

Legal Notice

**THIS IS AN IMPORTANT LEGAL NOTICE THAT MAY AFFECT SUBSTANTIAL
LEGAL RIGHTS. READ THIS NOTICE CAREFULLY.**

**IN THE CIRCUIT COURT OF THE FIFTH JUDICIAL CIRCUIT
IN AND FOR LAKE COUNTY, FLORIDA**

PLAINTIFFS, RUTH ELAINE DREIDAME,
RICHARD C. LAMBRECHT, WILLIAM E. GARNER,
JOSEPH B. GORMAN AND IRVING YEDWAB,
On behalf of themselves and all others
similarly situated,

vs.

CASE NO.:07 CA 3177

VILLAGE CENTER COMMUNITY
DEVELOPMENT DISTRICT, THE VILLAGES
OF LAKE-SUMTER, INC.,
AND H. GARY MORSE,

Defendants.

**NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION
AND HEARING ON PROPOSED SETTLEMENT**

TO: Owners of homesites located within that geographic area of The Villages, Florida, lying north of County Road 466, which area encompasses Village Community Development Districts 1, 2, 3 and 4, and that part of The Villages, Florida located within the Town of Lady Lake, Florida and an unincorporated area of Lake County, Florida.

A class action lawsuit has been filed in the Circuit Court, in Lake County, Florida, Case No.: 07 CA 3177 (the "Lawsuit"), by Ruth Elaine Driedame, Richard C. Lambrecht, William E. Garner, Joseph B. Gorman and Irving Yedwab, on behalf of themselves and all others similarly situated as Plaintiffs against Village Center Community Developer District ("VCCDD"), The Villages of Lake-Sumter, Inc. ("VLS") and H. Gary Morse ("HGM"), (collectively "Defendants").

The Plaintiffs have initiated the Lawsuit claiming a breach of various agreements to provide appropriate levels of amenity services and facilities to the subject Class. The Complaint requests damages, as well as attorney's fees, incentive awards and costs. The Defendants deny each and every claim raised by the Plaintiffs.

The Court has not ruled on the merits of Plaintiffs' allegations or on the denials, or other defenses made by the Defendants. However, the parties entered into negotiations in connection with the alleged insufficiency of the Reserve and Replacement account and other matters and have entered into a preliminary settlement agreement. The purpose of this Notice is to advise you (who have been identified as possibly a Class Member) of these events, including a proposed settlement of the case, and their potential affects on your rights.

CLASS ACTION RULING

The Court has conditionally ruled that the Lawsuit may be maintained as a class action with the class defined as the owners of homesites located within that geographic area of The Villages, Florida, lying north of County Road 466, which area encompasses Village Community Development Districts 1, 2, 3 and 4, and that part of The Villages, Florida located within the Town of Lady Lake, Florida and an unincorporated area of Lake County, Florida. The Court has designated Ruth Elaine Driedame, Richard C. Lambrecht, William E. Garner, Joseph B. Gorman and Irving Yedwab as representatives of the Class ("Class Representatives"). The Court has named Carol M. Anderson and Dougald D. McMillan (Of Counsel) of Anderson and Anderson, P.A. as counsel for the class.

Establishment by the Court of this class means that the ultimate outcome of this lawsuit will apply in like manner to all class members

PROPOSED SETTLEMENT AGREEMENT

The parties entered into negotiations in connection with the alleged insufficiency of the Reserve and Replacement account and other matters raised in the Lawsuit and have entered into a proposed settlement agreement which is subject to approval of the Court. This agreement is entered into with the understanding that it will avoid future litigation, all parties feeling that litigation is not in their best interest. The following is a summary of the terms of the proposed settlement:

Payments by VLS/Creation of Amenity Authority Committee - VLS will pay to VCCDD not less than \$39,824,168 over the next thirteen (13) years. The funds will be used pursuant to the terms and conditions of an Interlocal Agreement (Exhibit "B" to the Settlement Agreement) entered into between VCCDD, Village Community Development Districts Numbers 1, 2, 3 and 4 and the Town of Lady Lake. This Interlocal Agreement creates an Amenity Authority Committee as a committee of the VCCDD that will replace the Resident Advisory Counsel created by VCCDD Resolution Numbers 07-07, as amended by Resolution Number 07-15. Subject to the limitations set forth in the Interlocal Agreement, the Amenity Authority Committee thus created will: (a) exercise discretion over expenditures of all non-bond required amenity funds, including amenities' fees, Amenity Facility user fees, and all other Amenity Division revenues, (b) set rates for Amenity Facility user fees, (c) exercise operational control over Amenity Facilities and services, (d) exercise approval over future debt secured by amenities' fees, (e) approve sales, assignments, or trades of Amenity Facilities within the VCCDD service territory, (f) approve future areas over a total of 300 residential units to be brought within the service territory, (g) establish a maximum amenity fee for the VCCDD service territory, (h) appoint sub-committees, and (i) to perform other actions as outlined in the Interlocal Agreement. The dollars paid over time to VCCDD by VLS are dedicated to the exclusive use of the Amenity Authority Committee for whatever related purpose they deem appropriate that is consistent with the Interlocal Agreement and the Settlement Agreement.

Tee Times - VCCDD agrees the number of tee times reserved by VLS for prospective residents of The Villages shall not exceed an annual maximum of 3,450 or 325 in any calendar month out of approximately 26,000 tee times available monthly (Exhibit "C" to the Settlement Agreement).

Golf Recreation Trails - VCCDD agrees that its representative on the Amenity Authority Committee will vote with the majority of the Amenity Authority Committee members on issues relating to operation and maintenance of the golf cart paths, recreation trails, multi-modal transportation trails, and tunnels.

