

The Purchase and Sale Agreement between the Jarrard Trust and the City allows Mr. Jarrard to continue ranching and grazing operations on the property provided it does not interfere with or materially impair use of the Mexican Ditch trail, observation of wildlife, and access to wetlands for studies and environmental assessments.

In June 2019, representatives from Tahoe Hemp, LLC entered the property and began clearing brush in preparation of seeding hemp. Tahoe Hemp did not notify Carson City or seek permission prior to clearing. The District Attorney's Office sent a cease and desist email to legal counsel for Tahoe Hemp and requested a meeting to discuss the proposed cultivation.

On June 25, 2019, staff met with representatives from Tahoe Hemp on-site to discuss the project and review the area where planting was proposed. Staff informed Tahoe Hemp that more research was necessary to determine the viability of hemp production on City property.

On November 15, 2019, the District Attorney's Office sent a letter to legal counsel for Tahoe Hemp outlining the City's concerns and interpretation of the Purchase and Sale Agreement as it related to the production of hemp. The letter indicated that the City could not approve the proposed project because it would jeopardize the grant funding. In response to this correspondence, a representative from Tahoe Hemp, Leslie Goeres, sent an email indicating that Tahoe Hemp planned to enter City property and proceed with site preparation for planting hemp for commercial cultivation without authorization and over the City's express objection. On November 21, 2019, a cease and desist letter was sent to counsel for Jarrard Trust and Tahoe Hemp via email and certified mail.

On December 20, 2019, legal counsel for Tahoe Hemp sent a letter disagreeing with the City's position and requesting that the City sign off on the hemp permit application. Tahoe Hemp has also asserted that it has a valid lease or other agreement with Jarrard Trust pursuant to which Tahoe Hemp has been granted permission by Jarrard Trust to cultivate agricultural hemp at the site location in question.

On January 15, 2020, Tahoe Hemp filed a Complaint for Breach of Contract, Inverse Condemnation and Writ of Mandamus in the First Judicial District Court naming Carson City as a defendant. On March 9, 2020, Carson City filed its Motion to Dismiss or in the alternative Motion for Summary Judgment seeking dismissal of the complaint on various grounds. Following briefing by the parties, the Court entered an Order Granting in Part and Denying in Part the Motion to Dismiss. The Court ordered Tahoe Hemp to join the State of Nevada Lands Division and James Jarrard as indispensable parties.

On June 1, 2020, Tahoe Hemp filed and served a First Amended Complaint pursuant to the Court's order. The District Attorney is seeking authorization to file counterclaims against the plaintiffs in order to protect the City's interest in the property.

Applicable Statute, Code, Policy, Rule or Regulation

N/A

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Contingency 1010200-501000

Is it currently budgeted? No

Explanation of Fiscal Impact: Carson City may be required to repay the amount of the Grant (\$2,788,430) and convey ownership of the land to the State of Nevada if hemp cultivation proceeds and it is determined that such activity violates the terms of the Grant.

Alternatives

Do not authorize the District Attorney's Office to file counterclaims or provide alternative direction.

Attachments:

[2020.06.01 First Amended Complaint.pdf](#)

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

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10 IN THE FIRST JUDICIAL DISTRICT COURT OF
11 THE STATE OF NEVADA IN AND FOR
CARSON CITY

12 Tahoe Hemp LLC; and James Jarrard as
13 Trustee of the Jimmie Pete Jarrard Children's
Trust,

14 Plaintiff,

15 and Nevada Division of State Lands,

16 Involuntary Plaintiff,

17 vs.

18 Carson City Nevada, a Political
19 Subdivision of the State of Nevada;
Defendant DOES 1-10

20 Defendant.

Case No. 20 OC 00010 1B
Dept. No. 2

Exempt from Arbitration

FIRST AMENDED COMPLAINT

21
22 Comes now, Tahoe Hemp, LLC and James Jarrard as Trustee of the Jimmie Pete Jarrard
23 Children's Trust (collectively, "Plaintiffs"), by and through their attorneys Kaempfer Crowell,
24 and submit their First Amended Complaint pursuant to this Court's April 17, 2020 Order

KAEMPFER CROWELL
50 West Liberty Street, Suite 700
Reno, Nevada 89501

1 requiring the joinder of James Jarrard as Trustee of the Jimmie Pete Jarrard Children's Trust and
2 Nevada Division of State as a required parties, and file the following complaint:

3 **Parties**

4 1. Plaintiff Tahoe Hemp LLC ("Tahoe Hemp") is a Nevada Limited Liability
5 Company that has operations in Carson City, Nevada.

6 2. Plaintiff James Jarrard is the Trustee of the Jimmie Pete Jarrard Children's Trust
7 and the Kae Jarrard Trust which entered into a Purchase and Sales Agreement with Defendant
8 Carson City, Nevada.

9 3. Involuntary Plaintiff Nevada Division of State Lands is a division of Nevada's
10 Department of Conservation and Natural Resources and a required party to this action pursuant
11 to this Court's April 17, 2020 Amended Order Granting In Part and Denying In Part Carson
12 City's Motion to Dismiss, or In the Alternative, for Summary Judgment and is being added as an
13 Involuntary Plaintiff pursuant to Nev. R. Civ. P. 19(a)(2).

