majority of Tejon Ranch would be conserved, while allowing Defendants to continue certain existing uses and, unopposed by Plaintiffs, to move forward with efforts to permit three development projects being planned for the property.
- 4. These negotiations resulted in the June 2008 Tejon Ranch Conservation and Land Use Agreement ("RWA" for short). Plaintiffs agreed not to challenge but did not agree to endorse Defendants' proposed developments. In exchange, Defendants agreed to conserve

nearly 90% of the Ranch, and to fund a new organization, Real party in interest Tejon Ranch Conservancy ("Conservancy"), to manage the conservation.

- 5. The Conservancy's mission is to preserve, enhance and restore the native biodiversity and ecosystem values of the Tejon Ranch and Tehachapi Range for the benefit of California's future generations. Among other things, the Conservancy works to provide Ranch-Wide stewardship of the land to provide for public enjoyment through educational programs and public access. It also has adopted a Ranch Wide Management Plan applicable to all conserved lands, which it updates, monitors and helps to implement. It manages and monitors natural resource mitigation activities on conserved lands. And it oversees managed public access to conserved lands.
- 6. Funding for the Conservancy will come from a 0.25% "transfer fee" on home sales in Defendants' new developments. As of the date of the RWA, however, such sales were not expected for many years. Defendants therefore agreed to advance a monetary payment to the Conservancy every quarter (payable January 1, April 1, July 1 and October 1) through 2021 to fund the Conservancy, totaling \$800,000 per year. This funding from the Defendants is the principal source of income for the Conservancy. Under the RWA, it is essential for the Conservancy to maintain necessary and contractually-mandated operations to preserve the conserved land and its natural environment.
- 7. For over ten years, Defendants made the required payments. But in April 2020, citing business disruption resulting from the COVID-19 pandemic, Defendants breached the RWA by failing to advance the payment due on April 1 under the agreement. Ten days later, without consulting Plaintiffs or the Conservancy, Defendants wrote to the Conservancy, asserting that they were unilaterally revising their payment obligations under the RWA on the basis of unspecified economic disruption due to COVID-19.
- 8. The RWA does not permit Defendants to unilaterally revise their payments to Plaintiffs on the basis of claimed economic disruption or for any other reason. Moreover, Plaintiffs' claim of economic harm conflicted with their public statements at the time, which indicated they had not suffered any material economic impact from the COVID-19 crisis.

- 9. When Plaintiffs demanded that Defendants comply with the payment terms of the RWA, Defendants denied that their action constituted a breach of the agreement and further claimed for the first time that Plaintiffs and the Conservancy had themselves allegedly breached the RWA in three ways. The so-called breaches claimed by Defendants are meritless and a mere pretext in retaliation for Plaintiffs' objection to Defendants' withholding funds due to the Conservancy.
- 10. Defendants know that their breach claims are pretextual. In apparent acknowledgment that they lack any legitimate basis for withholding payment, Defendants subsequently reversed course and made the April and July 2020 payments owed to the Conservancy. However, instead of making the required October 2020 payment, Defendants placed the money in escrow, asserted their entitlement to do so based on one of Plaintiffs' alleged breaches of the RWA, and suggested that they will continue to withhold payments until Plaintiffs have "cured" the claimed breach.
- 11. Thus, Plaintiffs file this action for declaratory relief under Code of Civil Procedure Section 1060 and seek a declaration from the Court that (1) neither Plaintiffs nor the Conservancy have breached the RWA; and (2) Defendants must pay all amounts due to the Conservancy in compliance with the schedule prescribed in the RWA.

#### THE PARTIES

- 12. Plaintiff the Natural Resources Defense Council, Inc. is a New York nonprofit corporation that works to safeguard the Earth and ensure the rights of all people to clean air, clean water, and healthy communities.
- 13. Plaintiff National Audubon Society, Inc. is a New York nonprofit corporation that protects birds and the places they need using science, advocacy, education, and on-the-ground conservation.
- 14. Plaintiff Endangered Habitats League is a California nonprofit public benefit corporation that participates in community and regional planning processes and works to develop solutions that serve the needs of community members and preserve native landscapes.

