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10	Attorneys for VIRGINIA HIGHLANDS, LLC	
11	IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA	
12		
	IN AND FOR THE COUNTY OF STOREY	
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	VIRGINIA HIGHLANDS, LLC, a Nevada	
14	VIRGINIA HIGHLANDS, LLC, a Nevada limited liability company,	
14 15 16	VIRGINIA HIGHLANDS, LLC, a Nevada limited liability company, Petitioner,	
14 15 16	limited liability company,  Petitioner,  vs.  Case No. CV 2012 /	
14 15	limited liability company,  Petitioner,  vs.  Case No. CV 2012   Department No. 2	
14 15 16 17	limited liability company,  Petitioner,  vs.  Case No. CV 2012 /	
14 15 16 17 18	limited liability company,  Petitioner,  vs.  Case No. CV 2012   Department No. 2	
14 15 16 17 18 19	Vs.  STOREY COUNTY, a political subdivision of the State of Nevada,  Cese No. CV 2012   Department No. 2	
14 15 16 17 18 19 20	limited liability company, Petitioner,  vs.  Case No. CV 2012   Department No. 2  STOREY COUNTY, a political subdivision of the State of Nevada, Respondent.  PETITION FOR JUDICIAL REVIEW PURSUANT TO NRS 278,0233.	
14 15 16 17 18 19 20 21	Imited liability company, Petitioner,  vs.  Case No. CV 2012   Department No. 2  STOREY COUNTY, a political subdivision of the State of Nevada,  Respondent.	
14   15   16   17   18   19   20   21   22   23	limited liability company, Petitioner,  vs. Case No. CV 2812   Department No. 2  STOREY COUNTY, a political subdivision of the State of Nevada, Respondent.  PETITION FOR JUDICIAL REVIEW PURSUANT TO NRS 278.0233, DECLARATORY RELIEF AND DAMAGES	
14 15 16 17 18 19 20 21 22 23	limited liability company, Petitioner,  vs.  Case No. CV 2012   Department No. 2  STOREY COUNTY, a political subdivision of the State of Nevada, Respondent.  PETITION FOR JUDICIAL REVIEW PURSUANT TO NRS 278,0233.	

Amodei, Esq. of KUMMER KAEMPFER BONNER RENSHAW & FERRARIO and Stephen C.

Mollath, Esq. of PREZANT & MOLLATH, and complains and against Respondent STOREY COUNTY, hereinafter referred to as "STOREY", as follows:

## THE PARTIES AND BASIS OF CLAIMS

VIRGINIA HIGHLANDS is a Nevada limited liability company engaged in the business of real estate development in Storey County, Nevada.

STOREY is a political subdivision of the State of Nevada. Under the provisions of NRS Chapter 278 and the Storey County Code, STOREY is charged with the duty to receive and review zoning and planning applications and act in good faith in connection therewith.

This action is brought pursuant to the provisions of NRS 30.010, et seq., and NRS 278.0233.

The record of the proceedings before STOREY and referenced herein is filed herewith and identified as Exhibits 1 through 134, Bate-stamped VH0001 – VH1170 (Exhibit 134 is the transcript of the August 20, 2007 County Commission hearing which is not Bate-stamped but has specific page numbers).

## **GENERAL ALLEGATIONS**

1. On September 15, 2006, representatives of VIRGINIA HIGHLANDS met with STOREY to discuss the processing of certain zoning applications for a project to be known as Cordevista. As a result of that meeting, STOREY recommended to VIRGINIA HIGHLANDS that it make application for a Master Plan Amendment and Zone Change in connection with the proposed project (Exhibit "3", VH0010). At that time, VIRGINIA HIGHLANDS believed that its proposed project and the zoning to be applied for was consistent with the Storey County Master Plan, however, it did not want to begin the process with a disagreement over whether a Master Plan Amendment Application was necessary.