14 4. Defendant Carson City, Nevada is a political subdivision of the State of Nevada.

15 5. The true names and capacities, whether individual, corporate, associate or
16 otherwise, of the Defendant Does 1-10, inclusive, are unknown to plaintiff who therefore sues
17 said defendants by such fictitious names. Upon information and belief, each of the defendants
18 sued as DOE has some responsibility for the damages to plaintiff as a result of the matters
19 alleged below and plaintiff will seek leave of the court to amend this complaint to show their true
20 names or capacities upon ascertaining the same.

21 **Jurisdiction**

22 6. Jurisdiction is proper in this Court in that the underlying activities in this case
23 occurred in Carson City, Nevada and under NRS 13.030 suits against political subdivisions are
24 properly brought in the District Court located in the same county.

General Allegations

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2 7. On or about April 20, 2010, the Jimmie Pete Jarrard Children's Trust ("Jarrard
3 Trust") and the Kae Jarrard Trust entered into a Purchase and Sale Agreement ("PSA"), with
4 Carson City, Nevada whereby Carson City purchased two separate tracts of land in Carson City
5 consisting of 369.78 acres designated as APN 010-071-26 and 010-021-47.

6 8. On or about April 2019, the Kae Jarrard Trust was dissolved and its assets were
7 transferred to the Jarrard Trust.

8 9. Carson City purchased the property for open space and other purposes as set forth
9 in the Carson City Municipal Code Chapter 13.06.

10 10. On or about May 17, 2010, a month after entering into the PSA, Carson City
11 entered into a Nonrevocable Agreement to Restrict Property with Nevada Division of State
12 Lands.

13 11. The Nonrevocable Agreement requires Carson City to utilize the property "only
14 for open space purposes that are consistent with the objectives for which the Property is acquired
15 and the local jurisdictions' adopted open space plan."

16 12. Carson City was required to enter into the Nonrevocable Agreement after it used
17 grant money issued by the Nevada Division State Lands pursuant to a Conservation and
18 Resource Grant, to fund seventy five percent of the purchase price of the property under the
19 PSA.

20 13. By the express terms of the PSA the "Seller retained the right to the use of the
21 property for grazing livestock, ranching or other agricultural purposes", on certain terms and
22 conditions including Seller or its designee(s) having the right to irrigate the property and
23 maintain the irrigations works already in place. Seller also retained all water rights that were
24 attendant to the subject property.

1 14. Under the PSA, Seller agreed that it or its designee would not engage in any
2 activity which would interfere generally with the intended use of the property for hiking,
3 observing wildlife and the use of the walking path along the Carson River.

4 15. On or about June 6, 2019, Tahoe Hemp entered into a Lease Agreement with the
5 Jarrard Trust whereby it would lease the rights retained by the Jarrard Trust to engage in
6 agricultural activities on approximately 98.2 acres of the subject property, specifically to grow
7 hemp plants.

8 16. The portion of the subject property where the hemp would be cultivated would
9 not interfere with Carson City's intended use for hiking or observing wildlife.

10 17. On or about June 6, 2019, Tahoe Hemp also filed a Hemp Growers Application
11 with the Nevada Department of Agriculture. As part of that application process the Department
12 of Agriculture required a notarized statement from the landowner authorizing cultivation of
13 industrial hemp on the property. Plaintiff Tahoe Hemp submitted a notarized authorization from
14 the Jarrard Trust explaining that even though it had sold the property it retained the rights for
15 agricultural use of the subject property.

16 18. On or about June 24, 2018, the Agricultural Department notified Plaintiff Tahoe
17 Hemp that it needed the authorization from Carson City and revoked the previous certificate
18 which was issued on June 21, 2019.

19 19. Plaintiff Tahoe Hemp thereafter requested the Notarized Authorization from
20 Carson City to submit to the Department of Agriculture.

21 20. After several months of meetings between Plaintiffs and representatives from
22 Carson City, in a letter dated November 15, Carson City refused to provide the necessary
23 Notarized Authorization needed by the Department of Agriculture in order for Plaintiff Tahoe
24 Hemp to obtain its Hemp Growers Permit.

1 21. The reasons given by Carson City for refusal to provide the Notarized
2 Authorization were primarily that the growing of hemp on the property was inconsistent with,
3 and directly interfered with the City's planned use of the property as open space for the public to
4 use.

5 22. Carson City also claimed that since the purchase of the subject property was
6 accomplished pursuant to the Conservation and Resource Grant from Nevada, which funded
7 seventy five percent of the purchase price, under the terms of the Non-Revocable Agreement to
8 Restrict Property Use which accompanied the Resource and Conservation Grant, Carson City
9 claims it was under "the impression that the state would seek to enforce the agreement if Carson
10 City proceeded with allowing hemp production on the property as hemp farming was not
11 expressly outlined in the City's grant application and was not the intended use of the land."

