

## **SETTLEMENT AGREEMENT**

WHEREAS, the Village of Kiryas Joel (the “Village”), the Village Board of the Village (the “Village Board”) (hereafter collectively with the Village, “the Village” and/or “Kiryas Joel”), Preserve Hudson Valley (“PHV”), and United Monroe (“United Monroe,” hereinafter collectively with PHV, “PHV/United Monroe” hereinafter collectively with Kiryas Joel, the “Parties”) desire to enter into this Settlement Agreement pursuant to the terms and conditions set forth below; and

WHEREAS, the Parties concur that it is in the overall public interest to promote a long-term settlement and enter into this Settlement Agreement for the purpose of reaching accord, peaceful coexistence and resolving the litigation between PHV and the Village pertaining to the proposed annexation of territory in the Town of Monroe by Kiryas Joel, and avoiding future litigation among them and improving relations in their communities; and

WHEREAS, the Parties agree that this Settlement Agreement provides significant benefits to all Parties and the public, including the increased potential for creation of a new Town separate from the Town of Monroe and coterminous with Kiryas Joel; and

WHEREAS, the Parties have negotiated in good faith and have had full opportunity to complete their own due diligence and each confirms that it is authorized to execute and perform their identified obligations under this Settlement Agreement.

NOW, THEREFORE, in consideration of the terms and conditions of this Settlement Agreement, the sufficiency of which the Parties acknowledge, the Parties agree, as follows:

1. The Recitals set forth above are incorporated herein and binding as if fully stated hereunder.

2. On July 10, 2017, Kiryas Joel, through the agents for the petitioners of the Petition for Division of the Town of Monroe, submitted to the Clerk of the Orange County Legislature a revised common boundary description and boundary map in the Petition for Division of the Town of Monroe that adjusts the area of the proposed new town (“Town”), from 382 acres outside of the Village of Kiryas Joel as it existed prior to the 164-acre annexation to 56 acres as the Village currently exists following the approval of the 164-acre annexation, which common boundary description and map superseded and replaced for all purposes the previous common boundary description and boundary map as the official Exhibits A and B, respectively, in the Petition for Division of the Town of Monroe presently before the County Legislature, copies of which are attached hereto as Exhibits “A” and “B”. The prior Exhibits A and B to the Petition for Division of the Town of Monroe were withdrawn and no longer define the boundary of the Town. Hereafter, solely for reference purposes in this Settlement Agreement, the term “Petition for Division of the Town of Monroe” will be referred to as and intended to reference the “56-acre Petition.”

3. The Parties concur that the Orange County Legislature will complete a review of the 56-acre Petition under the State Environmental Quality Review Act (“SEQRA”) prior to the Orange County Legislature’s vote on the Petition. Kiryas Joel shall submit Part 1 of a full Environmental Assessment Form to the Orange County Legislature on behalf of the petitioners for the Town. Notwithstanding this submission, Kiryas Joel contends that the 56-acre Petition is not an “action” subject to SEQRA and, therefore, reserves all rights related to this contention.

4. The Parties agree that adjustment of the district boundary of the Monroe-Woodbury Central School District (“MWCS”) and the Kiryas Joel Union Free School District (“KJUFSD”) to make the boundary of the KJUFSD coterminous with the proposed boundary of the Town pursuant to the 56-acre Petition is a material term of this Settlement Agreement. Simultaneous

with the filing of the revised common boundary description and boundary map, the Parties shall immediately commence engaging with the MWCS D and the KJUFSD with the objective, insofar as is legally possible, of obtaining the consent of each, the Boards of Cooperative Educational Services (“BOCES”), and any and all other agencies, entities, or parties necessary, to take all actions necessary, no later than September 6, 2017, to adjust the boundaries of both school districts as of the Effective Date. In the event that, by September 7, 2017, the MWCS D, the KJUFSD, and the BOCES have not taken all actions and given or obtained all consents necessary to adjust the boundaries of the KJUFSD and the MWCS D in order to make the boundary of the KJUFSD consistent upon the Effective Date (as that term is defined herein) with the proposed boundary of the Town, this Settlement Agreement shall immediately terminate, and the Parties shall have no further rights, obligations, or claims hereunder, at law or at equity, unless the Parties agree in writing to extend or modify this Settlement Agreement.

