

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS (the “Agreement”) is made and entered into by and between Chabad Lubavitch of the Beaches, Inc. (“Chabad”); the Incorporated Village of Atlantic Beach (“Atlantic Beach” or “Village”), George Pappas, Edward Sullivan, Linda Baessler, Andrew Rubin, and Patricia Beaumont (collectively, with the exception of Atlantic Beach, the “Individual Trustee Defendants”); and the Board of Zoning Appeals of the Village of Atlantic Beach (“BZA”), George Cornish, Anthony Piscione, Nanci Freiman, Carl Baessler, Gary Spindler, Allan Jacobs, and Peter Savine (collectively, with the exception of the BZA, the “Individual BZA Defendants,” and collectively with the Individual Trustee Defendants, the “Individual Defendants”). Chabad, Atlantic Beach, the BZA, and the Individual Trustee Defendants are referred to herein collectively as the “Parties” and, where necessary, individually as a “Party.”

RECITALS

WHEREAS, on November 18, 2021, Chabad purchased 2025 Park Street, Atlantic Beach, NY (the “Property”) for use as a Chabad House; a Jewish center of outreach, education, gathering, and worship;

WHEREAS, on December 13, 2021, Atlantic Beach, by and through the Individual Trustee Defendants in their capacity as members of the Village Board of Trustees, voted to acquire the Property through eminent domain;

WHEREAS, on June 14, 2022, Atlantic Beach filed a petition for condemnation of the Property in *Village of Atlantic Beach v. Chabad Lubavitch of the Beaches, Inc.; & MA. Salazar, Inc.*, Index No. 607774/2022 in the Supreme Court for the County of Nassau (the “Supreme Court Matter”);

WHEREAS, on July 14, 2022, Chabad filed *Chabad Lubavitch of the Beaches, Inc. v. Incorporated Village of Atlantic Beach, et al.*, No. 2:22-cv-4141 (JS) (ARL), in the U.S. District Court for the Eastern District of New York, bringing claims under the U.S. Constitution and the Religious Land Use and Institutionalized Persons Act (the “EDNY Matter”);

WHEREAS, on September 6, 2022, U.S. District Judge Joanna Seybert entered a preliminary injunction in the EDNY Matter, enjoining Atlantic Beach and the Individual Trustee Defendants “from taking any further steps to take Chabad’s Property by eminent domain pending final resolution of Chabad’s Complaint”;

WHEREAS, on or about November 21, 2023, Chabad, Atlantic Beach, and the Individual Trustee Defendants executed a settlement conditioned on the issuance of certain zoning relief by the BZA (the “Prior Settlement Agreement”);

WHEREAS, on November 6, 2024, the BZA, by and through the Individual BZA Defendants, denied in substantial part Chabad’s application for zoning relief;

WHEREAS, on December 6, 2024, Chabad notified Atlantic Beach that it was terminating the Prior Settlement Agreement;

WHEREAS, on December 6, 2024, Chabad moved to amend its complaint in the EDNY matter to assert claims against the BZA and the Individual BZA Defendants under the U.S. Constitution, Religious Land Use and Institutionalized Persons Act, and Article 78 of the New York Civil Practice Law and Rules;

WHEREAS, on April 16, 2025, the court in the EDNY Matter granted Chabad's motion to amend its complaint and to add the BZA and the Individual BZA Defendants as defendants;

WHEREAS, Atlantic Beach, the BZA, and the Individual Defendants encourage inclusivity and welcome diversity in their community and wish to welcome Chabad to Atlantic Beach;

WHEREAS, Atlantic Beach, the BZA, and the Individual Defendants deny the Plaintiffs' allegations and deny all liability or wrongdoing,

WHEREAS, the Parties desire to avoid the risk, inconvenience, uncertainty, and expense of further litigation and have, therefore, agreed to settle all differences and disputes between them without the adjudication, admission, finding, holding, or determination on the merits of either Party's case; and

WHEREAS, the intent of the Parties is that Chabad not only retain title to the Property, but be able to make full and effective use of the Property;

THEREFORE, in consideration of the mutual promises, representations, covenants, and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