 2. On February 26, 2007, VIRGINIA HIGHLANDS filed with STOREY, pursuant to its meeting of September 15, 2006, a Master Plan Amendment Application (Exhibit "5", VH0014-VH0038) and a Zone Change Application (Exhibit "6", VH0039-VH0062). Said Applications were designated 2007-049 (Master Plan Amendment) and 2007-050 (Zone Change). The Master Plan Amendment sought a mixed-use residential Planned Unit Development (PUD) for 8,600 acres. The zone change requested a change from Special Industrial (IS) (6,800 acres), Heavy Industrial (1,000 acres) and Forestry (400 acres) to Mixed Use, Residential Planned Unit Development (PUD). The request for zone change is a "down zone" for the property.

3. The property owned by VIRGINIA HIGHLANDS which was subject to the applications referred to in Paragraph 2 above had been used since 1986 as an ammunition, rocket propellant and explosives testing, manufacturing and storage facility, together with the hazardous materials and activities associated therewith. On June 29, 1989, the property which was then owned by VIRGINIA HIGHLANDS' predecessor in interest, Hi-Shear Technology Corp., was the subject of a Stipulation in Case No. 18745, First Judicial District Court of the State of Nevada entitled Hi-Shear Technology Corporation vs. Storey County (Exhibit "127", VH1074-VH1082). Said Stipulation settled a dispute between Hi-Shear and STOREY regarding a pre-existing special use permit for the uses referred to above in which STOREY sought to revoke the permit. In essence, the Stipulation recognized, as a matter of law, the existence of the Special Use Permit and the use of the property. A copy of the Stipulation is attached hereto and marked Exhibit "A".

<sup>&</sup>lt;sup>1</sup> Said property was subsequently sold by Hi-Shear (renamed Defense Systems) to Aerojet of Nevada, which subsequently sold it to VIRGINIA HIGHLANDS.

 4. On December 20, 1994, STOREY adopted its Master Plan. Contained in said Plan, at Page 55 (Section 9.1.5) was the following statement relative to the property owned by VIRGINIA HIGHLANDS:

"A short distance beyond the disposal site is the turnoff to the Aerojet of Nevada facility, which is at the end of a winding two lane road. This hi-tech explosives manufacturing and testing facility is intentionally located in an area four miles from any other development. As such it provides an unusual planning and land use opportunity. With the existing two-plus mile buffer around it, consideration should be given to classifying the area a 'high risk industrial' zone. The 'high risk industrial' classification could be defined to include similar facilities. Property tax rates for this classification would reflect costs related to providing additional services. It is likely that many firms involved in the same or similar types of manufacturing and/or testing would be interested in relocating to an area which already had the necessary regulatory framework in place."

This is the only mention in the Storey County Master Plan of the Special Industrial use of the VIRGINIA HIGHLANDS property and was specifically placed in the Storey County Master Plan as a result of and to recognize the Stipulation referred to in Paragraph 3 above.<sup>2</sup> However, throughout the Master Plan, the VIRGINIA HIGHLANDS property is designated for future development of commercial, residential and retail use.

5. On July 1, 1999, STOREY adopted its zoning ordinance and included therein Chapter 17.38 (IS Special Industrial Zone). Said zone was adopted for and referred specifically to the VIRGINIA HIGHLANDS property that was previously owned by Hi-Shear which was subject to the prior special use permit. <sup>3</sup> A copy of said Chapter 17.38 is attached hereto and marked Exhibit "B".

<sup>&</sup>lt;sup>2</sup> This fact is confirmed by Dean Haymore, Storey County Staff at the May 3, 2007 Planning Commission meeting (Exhibit "32", Transcript, Page 72, Line 7 through Page 75, Line 1), the July 19, 2007 Planning Commission hearing (Exhibit "128", Transcript, Page 20, Line 7 through Page 21, Line 9) and the August 21, 2007 County Commissioners hearing (Exhibit "134", Transcript Pages 22-26).

<sup>&</sup>lt;sup>3</sup> This fact is confirmed by Dean Haymore, Storey County Staff at the May 3, 2007 Planning Commission meeting (Exhibit "32", Transcript, Page 72, Line 7 through Page 75, Line 1), the July 19, 2007 Planning Commission hearing (Exhibit "128", Transcript, Page 20, Line 7 through Page 21, Line 9) and the August 21, 2007 County Commissioners hearing (Exhibit "134", Transcript Pages 22-26).