12 23. Carson City claimed that it met with the State Lands Manager, and "left with the
13 impression that the State would seek to" require Carson City to divest itself of the property and
14 pay back the grant funds were Carson City to allow hemp production on the property.

15 24. Carson City thereafter, on November 21, 2019, sent a cease and desist letter to
16 Plaintiff Tahoe Hemp ordering it to cease all site preparation for growing of hemp on the
17 property.

18 25. On January 14, 2020, Carson City further affirmed its position that it could not
19 allow Hemp Production of the Property because doing so would "place the property in violation
20 of the grand [sic] funding used to purchase the property."

21 26. Carson City indicated that it would reconsider its position if Tahoe Hemp could
22 secure "an alternative interpretation from State Lands."

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KAMPFER CROWELL
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1 **FIRST CAUSE OF ACTION**
2 **BREACH OF CONTRACT**
3 **(On behalf of Tahoe Hemp)**

4 27. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
5 through 26 inclusive.

6 28. As the Designee of the contractual right of the Jarrard Trust under the PSA to
7 engage in agricultural activities on the property, Tahoe Hemp is the designee of the Jarrard Trust
8 and is a third party beneficiary of the PSA between the Jarrard Trust and Carson City.

9 29. Carson City's refusal to submit the Notarized Authorization to the Agricultural
10 Department is a breach of the PSA.

11 30. Carson City's breach of the PSA is the proximate cause of Tahoe Hemp's
12 inability to grow, harvest and sell its hemp crop which has caused it damages in an amount in
13 excess of \$10,000,000, for 2019, and it will incur additional damages for subsequent years if
14 Carson City does not submit the Notarized Authorization to the Department of Agriculture.

15 **SECOND CAUSE OF ACTION**
16 **BREACH OF CONTRACT**
17 **(On behalf of Jarrard Trust)**

18 31. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
19 through 30 inclusive.

20 32. Under the PSA, the Jarrard Trust reserved the right to have it or its designee
21 engage in agriculture on the subject property which it did by entering into a lease with Tahoe
22 Hemp.

23 33. Under the terms of the lease between Tahoe Hemp and the Jarrard Trust, Tahoe
24 Hemp was to pay the Jarrard Trust \$40,000 a year to lease the property for agricultural purposes.
However, lease payments were conditioned on Tahoe Hemp being able to grow and sell its hemp
crop.

1 property for agricultural uses. Cultivation of hemp is a legal activity that is clearly agriculture
2 and there was no restriction in the PSA as to any particular type of crops.

3 42. Carson City's refusal to send a Notarized Authorization to the Department of
4 Agriculture and its cease and desist letter clearly state it has taken the actions on behalf of the
5 public interest in having the property used for the public enjoyment, as such Carson City has
6 caused a taking of a private property right without any formal proceeding and without having
7 paid Plaintiffs just compensation resulting in an inverse condemnation which entitles Plaintiffs to
8 damages according to proof.

9 **FIFTH CAUSE OF ACTION**
10 **ATTORNEY FEES**

11 43. Plaintiffs repeat and reallege each and every allegation contained in paragraphs 1
12 through 42 inclusive.

13 44. Plaintiffs have been required to retain the services of Kaempfer Crowell to bring
14 this action. Pursuant to NRS 37.185 and under the PSA between The Jarrard Trust and Carson
15 City, the Jarrard Trust and Tahoe Hemp, as the Designee of the contractual right of the Jarrard
16 Trust under the PSA, are therefore entitled to reasonable attorney's fees and costs incurred
17 herein.

18 **PRAYER**

- 19 1. For damages for Plaintiffs in excess of \$15,000.00, in an amount to be proven at
20 Trial.
21 2. For attorney's fees and costs under NRS 37.185 and under the PSA between The
22 Jarrard Trust and Carson City.
23 3. For such other relief as the Court deems proper under the circumstances.

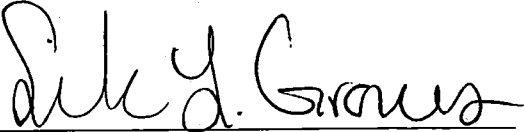
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AFFIRMATION

Pursuant to NRS 239B.030, the undersigned hereby affirms this document does not contain the personal information or social security number of any person.

DATED June 1, 2020.

KAEMPFER CROWELL

By: 

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Attorneys for Plaintiff

1 CERTIFICATE OF SERVICE

2 Pursuant to NRCP 5(b), I certify that I am employed by the law firm of Kaempfer Crowell,
3 and that on this 1st day of June, 2020, I deposited for mailing in Reno, Nevada, a true and correct
4 copy of the foregoing document **FIRST AMENDED COMPLAINT** addressed to the following:

5 Jason D. Woodbury, District Attorney
6 J. Daniel Yu, Assistant District Attorney
7 Benjamin R. Johnson, Deputy District Attorney
8 855 E. Musser Street, Suite 2030
9 Carson City, Nevada 89701
10 *Attorneys for Defendant Carson City*

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An employee of Kaempfer Crowell