TERMS

1. Consent Decree

Within five business days of the date this Agreement has been signed by all Parties, Chabad, Atlantic Beach, the BZA, and the Individual Trustee Defendants shall sign and return to Chabad the Consent Decree attached hereto as Exhibit A. Atlantic Beach, the BZA, and the Individual Trustee Defendants hereby provide Chabad and its counsel the explicit and irrevocable authority to file the Consent Decree as a stipulated agreement between the Parties. To the extent the Court rejects or requires modifications to the Consent Decree, the Parties shall negotiate in good faith any necessary changes to the Consent Decree that effect the Parties' original intent. All Parties shall, at their own expense, take all reasonable and necessary steps to obtain approval of the Consent Decree, including making written and oral arguments in support of its entry.

2. Zoning Approvals

A. Within 30 days of the Effective Date of this Agreement, the BZA shall vote to issue to Chabad the following forms of zoning authorization, approval, and/or relief:

1. Special Use Permit under Village Code § 250-108.1(C)(1) for a religious use.
2. Special exception from Village Code § 185-4(B), permitting a sign not to exceed 13' x 2'9'', as shown in the August 22, 2025 Rendering submitted to the BZA, and backlit in the same manner as Chabad's sign in Long Beach.
3. Variance from Village Code § 250-125(3) for accessory parking with 11 spaces required and 7 spaces provided.
4. Variance from Village Code § 250-125(F) for parking in the front yard setback.
5. Variance from Village Code § 250-22(B) for an oversized drive-thru canopy and Albany Boulevard front-yard encroachment canopy, provided that the drive-thru canopy remains within the 22' footprint of the existing canopy.
6. Variance from Village Code § 250-25A(2) for an open porch encroaching into the side yard 12' 4 5/8", subject to Chabad reducing the canopy depth to 5'.
7. Variance from § 250-16.2(A) for an oversized accessory structure.
8. Special Use Permit under Village Code § 250-108.1(C)(2) for an accessory use drive-thru café, subject to the following restrictions:
 - i. The hours of operation shall be no earlier than 5 a.m. and no later than 11 p.m.; and
 - ii. On any days when schools in the Lawrence Union Free School District are in session, the drive-thru shall not operate from 3 p.m. to 6 p.m.
9. Variances from Village Code §§ 250-23(D) and 250-4 for side yard setback for a proposed rear addition and a proposed front awning addition thereby expanding a nonconforming use, provided that Chabad screen the west side of the open porch.

B. To facilitate the relief provided in ¶ 2.A.3, *supra*, the Village shall, within 30 days of the Effective Date, issue to Chabad five parking placards to be used by non-Village residents visiting or having business with Chabad. To the extent Chabad requires more parking than would be available under ¶ 2.A.3, *supra*, and this paragraph, requests for daily parking permits shall be processed by the Village in the ordinary course, and shall not be unreasonably denied.

C. To the extent that any form of relief granted under ¶ 2.A, *supra*, is later vacated by any court, Atlantic Beach and the BZA shall promptly take whatever steps are necessary to cure the defect with the prior zoning relief, including where necessary the enactment of legislation or the issuance of discretionary waivers.

3. **Financial Terms**

A. Atlantic Beach shall pay Chabad \$950,000 according to the following payment schedule:

1. \$700,000 within ninety (90) days of entry of the Consent Decree substantially in the form of Exhibit A, along with any amendments required by ¶ 1, *supra*; and

2. \$250,000 on the first anniversary of entry of the Consent Decree.

B. In the event that Atlantic Beach fails to make any payment set forth in ¶ 3.A, *supra*, on or before the due date, all remaining payments shall become immediately due.

C. Atlantic Beach shall grant Chabad a \$950,000 lien against 2035 Park Street (“Lien”). The Lien shall be proportionately reduced simultaneously with each installment payment remitted under ¶ 3.A, *supra*, and shall be extinguished upon remittance of the final payment.

D. To the extent 2035 Park Street is sold or title to 2035 Park Street is otherwise relinquished before the final payment is remitted, the Village shall grant a lien against Block 21, Lots 23-31 on the same terms and for the same duration set forth in ¶ 3.C, *supra*.