There are no other provisions of the Storey County Master Plan that call for, under any circumstances, the Special Industrial (IS) use of the VIRGINIA HIGHLANDS property. In fact, such Special Industrial Use is inconsistent with the provisions of the Master Plan in all respects.

- 6. In 1999, Tahoe Reno Industrial Center (TRIC) received approval for industrial zoning on a 102,000 acre site adjacent to the VIRGINIA HIGHLANDS property. Thereafter, in February, 2000, a Development Agreement was entered into between STOREY and TRIC for the development of the property. There is no mixed-use, residential, office or retail component of said development which relies upon Washoe, Lyon or Churchill Counties to provide such services (VH0058, Justification Statement).
- 7. On July 5, 2006, the Storey County Commissioners approved a Master Plan Amendment<sup>4</sup> and Zone Change for over 2,000 acres owned by Painted Rock Partners, LLC from Forestry to Mixed Use (Planned Unit Development) (Exhibit "133", VH1119-VH1170). Said property is east of the property owned by VIRGINIA HIGHLANDS and the mixed use approved on July 5, 2006 was identical to the mixed use sought by VIRGINIA HIGHLANDS. The zoning sought by Painted Rock Partners was an "up" zone from Forestry to Mixed Use. Storey County Commissioner Greg J. "Bum" Hess has an ownership and management interest in Painted Rock Partners and recused himself from the vote at the County Commissioners hearing of July 5, 2006.
- 8. On March 15, 2007, STOREY requested VIRGINIA HIGHLANDS to provide zoning, planning, engineering and other information on the Cordevista Project (Exhibit "8",

<sup>&</sup>lt;sup>4</sup> The mixed use sought by Painted Rock Partners was consistent with the Master Plan of Storey County. There is no explanation given as to why STOREY processed a Master Plan Amendment along with a the zone change from Forestry to Mixed Use (Planned Unit Development).

VH0065). On March 21, 2007, VIRGINIA HIGHLANDS provided STOREY with a comprehensive package of the information requested (Exhibit "9", VH0067-VH0135; Also see, Exhibits "1" and "2", VH0006-VH0009).

- 9. On March 30, 2007, VIRGINIA HIGHLANDS submitted further detailed information on the project's impacts to the Lockwood and Virginia City/Highlands residents of Storey County in connection with town meetings scheduled to discuss the project (Exhibit "111", VH0137-VH0142).
- 10. On April 2, 2007, VIRGINIA HIGHLANDS submitted to STOREY, at its request, a detailed Technical Drainage Study and Scientific Investigations Report (Exhibit "13", VH0143-VH0399).
- 11. On April 5, April 9 and April 10, 2007, VIRGINIA HIGHLANDS forwarded to STOREY, at its request, further technical information concerning the property (Exhibit "14", VH0400-VH0403).
- 12. On April 13, 2007, the Storey County Planning Commission held a meeting on VIRGINIA HIGHLANDS' Applications (Exhibit "19", Transcript, Pages 1-165). It became readily apparent from the public testimony that the Lockwood residents of Storey County were in favor of the project and the Virginia City/Highlands residents were against the project. The Planning Commission then voted to hold another meeting on the applications in Lockwood on May 3, 2007. No Planning Staff report was ever prepared by STOREY on the applications, nor did Planning Staff voice any objection to the applications.

<sup>&</sup>lt;sup>5</sup> There is no access to the project from Virginia City or the Highlands. The only access is through the Lockwood area along I-80. Storey County has always been geographically separated in this manner. All development, however, including the Painted Rock project, is occurring on the I-80/Lockwood side of Storey County and does not impact the southern portion of Storey County.