- 15. Plaintiff Planning and Conservation League is a California nonprofit public benefit corporation that promotes cutting-edge policies that safeguard lands, air, waters, and communities, while building strong coalitions and empowering the public.
- 16. Plaintiff Sierra Club is a California nonprofit public benefit corporation devoted to the preservation, restoration, and enjoyment of the earth's ecosystems and resources, and to educating and enlisting humanity to protect and restore the quality of the natural and human environment. Over 170,000 of Sierra Club's roughly 837,000 members live in California.
- 17. Defendant Tejon Ranch Company is, on information and belief, a Delaware corporation with its principal place of business at 4436 Lebec Road, Lebec, California 93243.
- 18. Defendant Tejon Ranchcorp is, on information and belief, a California corporation with its principal place of business at 4436 Lebec Road, Lebec, California 93243.
- 19. Real party in interest Tejon Ranch Conservancy is, on information and belief, a California nonprofit benefit corporation with its principal place of business at 1037 Bear Trap Road, Lebec, California 93243. The Conservancy strives to preserve, enhance and restore the native biodiversity and ecosystem values of the Tejon Ranch and Tehachapi Range for the benefit of California's future generations.
- 20. The Conservancy is joined as Real party in interest and necessary party under California Code of Civil Procedure sections 382 and 389(a) because it is a party to the RWA and its rights and obligations under the RWA will be materially affected by the resolution of this dispute.

## **JURISDICTION AND VENUE**

- 21. This Court has jurisdiction pursuant to California Constitution Article VI, Section 10, because this case is a cause not given by statute to other trial courts and superior courts have original jurisdiction in all other causes.
- 22. This Court has personal jurisdiction over Defendant Tejon Ranch Company because Tejon Ranch Company's principal place of business is in California. Additionally, this Court has jurisdiction over Tejon Ranch Company because Tejon Ranch Company does sufficient business in California, has sufficient minimum contacts in California, and otherwise

intentionally and purposefully avails itself to California through its land development activities in California, so as to render the exercise of jurisdiction by the California courts consistent with traditional notions of fair play and substantial justice.

- 23. This Court has personal jurisdiction over Defendant Tejon Ranchcorp because Tejon Ranchcorp is a California corporation with its principal place of business in California. Additionally, this Court has jurisdiction over Tejon Ranchcorp because Tejon Ranchcorp does sufficient business in California, has sufficient minimum contacts in California, and otherwise intentionally and purposefully avails itself to California through its land development activities in California, so as to render the exercise of jurisdiction by the California courts consistent with traditional notions of fair play and substantial justice.
- 24. This Court has personal jurisdiction over Real party in interest Tejon Ranch Conservancy because the Conservancy is a California nonprofit public benefit corporation with its principal place of business in California. Additionally, this Court has jurisdiction over the Conservancy because the Conservancy does sufficient business in California, has sufficient minimum contacts in California, and otherwise intentionally and purposefully avails itself to California through its land preservation activities in California, so as to render the exercise of jurisdiction by the California courts consistent with traditional notions of fair play and substantial justice.
- 25. Venue is proper in Kern County, California because injuries alleged herein occurred in this county. Additionally, the parties agreed that "the Superior Court for the State of California in and for the County of Kern shall be the appropriate venue for resolving any disputes between the Parties as to the enforcement or interpretation of [the RWA]." Exhibit A (RWA) at § 12.3(d).

#### **FACTUAL ALLEGATIONS**

## A. Tejon Ranch

26. Defendants own Tejon Ranch, a 270,000-acre property in Southern California situated at the junction of four major natural ecosystems on the spine of California: the southern San Joaquin Valley, the southern Sierra Nevada, the Mojave Desert, and the

and vegetation communities, numerous special status plant and animal species, intact watersheds and landscapes supporting natural ecosystem functions and regionally significant habitat connectivity. Tejon Ranch has largely maintained its undeveloped nature due to centuries of sustainable ranching on the land.

27. Starting in the late 1990s, Defendants began exploring the potential

California Coastal Range. Tejon Ranch contains an extraordinary diversity of native species

- development of parts of Tejon Ranch for the construction of three large-scale developments involving Ranch property: (1) Tejon Mountain Village (26,400 acres), (2) Centennial (12,000 acres), and (3) a then unnamed development at the base of the Grapevine (16,000 acres). As planned by Defendants, these new communities will include tens of thousands of new homes, shopping centers, golf courses, and business parks.
- 28. Beginning in 2006, in an effort to conserve the species and habitat values of Tejon Ranch, Plaintiffs entered into negotiations with Defendants toward an agreement under which Plaintiffs would not oppose Defendants' development plans in exchange for conservation of the vast majority of Tejon Ranch.