5. To the extent legally possible, Kiryas Joel, PHV, and United Monroe shall each make reasonable efforts to actively support and encourage Orange County Legislators and residents of Monroe, in their respective 2017 votes, to approve the 56-acre Petition. Such efforts shall include:

- a. United Monroe, PHV, and Kiryas Joel will each, among other things:
  - i. upon the signing of this Settlement Agreement issue a press release expressing support for the formation of the Town pursuant to the 56-acre Petition;
  - ii. actively support, in all reasonable aspects, the 56-acre Petition before the Orange County Legislature;
  - iii. submit formal letters of support for the 56-acre Petition to the Orange County Legislature;

iv. certain of their leaders and members/residents shall personally appear in public support of the formation of the Town pursuant to the 56-acre Petition at scheduled Public Hearings before the Orange County Legislature and such other Legislative meetings as the Parties deem reasonably necessary; and

v. submit formal letters or emails to Orange County and State representatives of the area encompassing the Town, seeking to enlist their support for the 56-acre Petition.

b. The agents for the petitioners of the 56-acre Petition shall use methods typically used in elections for endorsed candidates including, for example, distributing sample ballots with a positive vote on the 56-acre Petition and promoting said Petition in local Yiddish-speaking newspapers regularly distributed in Kiryas Joel; and

c. United Monroe and PHV shall each send an email blast to their respective distribution list of supporters and request media interviews in support of the 56-acre Petition and post official support for the 56-acre Petition on each of their respective websites.

6. Kiryas Joel shall upon the execution of this Settlement Agreement identify, and prior to September 6, 2017 obtain the consent of all other persons, agencies, and authorities whose permission or actions are required to perform its obligations under this Settlement Agreement.

7. Kiryas Joel has proposed that the name of the Town be “Town of Palm Tree” and PHV/United Monroe has given its consent to this name. The Parties agree and understand that the Orange County Board of Legislators shall, pursuant to Section 73(4) of New York State Town Law, ultimately determine the name of the Town proposed by the 56-acre Petition.

8. Subject to all Parties performing their respective obligations under this Settlement Agreement, PHV/United Monroe shall support any boundary changes by the Village that will

make it coterminous with the Town, pursuant to and wholly consistent with the boundaries set forth in the 56-acre Petition, including by annexation, consolidation of governance of the Village and Town, or Home Rule request.

9. Kiryas Joel shall take any and all actions necessary to ensure that it and the Town comply with the letter and the spirit of this Settlement Agreement, promote the implementation of this Settlement Agreement, and otherwise performs their obligations under this Settlement Agreement.

10. The Parties agree that, from the full execution of this Settlement Agreement until (i) the date the Town first comes into existence for purposes of the exercise of governmental functions pursuant to Article 5 of the New York State Town Law (“Effective Date”), or (ii) the date upon which the 56-acre Petition is rejected by either the Orange County Legislature or the electors of Monroe, whichever of the aforementioned events occurs first (the “Gap Period”), Kiryas Joel shall not encourage, approve, authorize, sponsor or do anything (directly or indirectly) to facilitate any annexation of territory from the Town of Monroe (“Monroe”) to Kiryas Joel and/or the Town other than as may be necessary to make the Village of Kiryas Joel and the Town coterminous, consistent with the boundaries set forth in the 56-acre Petition, it being specifically understood and agreed that nothing in this Paragraph shall in any way detract from or diminish Kiryas Joel’s and/or the Town’s respective obligations under Paragraph 11(i) of this Settlement Agreement;

11. Upon the affirmative vote on November 7, 2017 of a majority of qualified electors of Monroe, on a proposition pursuant to and wholly consistent with the 56-acre Petition, and if all consents have been granted irrevocably and all actions taken to perform the alteration of the boundary of the KJUFSD as set forth in Paragraph 4 of this Settlement Agreement, PHV and the

Village shall execute the Stipulation of Settlement, a copy of which is annexed hereto as Exhibit “C”, on November 8, 2017 and immediately thereafter jointly present and request that Supreme Court, Orange County, Environmental Claims Part, at its earliest convenience, “So-Order” the Stipulation of Settlement, which shall include the following terms (the “So-Ordered Stipulation”):

a. The So-Ordered Stipulation shall specify that it is binding upon Kiryas Joel and the Town, and all their respective successors and assigns;

b. The Proceeding No. 2 Petitioners in *Preserve Hudson Valley, et al. v. Town Board of the Town of Monroe, et al.*, Index No. 2015-8118, shall (i) move to discontinue, with prejudice, and shall no longer support, fund or promote, all remaining legal challenges to the 164-acre annexation in any court of this State, including, but not limited to, Supreme Court, Orange County and the Appellate Division, Second Department, and; (ii) move to discontinue, without prejudice, all remaining challenges to the 507-acre annexation in Supreme Court, Orange County, subject to the reinstatement of such challenges to the 507-acre Petition in the sole event that the Appellate Division, Second Department does not grant Kiryas Joel’s motion to discontinue its pending challenge before the Appellate Division, Second Department of the Town of Monroe’s denial of the 507-acre annexation petition (*Board of Trustees of Village of Kiryas v. Town Board of Town of Monroe*, Docket No. 2015-9553);