- 13. On April 23, 2007, STOREY requested VIRGINIA HIGHLANDS to provide further information for purposes of the May 3, 2007 meeting (Exhibit "20", VH0409-VH0410).
- 14. In response to STOREY's request of April 23, 2007, VIRGINIA HIGHLANDS submitted further reports and information as follows:
  - Resource Concepts letter, May 2, 2007 Wild Horses (Exhibit "25", VH0430)
  - Resource Concepts letter, May 3, 2007 Water (Exhibit "26", VH0431-VH0432)
  - Resource Concepts letter, May 3, 2007 Drainage (Exhibit "28", VH0433-VH0435)
  - The Planning Center letter, May 3, 2007 (Exhibit "29", VH0436-VH0437)
  - Cordevista Exhibit Binder (Exhibit "30", VH0438-VH0467, Tabs 1-20)

Very significant in the above material provided is the "Master Plan Conformance Table" (Exhibit "30", Tab 20, VH0461-VH0467). A copy of said Table is attached hereto and marked Exhibit "C". The significance of this comparative table is that it candidly sets forth, as a matter of planning criteria, guidelines and principles that the zone change requested from Special Industrial (IS) to Mixed Use (Planned Unit Development) is consistent with the Storey County Master Plan. As such, no Master Plan Amendment Application was needed.

15. On May 3, 2007, a second Planning Commission meeting of STOREY was held in Lockwood. Again, no Planning Staff report was prepared by STOREY, nor did Planning Staff voice any objections to the applications. The Planning Commission then voted to continue the applications to a July 11, 2007 Town Hall meeting and, thereafter, to a July 19, 2007 Planning Commission hearing. Again, it was apparent from the public testimony that the Lockwood residents of Storey County were in favor of the project and the Virginia City/Highlands citizens were against.

- 16. On May 17, 2007, VIRGINIA HIGHLANDS, at the request of STOREY, provided further traffic information (Exhibit "37", VH0539-VH0541).
- 17. Since the applications were filed, VIRGINIA HIGHLANDS and STOREY have had 95 meetings and hearings relative to this project (Exhibit "42", VH0584-VH0587). As such, the project has had the benefit of full disclosure, discussion and analysis by STOREY whose Staff did not prepare any report recommending a denial of the Applications.
- 18. Shortly before June 13, 2007, STOREY retained Mark H. Gunderson, Ltd. as special legal counsel to STOREY relative to VIRGINIA HIGHLANDS' applications. On June 13, 2007, Mark H. Gunderson, Esq. instructed Storey County Staff not to meet with VIRGINIA HIGHLANDS or its planning consultants without the presence of STOREY's legal counsel (Exhibit "39", VH0551).
- 19. On July 2, 2007, VIRGINIA HIGHLANDS, at STOREY's request, provided a housing study for the project, together with its economic justification and benefits to STOREY (Exhibit "43", VH0589-VH0626).6
- 20. On July 11, 2007, a third Town Hall meeting was held concerning the Cordevista Project (Exhibit "45", Transcript, VH0630-VH0656) whereat VIRGINIA HIGHLANDS endeavored to answer questions concerning the project.
- 21. On July 12, 2007, as a result of the Town Hall meeting and pursuant to the request of STOREY, VIRGINIA HIGHLANDS provided planning staff with an explanation of the phasing of the project (Exhibit "46", VH0657).

<sup>&</sup>lt;sup>6</sup> Reno, Sparks and Washoe County councilmembers and commissioners also sent letters of justification and support for the project to STOREY (Exhibit "44", VH0627-VH0629).

- 22. On July 13, 2007, counsel for VIRGINIA HIGHLANDS, Stephen C. Mollath, Esq., delivered to STOREY a letter setting forth the legal and planning reasons why the zone change from Special Industrial (IS) to Mixed Use (Planned Unit Development) was consistent with the Storey County Master Plan (Exhibit "47", VH0658-VH0662). As a result of such consistency, a Master Plan amendment (2007-049) is not required. The letter requested that the Master Plan amendment application be deemed unnecessary.
- 23. On July 16, 2007, VIRGINIA HIGHLANDS delivered to STOREY a list of its development commitments (Exhibit "49", VH0667-VH0668).
- 24. On July 16, 2007, Storey County Staff submitted its Cordevista Impact Staff Report (Exhibit "124", VH1054-VH1071, duplicate of Exhibit "110"). VIRGINIA HIGHLANDS agrees with the contents and recommended actions of the report. The report, at Page 7, VH1060, recommended:
  - a) Establish, recruit and hire Planning Staff positions to process the Cordevista Project that would be processed subsequent to any zone change, and
  - b) Provide phasing and triggers for the project.

