

To the Taxpayers of the Borough of Litchfield:

In September 2009, the Borough of Litchfield and its Historic District Commission were sued by the Chabad Lubavitch of Litchfield County Inc. and Rabbi Joseph Eisenbach. In March 2020, the Federal District Court ordered the Borough of Litchfield to pay the Chabad's attorneys' fees and costs in the amount of \$807,800.13. There was no monetary award made to Rabbi Eisenbach or to the Chabad. Over the past 14 months, interest has accrued on the attorneys' fees award.

After a thorough investigation of all possible options, in March 2021, the Board of Warden & Burgesses entered into a Forbearance Agreement between the Borough of Litchfield, the Historic District of the Borough of Litchfield, the Chabad Lubavitch of Litchfield County Inc. and Rabbi Joseph Eisenbach. This Forbearance Agreement settles all issues between the parties including the court ordered attorneys' fees, costs and interest. The Forbearance Agreement requires the Borough of Litchfield to pay \$650,000 in five equal installments of \$130,000 per year for the next five years. Had this agreement not been entered into, compliance with the court order would have resulted in a one year tax increase of over 250%.

With this agreement, and the Borough voters' approval of the budget, there will be a tax savings of more than \$188,887. In order to comply with the settlement through the adoption of the proposed budget, it is anticipated that our new mill rate would increase from the current rate of 2.0 mills to a new rate of 2.7 mills. The estimated cost to each taxpayer in the Borough will be an additional \$70 for every \$100,000 of assessed property. At the conclusion of the five years, the debt will be paid in full. If this budget is not approved by the voters, then we will likely be required to increase the tax burden to over 7.0 mills in order to comply with the Court order this year. The proposed budget which includes the first of five settlement payments, has been unanimously recommended by the newly elected Borough Board, who request that the Borough adopt this budget and move to a conclusion of this litigation.

Sincerely,

Dirk Patterson, Warden
Board of Warden and Burgesses
Borough of Litchfield