4. **Use of the Property**

A. **Non-Interference.** Atlantic Beach agrees that it shall not take any action to interfere with Chabad’s use and enjoyment of the Property. This provision, however, shall not prevent the Village from enforcing its laws or Chabad’s Certificate of Occupancy in a manner consistent with federal, state, and local law.

B. **Just Compensation.** In the event that ¶ 4.A, *supra*, or ¶¶ 10 or 12 of the Consent Decree is in any way limited or invalidated, the Parties stipulate and agree that, in the event that the Village commences eminent domain against the Property within fifty years of the Effective Date (or a lesser period, to the extent required by law), just compensation shall be \$10 million as of the Effective Date, adjusted for inflation. This figure shall constitute liquidated damages based on the amounts set forth below, the accuracy of which the Parties stipulate:

1. \$1 million: fair market value today;
2. \$1 million: anticipated investment in property and increase in fair market value;
3. \$4 million: value of claim for § 1988 attorneys’ fees in this litigation;
4. \$2 million: saved legal fees to the Village from dismissal of this litigation;
5. \$2 million: legal fees associated with future takings action.

C. Recusal. In any legal or administrative proceeding concerning Chabad or the Property, including without limitation any action concerning zoning or permits, Atlantic Beach agrees and warrants that for purposes of all permits and variances sought by Chabad, the Code Enforcement Officer shall be the Village Attorney or Building Inspector.

5. Public Statements and Events Welcoming Chabad

A. Public Statement. On the Effective Date, Chabad and the Village shall cause to be issued a joint press release substantially in the form of Exhibit B that, on the part of Atlantic Beach and the Village, welcomes Chabad to Atlantic Beach and reaffirms the principle that persons of all faiths and levels of observance are welcome in Atlantic Beach. The BZA and the Individual Defendants are invited to join in such public statement, but are not required to do so.

B. Village Resolution. No later than thirty days from the Effective Date or at the next regularly scheduled Village Board of Trustees Meeting following the Effective Date, whichever is later, Atlantic Beach shall adopt a resolution welcoming Chabad.

C. Chabad Opening. To the extent Chabad hosts an event within twelve months of the Effective Date commemorating the opening of the Property as a Chabad House, such as a ribbon cutting, one or more Individual Defendants shall participate in said event scheduled for a mutually agreeable date.

D. Menorah Lighting. Chabad will, with ample advance notice, invite an Individual Trustee Defendant to light Chabad's Menorah when Chabad next holds a Channukah candle-lighting celebration.

6. Effect on Pending Litigation

A. Dismissal of Supreme Court Matter. Within five business days of the Effective Date, Atlantic Beach shall dismiss with prejudice the Supreme Court Matter to the extent it seeks to acquire the Property and, to the extent that such dismissal requires Chabad's cooperation, Chabad agrees to cooperate in order to effectuate such dismissal.

B. Dismissal of Claims Against Individual BZA Defendants. The Consent Decree shall provide for the dismissal of all claims against the Individual BZA Defendants with prejudice.

C. No Other Litigation. Each Party represents and warrants that it has not initiated any other lawsuit, administrative proceeding, or claim against any other Party.

7. Mutual Release

A. Release of Claims Against Defendants. Upon entry of the Consent Decree, Chabad, for itself and on behalf of its predecessors, successors, parents, subsidiaries, affiliates, past or present officers, directors, partners, managers, members, shareholders, employees, agents, attorneys, principals, spouses, heirs, estates, related or affiliated entities, and assigns, contractors, subcontractors, or agents, shall irrevocably and unconditionally be deemed to have fully released Atlantic Beach, the BZA, and the Individual Trustee Defendants from all existing claims, demands, damages, losses, actions and causes of action, whether known or unknown.

B. Release of Claims Against Chabad. Upon entry of the Consent Decree, Atlantic Beach, the BZA, and the Individual Trustee Defendants for themselves and on behalf of their predecessors, successors, parents, subsidiaries, affiliates, past or present officers, directors, partners, managers, members, shareholders, employees, agents attorneys, partners principals, spouses, heirs, estates related or affiliated entities, and assigns, contractors, subcontractors, or agents, shall irrevocably and unconditionally be deemed to have fully released Chabad from all existing claims demands, damages, losses, actions and causes of action, whether known or unknown.