The Staff report adopted the analysis of the current Special Industrial (IS) vs. proposed Mixed Use (Planned Unit Development) zoning at Attachment #1 (VH1062) and Cordevista Impacts, Attachment #2 (VH1063). Also see, Justification Statement (Exhibit "6", VH0058 and VH0061 attached hereto and marked Exhibit "D". There were no Staff recommendations of denial or objections to the project.

25. From the inception of the Cordevista Project, Storey County Commissioner Greg J. "Bum" Hess has had a pecuniary and managerial interest in the Painted Rock Project, a competitor to Cordevista (Exhibits "122", VH1051-VH1052; Exhibit "48", VH0663-VH0666; Exhibit "130", VH1114; Exhibit "133", VH1117-VH1170).

26. None of the engineering and planning studies and reports submitted to STOREY by VIRGINIA HIGHLANDS in support of the project, referred to in Paragraphs 2, 9, 10, 11, 14, 16, 19, 21 and 23 above were controverted by any evidence, Storey County Planning Staff or credible testimony at any public hearing.

- 27. On July 19, 2007, the Applications came before the Storey County Planning Commission, together with the record of the application (Exhibits "1" through "133"). VIRGINIA HIGHLANDS' planning consultants were present to respond to any questions concerning their reports and findings (Exhibit "41", VH0556-VH0583). At said hearing, the Planning Commission voted as follows:
- A. Denied VIRGINIA HIGHLANDS' request that the Application for Master Plan amendment (2007-049) was not necessary because the Mixed Use zoning was inconsistent with the Master Plan (Transcript, Pages 22-26, VH1089-VH1090).
- B. Denied VIRGINIA HIGHLANDS' request for a Master Plan amendment to provide for a Mixed Use (Planned Unit Development), rather than Special Industrial.
- C. Denied VIRGINIA HIGHLANDS' request for a zone change from Special Industrial to Mixed Use (Planned Unit Development).

The basis for the denial as stated by Commissioner Prater was that the application of VIRGINIA HIGHLANDS' 8,600 acres was "spot zoning" (Transcript, Page 110, VH1111).

28. On August 20, 2007, the denial recommendation of the Planning Commission came before the Storey County Commission. At said hearing, VIRGINIA HIGHLANDS presented the testimony of Greg Haws, a Professional Land Planner from The Planning Group who testified that the application for a zone change from Special Industrial (IS) to Mixed Use (PUD) was consistent with the Master Plan and the zone change from Special Industrial (IS) to

 Mixed Use (PUD) was a down zone and appropriate under all sound and recognized planning principles.<sup>7</sup> The Storey County Commission thereafter upheld the denial recommendation of the Planning Commission on an irrelevant and unintelligible basis not supported by any substantial evidence stating as follows:

"So on that, I move to uphold the planning commissions recommendation denying the application of the master plan amendment, because the proposed amendment is not in substantial compliance with the policies and goals and objectives of the master plan.

We are just talking of the master plan. And if we need more to look at, you know, I have to look at land uses, you look at, with zoning – land uses which is inconsistent or incompatible with adjacent land uses. Transportation is amendment would not create an immediate need for access – would create an immediate need for access roads, or government services which would adversely – would adversely affect the county's ability to meet those needs.

The conservation of natural resources. This amendment would jeopardize ensuring that present and future county residents have adequate water supply meeting safe drinking standards. This amendment would not protect the present or future water resources, which I'm well aware of what's going on in the Highlands, and I'm well aware of what's gone through the River District, that we're lucky to have what we have there. And I'm a little concerned, too, also hearing the latest actions from Washoe County, the water graph right now, I don't know how the Washoe County commission is keeping water to their district."

