

TEJON RANCH CO  
Form 10-K  
March 17, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K  
(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-7183

TEJON RANCH CO.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

P.O. Box 1000, Lebec, California 93243

(Address of principal executive offices)

Registrant's telephone number, including area code: (661) 248-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Common Stock

Securities registered pursuant to Section 12(g) of the Act:

None

77-0196136

(IRS Employer  
Identification No.)

Name of Exchange of Which Registered

New York Stock Exchange

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web Site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T ((§232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.  
x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer      ☐      Accelerated filer      ☒ x

Non-accelerated filer      ☐      Smaller reporting company      ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒ x

The aggregate market value of registrant's Common Stock, par value \$.50 per share, held by persons other than those who may be deemed to be affiliates of registrant on June 28, 2013 was \$477,145,905 based on the last reported sale price on the New York Stock Exchange as of the close of business on that date.

The number of the Company's outstanding shares of Common Stock on February 28, 2014 was 20,568,058.

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 7, 2014 relating to the directors and executive officers of the Company are incorporated by reference into Part III.

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## PART I

## Forward Looking Statements

This annual report on Form 10-K contains forward-looking statements, including statements regarding strategic alliances, the almond, pistachio and grape industries, the future plantings of permanent crops, future yields and prices, water availability for our crops and real estate operations, future prices, production and demand for oil and other minerals, future development of our property, future revenue and income of our jointly-owned travel plaza and other joint venture operations, potential losses to the Company as a result of pending environmental proceedings, the adequacy of future cash flows to fund our operations, market value risks associated with investment and risk management activities and with respect to inventory, accounts receivable and our own outstanding indebtedness and other future events and conditions. In some cases these statements are identifiable through the use of words such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan”, “project”, “target”, “can”, “could”, “may”, “will”, “should”, “would” and other similar expressions. We caution you not to place undue reliance on these forward-looking statements. These forward-looking statements are not a guarantee of future performances and 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, or industry results, 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, market and economic forces, availability of financing for land development activities, competition and success in obtaining various governmental approvals and entitlements for land development activities. No assurance can be given that the actual future results will not differ materially from the forward-looking statements that we make for a number of reasons including those described above and in Part I, Item 1A, “Risk Factors” of this report.

## ITEM 1. BUSINESS

Tejon Ranch Co. (the Company, Tejon, we, us and our) is a diversified real estate development and agribusiness company committed to responsibly using our land and resources to meet the housing, employment, and lifestyle needs of Californians and create value for our shareholders. Current operations consist of land planning and entitlement, land development, commercial sales and leasing, leasing of land for mineral royalties, grazing leases, income portfolio management, and farming.

These activities are performed through our four major segments:

## Real Estate - Commercial/Industrial development

Real Estate - Resort/Residential development

## •Mineral Resources

## Farming

Our prime asset is approximately 270,000 acres of contiguous, largely undeveloped land that, at its most southerly border, is 60 miles north of Los Angeles and, at its most northerly border, is 15 miles east of Bakersfield. We create value by securing entitlements for our land, facilitating infrastructure development, strategic land planning, development, and conservation, in order to maximize the highest and best use for our land.

We are involved in several joint ventures, which facilitate the development of portions of our land. We are also actively engaged in land planning, land entitlement, and conservation projects.

The following table shows the revenues from continuing operations, segment profits and identifiable assets of each of our continuing industry segments for the last three years:

# FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

(Amounts in thousands of dollars)

	2013	2012	2011	
Revenues				
Real estate—commercial/industrial	\$ 11,148	\$ 9,941	\$ 13,746	
Real estate—resort/residential	1,266	583	16,134	
Mineral Resources (1)	10,242	14,012	12,206	
Farming	22,682	22,553	21,012	
Segment revenues	45,338	47,089	63,098	
Investment income	941	1,242	1,260	
Other income	66	113	98	
Total revenues and other income	\$ 46,345	\$ 48,444	\$ 64,456	
Segment Profits and Net Income				
Real estate—commercial/industrial	\$ (1,754	) \$ (2,330	) \$ 525	
Real estate—resort/residential	(2,085	) (4,178	) 12,192	
Mineral Resources (1)	9,780	13,678	11,997	
Farming	7,876	9,230	8,437	
Segment profits (2)	13,817	16,400	33,151	
Investment income	941	1,242	1,260	
Other income	66	113	98	
Interest expense	—	(12	) —	
Corporate expenses	(12,641	) (13,272	) (12,277	)
Operating income before equity in earnings of unconsolidated joint ventures	2,183	4,471	22,232	
Equity in earnings of unconsolidated joint ventures	4,006	2,535	916	
Income before income taxes	6,189	7,006	23,148	
Income tax provision	2,086	2,723	7,367	
Net income	4,103	4,283	15,781	
Net loss attributable to noncontrolling interest	(62	) (158	) (113	)
Net income attributable to common stockholders	\$ 4,165	\$ 4,441	\$ 15,894	
Identifiable Assets by Segment (3)				
Real estate—commercial/industrial	\$ 58,390	\$ 57,151	\$ 56,552	
Real estate—resort/residential	124,568	118,627	110,147	
Mineral Resources (1)	1,063	1,449	1,193	
Farming	31,925			