8. No Admission of Liability

This Settlement Agreement Consent Decree and any action taken pursuant to this Settlement Agreement and Consent Decree do not constitute an admission by Atlantic Beach, the BZA, and the Individual Defendants of any wrongdoing or liability, or of any of the allegations in the EDNY Matter.

9. Notice

Any written notices required by this Agreement shall be served by hand or certified mail, with copy by email where practicable, as follows:

To Chabad: Chabad Lubavitch of the Beaches, Inc.
570 W Walnut St. Long Beach, NY 11561
ATTN: Rabbi Eli Goodman

with copy to

Sidley Austin LLP
1501 K Street, NW
Washington, D.C. 20005
ATTN: Daniel Feith and Daniel Hay

To Atlantic Beach: The Incorporated Village of Atlantic Beach
65 The Plaza
Atlantic Beach, NY 11509

with copy to

Harris Beach Murtha
333 Earle Ovington Blvd., Suite 901
Uniondale, NY 11553
ATTN: Jared Kasschau

To the BZA: Village of Atlantic Beach Zoning Board of Appeals
65 The Plaza
Atlantic Beach, NY 11509

with copy to

Sokoloff Stern LLP
179 Westbury Avenue
2nd Floor
Carle Place, New York 11514
ATTN: Leo Dorfman

Notice served on Atlantic Beach shall constitute notice on the Individual Trustee Defendants. Notice served on the BZA shall constitute notice on the Individual BZA Defendants.

10. Construction

A. Choice of Law. This Agreement shall be construed according to the laws of the State of New York.

B. Severability. The provisions of this Agreement other than ¶¶ 1–4 and 7, *supra* (the “Fundamental Terms”), are severable, and if any part of this Agreement other than the Fundamental Terms is found to be unenforceable, the other paragraphs shall remain fully valid and enforceable. In the event that any of the Fundamental Terms is declared unenforceable, the Parties shall reasonably cooperate to amend this Agreement to effect the intent of the Parties. If no such amendment is feasible, Chabad may terminate this Agreement under ¶ 11.C, *infra*.

C. No Waiver. The failure of any Party to insist upon compliance with any of the provisions of this Agreement or the waiver thereof, in any instance, shall not be construed as a general waiver or relinquishment by such Party of any other provision of this Agreement.

D. No Construction Against Drafter. The Parties agree that the drafting of this Agreement involved the attorneys for both sets of Parties and that this Agreement shall not be construed for or against any Party as the drafter.

E. Section Headings. Section headings are for convenience of reference only and shall not be used to interpret the terms of this Agreement.

F. Effective Date. The “Effective Date” shall be the date the Court enters the Consent Decree pursuant to ¶ 1, *supra*.

11. Enforcement

A. Venue. The Parties agree that upon entry of the Consent Decree pursuant to ¶ 1, *supra*, any action or proceeding to enforce this Agreement shall be filed or initiated in the U.S. District Court for the Eastern District of New York and, if filed as a separate action, shall be treated as related to the EDNY Matter. Prior to entry of the Consent Decree, any action to enforce this Agreement shall be filed in a federal or state court of competent jurisdiction in or over claims arising out of Nassau County.

B. **Enforcement of the Agreement.** If any Party initiates any action or proceeding to enforce any provisions of this Agreement, the prevailing party shall be entitled to recover all of its reasonable costs, interest and expenses, including reasonable attorney's fees, expert fees, and deposition and court costs, incurred in connection with such an action or proceeding, in addition to its damages and other remedies. In any such enforcement action or proceeding, attorneys' fees shall be determined based on the attorneys' actual market rates, without regard to prevailing rates at the time of the action.

C. **Termination.** In the event that (1) the Court does not enter a consent decree substantially similar to the one submitted by the Parties under ¶ 1, *supra*, or (2) the Parties are unable to cure the invalidation of a Fundamental Term under ¶ 10.B, *supra*, Chabad shall have the sole and unilateral right to terminate this Agreement. If Chabad opts to terminate the Agreement, Chabad shall be free reinstitute the claims asserted in the EDNY Matter, without regard to any provisions in this Agreement to the contrary or to any statute of limitations, waiver, res judicata, or any other legal doctrine that would have the effect of limiting or barring the reinstitution of such claims. In the event Chabad opts to terminate the Agreement due to the invalidation of one or more Fundamental Terms under ¶ 10.B, *supra*, Paragraph ¶ 4.B shall survive termination under this paragraph.