#### B. The RWA

29. On May 8, 2008, in a ceremony involving the governor of the State of California, the parties announced the landmark agreement known as the Tejon Ranch Conservation and Land Use Agreement (the "RWA"). Exhibit A. Defendants agreed to conserve up to 240,000 of the 270,000 acres on the Ranch (about 90% of the Ranch) through conservation easements, and to provide funding to ensure that "[t]he protection and stewardship of the conserved lands is assured." Ex. A at p.1. In exchange, Plaintiffs agreed not to oppose Defendants' three development projects. *Id.* § 10.5. The parties formally entered the RWA on June 17, 2008.

## 1. The Conservancy

30. Through the RWA, the parties created a new non-profit organization called the Tejon Ranch Conservancy. The Conservancy's mission is to preserve, enhance, and restore the

native biodiversity and ecosystem values of the Ranch and Tehachapi Range for current and future generations.

- 31. Defendants agreed to fund the Conservancy. Eventually, the Conservancy will be funded by a 0.25% Conservation Fee on sales of homes within Defendants' developments. *Id.* § 2.2, Exhibit L. But as there would not be sufficient home sales to fund the Conservancy for many years, the RWA provides for an Advance Obligation Period, during which Defendants will advance funding to the Conservancy directly. *Id.* §§ 2.3.<sup>1</sup>
- 32. The RWA sets forth an advance schedule as follows: (1) \$820,000 in 2008, (2) \$1,070,000 annually in 2009 and 2010, and (3) \$800,000 annually from 2011 through 2021. *Id.* § 2.3. Annual payments made after 2008 must be made "in equal installments on or before January 1, April 1, July 1 and October 1 of each year the Advance Amount is due and payable." *Id.* In short, every quarter from January 1, 2011 through December 31, 2021, Defendants must advance the Conservancy \$200,000.
- 33. The Conservancy must spend these advances on Conservancy operations to enforce the conservation easements placed on the 240,000 acres of conserved land ("Conservation Easement Area"), implement a Ranch Wide Management Plan to ensure that the Conservation Easement Area will be retained forever in its natural, scenic, and open-space condition, and fulfill other obligations prescribed by the RWA. *Id.* § 2.8. Thus, Defendants' advances to the Conservancy ensure ongoing conservation of the land and wildlife, the very reason Plaintiffs agreed to enter the RWA in the first place.

## 2. Conservancy Operations

34. Since 2008, the Conservancy has used Defendants' advances to fulfill its conservation mission and obligations. The Conservancy currently has five employees, including an operations manager, conservation science manager, administrative coordinator, education coordinator, and public access assistant. Funded substantially by Advance Payments

<sup>&</sup>lt;sup>1</sup> As the Conservancy has acquired Conservation Easements over more than four of the Acquisition Areas, the Advanced Obligation Period has been extended through December 21, 2021. *Id.* §§ 1.7, 2.5.

from Defendants pursuant to the RWA, its essential conservation responsibilities are wideranging and, for example, include (1) monitoring 240,000 acres of conservation easements to ensure no prohibited uses, (2) scientific research on the unique flora and fauna of the region, (3) ensuring public access and enjoyment of the conserved lands; and (4) enhancing the condition – stewardship – of natural ecosystems throughout the conserved land. Since it was founded, the Conservancy has hosted or assisted 55 research projects and managed through docent-led tours thousands of visitors to conserved lands at Tejon Ranch. Early Conservancy research focused on baseline discoveries and identified well over 1,300 plants species, 300 bird species, 50 herpetofauna, 700 invertebrates, 30 lichen, and 50 mammals. Current research continues to identify subspecies previously unknown to the region, many of which are rare, with a few occurring nowhere else in the world. Although public access has currently been substantially curtailed as a result of the COVID-19 pandemic, all other aspects of the Conservancy's workload are ongoing consistent with the RWA, including easement monitoring throughout the more than 100,000 acres of conserved lands currently under easement, stewardship, scientific research (including periodic species surveys), communications and public education, and a wide range of activities related to the daily operations of the organization (e.g., from maintaining office space to upkeep of computer systems and vehicles to insurance to managing social media and producing a quarterly newsletter to members and other interested stakeholders to matters of employee relations and compensation). For all aspects of the Conservancy's work, Advance Payments paid by Defendants pursuant to the RWA are the organization's financial lifeline – a lifeline without which the Conservancy could not survive once its very limited financial reserves are exhausted.

### C. Defendants Refuse To Make Advance Payments

35. Every quarter through January 1, 2020, Defendants made the prescribed payments under the agreement to the Conservancy as required. As set forth in the RWA, on or before April 1, 2020, Plaintiffs expected that Defendants would pay the prescribed \$200,000 to the Conservancy.