c. Kiryas Joel shall move to discontinue, with prejudice, and shall no longer support, fund or promote, its pending challenge before the Appellate Division, Second Department of the Town of Monroe’s denial of the 507-acre annexation petition (*Board of Trustees of Village of Kiryas v. Town Board of Town of Monroe*, Docket No. 2015-9553). Kiryas Joel further agrees to exercise best efforts to obtain the discontinuance of all challenges to the denial of the 507-acre petition by the Town of Monroe;

d. PHV/United Monroe shall: (A) release and waive all claims to challenge the Orange County Legislature's SEQRA determination or the Orange County Legislature's vote to grant the 56-acre Petition; (B) release and waive all claims and not otherwise oppose the annexation by Kiryas Joel of the territory to be included in the Town created pursuant to the 56-acre Petition; and (C) release and waive any claims and not otherwise oppose the consolidation of the Town and Village;

e. PHV/United Monroe (including their present officers) shall not encourage, sponsor or do anything to facilitate (directly or indirectly) the annexation of any land, for which the property owner is not a signatory to the annexation petition, from the Town of Monroe to either the Town of Blooming Grove or Village of South Blooming Grove ("Blooming Grove") during the Gap Period and for a period of ten (10) years following the Effective Date of the Town (including withdrawing their support of and securing the withdrawal of no less than four signatories from the pending November 15, 2014 Petition for Annexation of Lands from the Town of Monroe to Blooming Grove referenced in *Commandeer Realty Associates, Inc. et al. v. John N. Allegro et al.*, Index No. 923-2015, Supreme Court, Orange County, by formal notice to Blooming Grove, the Town of Monroe and the Commissioner of the Orange County Board of Elections); and Kiryas Joel shall not encourage, sponsor or do anything to facilitate (directly or indirectly) the annexation of any land from Blooming Grove to either Kiryas Joel or the Town during the Gap Period and for a period of ten (10) years following the Effective Date of the Town;

f. PHV/United Monroe shall not oppose fair, reasonable and lawful zoning or planning decisions for residential projects within the Town during the Gap Period and for a period of ten (10) years following the Effective Date of the Town; and Kiryas Joel and/or the Town shall not oppose fair, reasonable and lawful zoning or planning decisions for residential projects within

the Town of Monroe during the Gap Period and for a period of ten (10) years following the Effective Date of the Town;

g. As they have from inception, PHV/United Monroe support fair and reasonable zoning, appropriate quality of life services, responsible planning, protection of natural resources, and sustainable development in the Town of Monroe, for the benefit of all of its residents, including those living in the territory that was included in the 507-acre annexation petition and is not included in the Town;

h. PHV/United Monroe shall not challenge Kiryas Joel's continued use of lands owned by the Village in the Town of Monroe and currently used for municipal well water supply and recreation purposes for as long as it is used for these same purposes, in substantially the same manner and in compliance with all laws and regulations.

i. Kiryas Joel and the Town shall not encourage, sponsor or do anything (directly or indirectly) to facilitate any annexation of land from the Town of Monroe to Kiryas Joel and/or the Town other than as may be necessary to make the Village of Kiryas Joel and the Town coterminous, consistent with the boundaries set forth in the 56-acre Petition, for a period of ten (10) years following the Effective Date of the Town. Kiryas Joel and the Town shall adopt resolution(s), as soon as each has the legal capacity to do so, stating that, in recognition of this Settlement Agreement and the So-Ordered Stipulation, any annexation of land from the Town of Monroe beyond the boundaries set forth in the 56-acre Petition for Division of the Town of Monroe is not in the overall public interest for a period of ten (10) years following the Effective Date of the Town, which resolution(s) will remain part of the public record and be enforceable by the Parties hereto. Said resolution(s) shall state, inter alia, that: (i) it is in the overall public interest to promote a long-term settlement pursuant to this Settlement Agreement and the So-Ordered

Stipulation for the purpose of reaching accord, peaceful coexistence and ending the current litigation between PHV and the Village pertaining to the proposed annexation of territory in the Town of Monroe by Kiryas Joel, and avoiding future litigation between their communities, and; (ii) that settlement pursuant to the terms of this Settlement Agreement and the So-Ordered Stipulation provides significant immediate and long term public benefits and benefits to the Parties. Beyond the ten-year period noted herein, all future annexation of land from any municipality will only be to the coterminous Town/Village.