12. Execution

A. **Authorization.** Each signatory to this Agreement represents that it is duly authorized to execute this Agreement, and to enter into the settlement described herein and that no undertaking or obligation contained herein conflicts with any contracts or obligations to which such signatory to this Agreement is a party. Each signatory further represents that it is the current and exclusive owner of all claims, obligations, or rights which it releases pursuant to this Agreement, that it has not assigned or otherwise transferred to any person or entity any of the claims, obligations, or rights which it releases pursuant to this Agreement, and that no other person may assert any claim or right released pursuant to this Agreement or any claim based on or derived from any claim or right released under this Agreement.

B. **Knowing and Voluntary.** The Parties acknowledge that they have each read this Agreement and understand (a) its terms, (b) that it is binding upon their legal representatives, heirs, successors, and assigns, and (c) that they had the opportunity to seek advice from legal counsel as they deemed necessary in order to understand the terms of this Agreement.

C. **Counterparts Acceptable.** The Parties agree that this Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties also hereby acknowledge and agree that electronic signatures, facsimile signatures or signatures transmitted by electronic mail and in "PDF" format shall be legal and binding and shall have the same force and effect as if an original of this Agreement had been delivered.

D. **Sole and Entire Agreement.** This Agreement contains all representations and warranties, expressed and implied, oral and written, between and among the Parties, and the entire understanding and agreement between and among the Parties with respect to the subject matter hereof. No other agreements, covenants representations, or warranties expressed or implied, oral

or written, have been made by any Party with respect to any subject matters of this Agreement. All prior and contemporaneous conversations, negotiations, proposed agreements, term sheets, representations, disclosures, absence of disclosures, covenants, and warranties with respect to the subject matter hereof, are waived, superseded, and replaced in total by this Agreement. This is an integrated contract and it may not be altered or modified except by a writing signed by the Party against which enforcement is sought.

13. Retention of Discovery

Notwithstanding any confidentiality agreement or protective order to the contrary, the Parties agree that each Party may maintain an archived copy of any discovery produced in this Action. Such retained discovery shall not be used or accessed except to the extent required pursuant to the Freedom of Information or other applicable laws, except in response to a subpoena or other lawful process, or except in the event of later-anticipated or filed litigation between the Parties or any related entity.

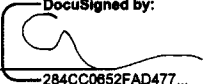
14. Costs of Litigation

Except as set forth above or as authorized by the Consent Decree, each Party shall bear its respective fees and costs in connection with the Supreme Court Matter and the EDNY Matter. Chabad stipulates that it is not a prevailing party for purposes of 42 U.S.C. § 1988 and shall not be entitled to attorneys' fees upon entry of this settlement over and above the financial terms of the Consent Decree.

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FOR CHABAD LUBAVITCH OF THE BEACHES, INC.

DocuSigned by:



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Rabbi Eli Goodman

Executive Director

Date

7/1/2025

FOR THE INCORPORATED VILLAGE OF ATLANTIC BEACH

George Pappas

Mayor, Incorporated Village of Atlantic Beach

Date

FOR THE BOARD OF ZONING APPEALS

(Name of Authorized Signatory)

(Position)

Date

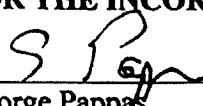
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FOR CHABAD LUBAVITCH OF THE BEACHES, INC.

Rabbi Eli Goodman
Executive Director

Date

FOR THE INCORPORATED VILLAGE OF ATLANTIC BEACH




George Pappas
Mayor, Incorporated Village of Atlantic Beach

7/1/25

Date

FOR THE BOARD OF ZONING APPEALS



(Name of Authorized Signatory)

7/1/25

Date

Anthony Piscione
(Position) Commissioner BZA

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FOR THE INDIVIDUAL TRUSTEE DEFENDANTS




George Pappas

7/1/25
Date



Edward Sullivan

7/1/25
Date



Linda Baessler

7-1-25
Date



Andrew Rubin

7/1/25
Date



Patricia Beaumont

7/1/25
Date