



NEWS RELEASE

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CITY OF DIAMOND BAR FILES LAWSUIT CHALLENGING CITY OF INDUSTRY'S EFFORT TO BUY TRES HERMANOS RANCH FOR LESS THAN HALF ITS VALUE TO BUILD MASSIVE SOLAR FACILITY

(Diamond Bar, CA, October 23, 2017) – On October 20, 2017, the City of Diamond Bar filed a lawsuit in Sacramento County Superior Court challenging the City of Industry's unlawful attempt to purchase the 2,445-acre Tres Hermanos Ranch for \$41.65 million with the intent of turning it over to a private entity to develop a massive solar facility generating tens of millions of dollars for Industry's coffers. The City of Chino Hills also filed a similar lawsuit. The lawsuits allege numerous violations of the State's Redevelopment Dissolution Act, which was enacted in 2011 and governs the disposal of the real property assets of former redevelopment agencies.

Tres Hermanos Ranch is presently owned by the Successor Agency to Industry's former redevelopment agency. The governing body of the Successor Agency is Industry's City Council and thus, the buyer and the seller are for all purposes the same entity. Recognizing the potential for such self-dealing, the Redevelopment Dissolution Act created an Oversight Board which is charged with ensuring the Successor Agency sells its property expeditiously and in a manner to maximize value.

On August 24, 2017, the Oversight Board of this Successor Agency met to consider the sale of Tres Hermanos to the City of Industry for \$100 million, which matched a current fair-market value appraisal for the property. After all public comments had been taken, Industry's City Manager, who also sits on the Oversight Board, stunned the audience by making a motion to instead sell the property to his own City for \$41.65 million, nearly \$60 million less than Industry's City Council had already approved for the purchase of the property. The motion passed 4-3 with Industry's City Manager casting the deciding vote.

Under the Redevelopment Dissolution Act, the Oversight Board is charged with, and has a fiduciary responsibility to maximize the value of the property for the benefit of various taxing entities which share in the proceeds derived from the sale of Successor Agency properties.

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The Oversight Board's unwarranted and unlawful approval of this deeply discounted sales price shifts \$60 million from the taxing entities, which includes Diamond Bar, Chino Hills, local school districts, and other public agencies, to the City of Industry's pockets. Industry's City Manager Paul Philips admitted as much in voting for the sale stating, "Frankly, there's more cash to put into the [solar] project", characterizing this as the primary "justification" for the low ball price.

Efforts at meaningful dialogue with Industry regarding its development scheme for Tres Hermanos have been met with resistance. "We have no choice but to file this lawsuit to protect the interest of our residents," said Diamond Bar Mayor Jimmy Lin.

For some time and to no avail, the cities of Diamond Bar and Chino Hills have been working diligently to find out what the City of Industry has in store for Tres Hermanos Ranch. In May 2016, Industry entered into a master lease with San Gabriel Valley Water and Power LLC to develop a 450 megawatt solar facility that could potentially cover the entire property. Documents obtained through public records requests clearly demonstrate that Industry and San Gabriel Valley Water and Power have assembled a large team of consultants and lawyers that have been clandestinely planning to build a massive solar generating facility. Documents obtained also suggest that Industry and San Gabriel Valley Water and Power have spent over \$12.6 million on the project to date, and likely much more. However, Industry has steadfastly refused to disclose development plans, studies or other information regarding the location, layout or design of any project.

The Diamond Bar General Plan allows for natural open space, parks, trails, and up to 140 single-family detached homes and 490 attached homes for a total of 630 dwelling units - that is less than one dwelling unit per acre on average.

Tres Hermanos Ranch consists of largely undeveloped land historically used for ranching, farming and cattle grazing. It is located on the eastern edge of Diamond Bar and along both sides of Grand Avenue; approximately 720 acres are located within Diamond Bar and 1,730 acres are located within Chino Hills.

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