Attorney's Fees and Incentive Award - VLS shall also pay to the plaintiff class \$6,700,000 for attorney's fees, \$300,000 for incentive awards to the plaintiffs' Class Representatives, and \$6,000 to Anderson & Anderson, P.A. for cost reimbursement.

Confidentiality Agreement - The Court will be asked to approve the execution of a Confidentiality Agreement (Exhibit "E" to the Settlement Agreement).

Release - The Court will be asked to approve the execution of a Release (Exhibit "D" to the Settlement Agreement). In addition to the effect of any final judgment entered, if the proposed settlement is approved by the Court, the Settlement Agreement provides a full and complete release effective for each class member and his or her heirs, successor and assigns to the Defendants, their subsidiaries, affiliates and each of their present and former officers, directors and employees, from any and all actions and/or causes of action, suits, obligations, etc., whether or not asserted in the above captioned action, with respect to or related to any of the transactions or factual matters alleged in the Complaint. It also states that no suit will be instituted against VCCDD, VLS or HGM by any member of the class relating to the issues raised in the Lawsuit.

This is a summary of the terms of the proposed Settlement Agreement and it should be read in conjunction with, and is entirely qualified by the complete text of the Settlement Agreement and its Exhibits as filed with the Lake County Clerk of the Circuit Court.

FINAL SETTLEMENT HEARING

The Court preliminarily approved the proposed settlement after a hearing held on January 16, 2008. The Court found the proposed settlement to be within a range of reasonableness. Accordingly, the Court has set the final settlement hearing in order to determine whether the proposed settlement should finally be approved.

The Court will hold a hearing in Chambers at the Lake County Courthouse, 416 West Main Street, Tavares, Florida at 2:00 p.m. on Wednesday, March 5, 2008, to determine whether, as recommended by both Class counsel and Class Representatives, the proposed settlement is fair, reasonable, adequate and in the best interests of the class, and thus should be approved and to consider the application for an award of attorneys fees and costs and an incentive award for class representatives. The Court may approve the proposed settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the class.

If you do not wish to object to the settlement, it is not necessary to appear at the hearing or take any action at this time. Any member of the class who has not previously excluded him/herself from the class may appear at the final settlement hearing, in person or by a duly authorized attorney, and show cause why the settlement should not be approved as fair, reasonable, and adequate, or to oppose or comment on any other subject of the hearing, including the fee petition, provided that no person shall be heard in opposition to the settlement or fee petition, and no paper or brief submitted by any such person shall be received or considered by the Court, unless on or before February 15, 2008, a notice of intention to appear at the hearing and a statement of the position to be asserted and the grounds therefor, together with copies of any supporting briefs or papers are filed with the office of the Clerk of the Circuit Court, Lake County Courthouse, 416 West Main Street, Tavares, Florida. Such notice must include, in a prominent location, the name of the case, the case number and the judge's name. You must also send a copy of these papers to class counsel, Carol M. Anderson, Dana Center, 11950 CR 101, Suite 201, The Villages, Florida 32162, and to Defendants' counsel, Stephen W. Johnson, Esq., P.A., Post Office Box 491357, Leesburg, Florida 34749-1357 and Archie O. Lowry, Esq., 308 East 5th Avenue, Mt. Dora, Florida 32757.

Except as provided herein, no person shall be entitled to contest the terms of the settlement or fee petition and persons who fail to object as provided herein shall be deemed to have waived such right and shall be foreclosed forever from raising any such objections. You need not appear at the hearing in order to endorse or object to the proposed settlement.

ELECTION BY CLASS MEMBERS

If you fit the above description of a Class Member, you have a choice whether or not to remain a member of the class, on whose behalf this Lawsuit is being maintained. Either choice will have its consequences which you should understand before making your decision.

- a. If you want to remain a member of the class, **YOU ARE NOT REQUIRED TO DO ANYTHING AT THIS TIME**. You should **NOT SEND** A "REQUEST FOR EXCLUSION". By remaining a class member, you are entitled to participate in any claims or recovery against the Defendants for declaratory relief or damages arising from the allegations of the Lawsuit.
- b. If you want to be excluded from the class, you must send a written "REQUEST FOR EXCLUSION" to Carol M. Anderson, Esq., counsel for the class, Dana Center, 11950 CR 101, Suite 201, The Villages, Florida 32162, by mail post marked no later than February 15, 2008. The form "Request for Exclusion" may be obtained from class counsel by writing to the above address or obtain a copy from the Clerk of the Court. By making this election to be excluded (1) you may not be entitled to share in any recovery that might be awarded to class members as a result of settlement of this lawsuit; (2) You will not be bound by any decision or settlement agreement of this lawsuit; and (3) You may present any claims you have against the Defendants by filing your own lawsuit.

ADDITIONAL INFORMATION

Any questions you have about the matters contained in this Notice (including any corrections or changes of your name or address) **SHOULD NOT BE MADE TO THE COURT**, but should be directed in writing to counsel for class, Carol M. Anderson, Esq., Dana Center, 11950 CR 101, Suite 201, The Villages, Florida 32162 (Telephone: 352-391-9613/Facsimile 352-391-9614).

If you decide to remain a Member of the Class and wish to communicate with class counsel as your attorney in this litigation, you may do so by writing or calling the above address or telephone number. The pleadings and other records in this litigation, including a complete copy of the proposed settlement agreement, may be examined and copied at any time during regular office hours at the office of the Clerk of the Circuit Court, Lake County Courthouse, 416 West Main Street, Tavares, Florida 32778 .