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36. Defendants did not make the required payment by April 1, 2020. Instead, on April 10, 2020, Defendants sent a letter to the Conservancy, acknowledging that the RWA "provides that the Tejon Ranch Company must make Advances . . . in the amount of \$800,000 annually, divided into paid in equal installments on January 1, April 1, July 1 and October 1 of each year," through the end of 2021. Exhibit B (April 10, 2020 letter). Nevertheless,

Defendants wrote:

"[W]e intend to proceed as follows: (1) Advance payments for 2020 and 2021 will be reduced to \$400,000 annually and will be paid in equal installments at the times identified in Section 2.3 of the RWA, with the remaining installments at this reduced amount for 2020 being made on July and October at the amount of \$100,000 each; and (2) the Advance Obligation Period (as that term defined in the RWA) shall be extended from December 31, 2021 to December 31, 2023 with Advances being made, the reduced rate of \$400,000 annually, in equal installments of \$100,000 at the times identified in Section 2.3 the RWA.

Exhibit B.

- 37. Neither Plaintiffs nor the Conservancy ever agreed to reduce the amount of the advance payments or extend the timetable on which those payments would be made, much less in a written agreement as required by the RWA. Exhibit A at § 15.7.
- 38. Defendants sought to justify their refusal to make the payments required by the RWA by claiming that "all individuals, business (sic) and organizations are having to adjust to address the impact caused by [COVID-19]." Exhibit B. Nothing in the Agreement allows Defendants to refuse to make the required payments for this reason.
- 39. Plaintiffs' counsel sent a letter to the Defendants, dated May 1, 2020, notifying them that the failure to make the April 1, 2020 payment and Defendants' unilateral declaration that they would reduce the contractually-required payments and extend the timetable for making them constituted breaches of the RWA. Plaintiffs requested that Defendants immediately cure this breach, or else meet and confer with Plaintiffs, as required by the RWA. See Exhibit A at § 12.3(c).
- 40. Defendants responded in a May 22, 2020 letter denying the alleged breach and claiming instead for the first time that the Conservancy and Plaintiffs had themselves breached

the RWA in two respects. On June 22, 2020, in yet another apparent escalation of retaliation, Defendants notified Plaintiffs of a third alleged claim of breach.

- 41. The parties continued to exchange communications concerning Defendants' lack of payment. Further, Plaintiffs' counsel communicated in detail why each of the alleged claims of breach made by Defendants were meritless.
- 42. The parties met and conferred as required by the RWA on June 29, 2020. The meet-and-confer failed to produce an agreement, with both sides maintaining that the other is in breach of the RWA.
- 43. While Defendants eventually made the required payments for April and July 2020, Defendants did not make the payment required on October 1, 2020. Instead, on that date, Defendants sent a letter to counsel for the Plaintiffs, advising them that Defendants had placed the required \$200,000 payment into escrow and stating their intention to escrow all future advance payments due to the Conservancy under the RWA. Defendants, citing only one of their alleged claims of breach, asserted that they were entitled to escrow the payment until Plaintiffs cured the claimed breach cited as the justification for escrowing the required advance payments.
- 44. In particular, Defendants claimed that Plaintiffs breached the RWA in June 2017 nearly three years before they stopped making the payments required under the agreement. Defendants asserted that several of the Plaintiffs breached the RWA by participating in a regional planning process to prepare a draft Antelope Valley Regional Conservation Investment Strategy ("AVRCIS"), submitted to the California Department of Fish & Wildlife ("DFW") in June 2017.
- 45. The AVRCIS is one of five Regional Conservation Investment Strategies (RCIS) in California authorized by state law. An RCIS is a regional strategy to identify and prioritize conservation actions and habitat enhancement actions for focal species and other conservation elements. RCISs include conservation actions and habitat enhancement actions that would advance the conservation of focal species, habitat, and other natural resources and provide nonbinding, voluntary guidance for the identification of wildlife and habitat

# TRIAL PREFERENCE Pursuant to California Code of Civil Procedure section 1062.3(a), Plaintiffs are entitled to a trial at the earliest possible date available and precedence over all other cases, except older matters of the same character and matters to which special precedence may be given by law. Dated: December 2, 2020 WILSON SONSINI GOODRICH & ROSATI, P.C. /S/ David J. Berger Attorney for Plaintiffs Natural Resources Defense Council, Inc., National Audubon Society, Inc., Endangered Habitats League, and Planning and Conservation League Dated: December 2, 2020 **FAYER GIPSON LLP** /S/ Gregory A. Fayer Attorney for Plaintiff Sierra Club -14-

COMPLAINT FOR DECLARATORY RELIEF