(Exhibit "134", Transcript, Commission hearing, August 21, 2007, Pages 58-59)

## CLAIM FOR RELIEF (Petition for Judicial Review and Declaratory Relief)

- 29. VIRGINIA HIGHLANDS repeats and realleges each and every allegation set forth in Paragraphs 1 through 28 as if set forth herein in full.
- 30. STOREY's denials of VIRGINIA HIGHLANDS' Applications were clearly erroneous and were not supported by substantial evidence in the record. Further, the denials

<sup>&</sup>lt;sup>7</sup> Dean Haymore, the Storey County Master Plan Administrator, agreed that the existing Special Industrial (IS) zoning is "nasty zoning" which needs to be addressed because Staff is concerned about it (Exhibit "134", Transcript, Commission hearing, August 21, 2007, Page 2, Lines 6-22).

of the Applications, to include a determination that a master plan amendment application was required, was arbitrary, capricious and characterized by an abuse of discretion.

- 31. STOREY's findings are arbitrary and capricious and constitute an abuse of discretion because they directly contradict evidence contained in the record.
- 32. STOREY's findings are erroneous as a matter of law and further constitute an abuse of discretion.
- 33. The actions taken by STOREY, upon facts and evidence presented, are unlawful, unreasonable and in violation of the provisions of NRS Chapter 278 and Storey County Master Plan and Code. Said decision was arbitrary, capricious and was not supported by substantial evidence in that the proposed project zoning is consistent with the Storey County Master Plan, zoning and all planning policies, regulations and required findings under the Storey County Master Plan and Code.
- 34. The actions taken by STOREY are in violation of VIRGINIA HIGHLANDS' due process and equal rights protections under the Nevada and United States Constitutions, and constitutes a taking. STOREY ignored the evidence before it, and made findings contrary to law.
- 35. VIRGINIA HIGHLANDS has performed all of its obligations relative to said application, has no other adequate remedy at law, and will sustain irreparable injury and pecuniary loss unless such denial is appropriately reviewed and reversed.

## **PRAYER FOR RELIEF**

WHEREFORE, VIRGINIA HIGHLANDS prays the Court:

- 1. That the actions of STOREY be reviewed pursuant to the provisions of NRS 278.0233, that the issues thereof be adjudicated, and that STOREY be ordered to approve the Applications (Application Nos. 2007-049 and 2007-050).
- 2. The rights and obligations of the parties be adjudicated pursuant to NRS Chapter 30.010, to include a determination that the Zoning Application was consistent with the Storey County Master Plan and that a master plan amendment application (2007-049) was not required to be filed and processed.
  - For costs of suit and attorney's fees herein incurred pursuant NRS 278.0237.
  - 4. For such relief as the Court deems just and proper.
- 5. For damages in excess of \$10,000.00, pursuant to the provisions of NRS 278.0233.

DATED this 10pt day of September, 2007.

KUMMER KAEMPFER BONNER RENSHAW & FERRARIO

PREZANT & MOLLATH

Mark Amodei, Esq.

Attorneys for Petitioner

Stephen C. Mollath, Esq.

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STATE OF NEVADA ) ss.
COUNTY OF WASHOE )

G. BLAKE SMITH, being duly sworn, deposes and says:

That he is a representative of VIRGINIA HIGHLANDS, LLC, the Petitioner herein; that he has read the foregoing **PETITION FOR JUDICIAL REVIEW PURSUANT TO NRS 278.0233**, **DECLARATORY RELIEF AND DAMAGES** and knows the contents thereof, and that the same is true of his own knowledge, except as to the matters therein stated to be alleged upon information and belief, and as to those matters, he believes it to be true.

G. BLAKE SMITH

SUBSCRIBED AND SWORN to before me,

this <u>10</u> day of September, 2007.

W Notary Appointr No: 05-94

WINNEFRED WELCH
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 05-94523-2 - Expires February 2, 2009

NOTARY RUBLIC