

April 18, 2011

C. Burt Newell
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**Re: *King's Ranch of Jonseboro, Inc. v. City of Jonesboro,*
*District Court for Eastern District of Arkansas, Case No. 3:10CV00096-JLH***

Dear Burt:

The purpose of this letter is to update King's Ranch's settlement proposal in a manner that disposes of all remaining federal claims against the City of Jonesboro including those currently before the U.S. Federal District Court for the Eastern District of Arkansas.

The damages suffered and fees incurred by King's Ranch in the state case, when added to those in the federal case, are quite substantial. From the time King's Ranch was denied a permit to use the property as a family, or in the alternative, a group home for eight children, it has seen a decrease in donations of a minimum of \$27,920.00 each year. In 2007, King's Ranch received donations totaling \$87,000.00. In the years to follow, the donations to King's Ranch significantly decreased as a result of the city's decision which crippled its ministry to numerous children over the last three years. The total yearly donations from 2008 to 2010 were as follows:

2008: \$59,080.00
2009: \$39,000.00
2010: \$49,858.00

The operating costs to run the home for two (2) children as opposed to eight (8) children will remain relatively the same since the majority of the operating costs consist of the mortgage payment on the home, utilities, and salary paid to the organization's case manager and two houseparent's.¹ In the event King's Ranch succeeds on motion for summary judgment, or at trial, it will certainly seek all damages suffered. It has been our experience that testimony by an experienced accountant or financial analyst is sufficient to support a finding of damages for a

¹ King's Ranch will only employ one case manager and two houseparent's regardless of the number of children it houses.

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nonprofit organization's loss of profit through its yearly donations. *See Teen Challenge Int'l Nashville Headquarters v. Metropolitan Government of Nashville and Davidson County, Case No. 3:07-0668 (M.D. Tenn. 2008)* (awarding nonprofit organization over \$950,000 in damages which included amount for loss of donations in the years its ministry was hindered as a result of the government's violation of the Fair Housing Act and Americans With Disabilities Act).

In addition, King's Ranch has incurred over \$81,140.00 in attorneys' fees, approximately \$55,000 for representation in the state case which is now before the Arkansas Court of Appeals, and \$26,140 for fees and costs in the federal case.

In the interest of resolving the lawsuit, King's Ranch is willing to forego a portion of the damages or attorney fees it would be entitled to if we proceeded with one or more of the pending lawsuits. Toward that end, King's Ranch is willing to dismiss with prejudice all federal claims against the City of Jonesboro in return for an agreement from the City of Jonesboro's to allow King's Ranch to use the property to live as a family or group home (however, the City would like to classify the proposed use) to house eight (8) children, and for payment in the amount of \$75,000 to cover a portion of the fees and costs incurred by King's Ranch. As I am sure you are aware, if we proceed with one or more of the lawsuits pending against the city, attorneys fees will continue to accrue, as will the damages suffered by King's Ranch together with prejudgment interest.

King's Ranch also agrees that, upon entry of this settlement agreement, that there will be no need to continue with the pending state lawsuit against the City of Jonesboro. Thus, King's Ranch agrees not to pursue any remaining pending claims against the City.

I look forward to hearing from you regarding the City of Jonesboro's consideration of these terms.

Very Truly,

Abigail A. Southerland

AAS/ty

cc: Larry L. Crain
Wes Southerland
James Grambling
Eddie and Lee Cooper