j. Kiryas Joel and the Town shall not, directly or indirectly, encourage, sponsor or in any way abet the formation of any new villages in the Town of Monroe during the Gap Period and for a period of ten (10) years following the Effective Date of the Town;

k. Kiryas Joel and the Town will continue to make the Village's water distribution system available to any residential and commercial properties in adjacent areas in Monroe on fair and reasonable terms and conditions, subject to recorded agreements substantially similar to the Village of Kiryas Joel Restrictive Covenant, Easement and Development Agreement, currently utilized;

l. Kiryas Joel and the Town shall immediately commence, and pursue to completion, all necessary efforts, including but not limited to annexation, consolidation or Home Rule request to make the Village and Town coterminous pursuant to and wholly consistent with the boundaries set forth in the 56-acre Petition, including the consolidation of governance of the Village and Town. The Village and Town shall remain coterminous for a period not less than ten (10) years from the Effective Date of the Town.

12. Notwithstanding anything herein to the contrary, the Parties agree that the terms and conditions outlined in the preceding Paragraph 10 and as set forth in the So-Ordered

Stipulation referenced therein and attached hereto as Exhibit “C” shall be binding upon PHV, the Village, and the Town regardless of whether the Court “So-Orders” said Stipulation or in any way modifies or amends it.

13. Should the Effective Date of the Town for purposes of the exercise of governmental functions pursuant to Article 5 of New York State Town Law be later than January 1, 2018, Kiryas Joel shall take all reasonable actions within its authority necessary to expedite the Effective Date to the earliest possible date, including, but not necessarily limited to, requesting a special election or a Home Rule request from the New York State Legislature to amend Article 5 of the New York State Town Law. PHV/United Monroe agree to cooperate in Kiryas Joel’s efforts to expedite the Effective Date. The Parties shall not take any action that would in any way promote or encourage a delay in the Effective Date.

14. Kiryas Joel shall defend (with counsel of its choosing subject to the reasonable approval of PHV/United Monroe) all claims, suits, and actions of every nature related to, arising out of or resulting from this Settlement Agreement and the compliance or attempted compliance with the provisions of this Settlement Agreement by each of the Parties or their agents, successors or assigns, provided, however, that the cost of any such defense shall be borne exclusively by Kiryas Joel. PHV, United Monroe, and the Village agree to assist in and cooperate in the defense of any such claim, suit or action arising out of this Settlement Agreement.

15. Kiryas Joel further agrees to defend (with counsel of its choosing subject to the reasonable approval of the majority of the Indemnitees (as that term is defined herein)), indemnify, and otherwise hold harmless in all respects PHV, United Monroe, and each member of their respective Board of Directors and/or Executive Committee at the time of the signing of this Settlement Agreement (the “Indemnitees”) from any and all claims, liabilities, judgments, sums,

and any and all costs of any kind, including reasonable, non-duplicative attorney's fees, in any way relating to or arising from this Settlement Agreement ("Claims"). It is understood and agreed to by the Parties that: (i) only a court of competent jurisdiction, and only after all appeals are finally concluded, may determine that the extent of Kiryas Joel's obligations hereunder as permitted by the law are less than full and total, and; (ii) Kiryas Joel shall vigorously defend any challenge to its ability to perform its obligations hereunder until any such final court determination is made. During the course of any litigation or other proceeding subject to this paragraph ("Proceedings"), Kiryas Joel shall keep the Indemnitees informed of the status of and all material developments in the Proceeding. Kiryas Joel shall not enter into a settlement of a Proceeding without a supermajority of the Indemnitees' consent to such settlement, which consent shall not be unreasonably withheld. The provisions of this paragraph 15 shall survive the termination of this Settlement Agreement and be binding on the Parties hereto until the expiration of the applicable statute of limitations.

16. The respective commitments of the Parties in this Settlement Agreement are in consideration of each other, thereby making this Settlement Agreement a legally binding contract enforceable by any aggrieved Party.

*[Signature Page to Follow]*

VILLAGE OF KIRYAS JOEL

By: \_\_\_\_\_

VILLAGE BOARD OF THE VILLAGE  
OF KIRYAS JOEL

By: \_\_\_\_\_

PRESERVE HUDSON VALLEY

By; \_\_\_\_\_

UNITED MONROE

By: \_\_\_\_\_