

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,

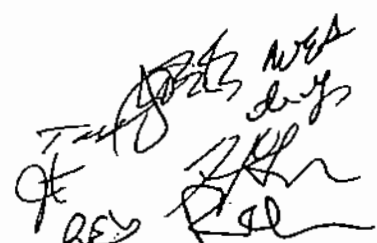
Defendants.

SETTLEMENT AGREEMENT

WHEREAS, The parties desire to enter into this Settlement Agreement in order to provide for certain payments and arrangements in full settlement and discharge of all claims which are, or might have been, the subject matter of the complaint, upon the terms and conditions set forth below.

NOW THEREFORE, Plaintiffs, RUTH ELAINE DREIDAME, RICHARD C. LAMBRECHT, WILLIAM E. GARNER, JOSEPH B. GORMAN and IRVING YEDWAB (collectively "Class Representatives"), on behalf of themselves and all others similarly situated (hereafter "Plaintiff Class"), Village Center Community Development District (hereafter "VCCDD"), The Villages of Lake-Sumter, Inc. (hereafter "VLS"), and H. Gary Morse (hereafter "HGM"), (collectively referred to as "Defendants"), agree as follows:

1. PAYMENTS BY VLS: Upon filing of the Stipulation to certify the class and to approve this Settlement Agreement, VLS shall pay \$13,203,168.00 into the escrow account of McLin



& Burnsed, P.A. pursuant to the terms of the Escrow Agreement to be executed by VCCDD and VLS in the form as attached as Exhibit "A". Upon Order of the Court approving the Settlement and upon expiration without appeal of all applicable appeal periods, the funds shall be paid as directed in the Escrow Agreement. The sum of \$11,803,168.00 shall be paid out of escrow to the District dedicated to the exclusive use of the Amenity Authority Committee for whatever amenity related purpose the Amenity Authority Committee deems appropriate in accordance with the terms of the Escrow Agreement and this Settlement Agreement. The remaining \$1,400,000.00 shall be retained and shall be disbursed in accordance with the terms of the Escrow Agreement and this Settlement Agreement. Upon receipt of the funds described in Section 2.1(a) of the Escrow Agreement funded pursuant to this Settlement Agreement, VCCDD agrees to hold such funds in an interest bearing account until such time as the Amenity Authority Committee Board is created and its directors are duly elected pursuant to the Interlocal Agreement, which is attached hereto as Exhibit "B" ("Interlocal Agreement"). As soon as the directors of the Amenity Authority Committee are duly elected pursuant to the Interlocal Agreement, VCCDD agrees to use such funds pursuant to the terms and conditions in the Interlocal Agreement.

VLS shall pay the following amounts to the VCCDD on the dates indicated:

Dec 31 2008	\$1,748,700
Dec 31 2009	\$2,400,400
Dec 31 2010	\$2,410,500
Dec 31 2011	\$2,120,800
Dec 31 2012	\$2,216,400
Dec 31 2013	\$2,557,000
Dec 31 2014	\$2,767,800
Dec 31 2015	\$2,811,600
Dec 31 2016	\$2,229,900
Dec 31 2017	\$2,482,800
Dec 31 2018	\$3,104,200
Dec 31 2019	\$1,004,200
Dec 31 2020	\$ 166,700

Within forty-five (45) days of the expiration of any applicable appeals period without appeal following the approval of this settlement by the court, VLS shall deliver to the VCCDD a surety, annuity, cash pledge, or some other commercially reasonable method of guaranteeing the annual payments beginning with the payment due on December 31, 2013 and thereafter.

All of this money is to be dedicated to the exclusive use of the Amenity Authority Committee for whatever amenity related purpose the Amenity Authority Committee deems appropriate in accordance with the terms of the Interlocal Agreement and this Settlement Agreement.

The foregoing payments cannot be accelerated, deferred, increased or decreased, nor shall either party have the authority to sell, mortgage, encumber or anticipate the periodic payments or any part thereof by assignment or otherwise.

2. **AMENITY AUTHORITY COMMITTEE:** An Amenity Authority Committee shall be created as outlined in the Interlocal Agreement, which defines the duties, authority power and limitations of the Amenity Authority Committee.

3. **TEE TIMES:** An Agreement will be executed by VCCDD and VLS, in the form attached as Exhibit "C" wherein VCCDD agrees that the number of tee times reserved by VLS for prospective residents of The Villages shall not exceed an annual maximum of three thousand four hundred fifty (3,450) or three hundred twenty five (325) in any calendar month.

4. **ATTORNEY'S FEES AND INCENTIVE AWARDS:** VLS shall pay to the Plaintiff Class \$6,700,000.00 for attorney's fees (approximately \$1.4 million less than the standard contingent attorneys' fee allowed and computed on the monetary recovery in accordance with Rule 4-1.5(f)(4)(B) of the Rules Regulating the Florida Bar) and \$300,000.00 for incentive awards to the named Plaintiff Class Representatives for their assumption of risk, the considerable time, effort, expense and expertise they expended in the development and furtherance of the case, and their

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assistance to Plaintiffs' counsel from the inception of the case through the ensuing negotiation and litigation.

5. **COSTS:** VLS will pay the costs of the printing and mailing of the notice to the class members and will pay Six Thousand (\$6,000.00) to Anderson & Anderson, P.A. for cost reimbursement. All remaining costs will be borne by the parties that incurred those costs.

6. **GOLF/RECREATION TRAILS:** Since the operation and maintenance of golf cart paths, recreational trails, multi-modal transportation trails and tunnels is an issue that directly affects the residents of the Village Center Community Development District Service Area and does not directly affect the Village Center Community Development District, then the Village Center Community Development District agrees to vote with the majority as it comes before the Amenity Authority. Further, the Village Center Community Development District agrees to implement such decision of the Amenity Authority on such matter.

7. **COURT APPROVAL:** The parties agree to consent to the class representation by the Plaintiffs hereto for the purpose of presenting this proposed settlement to the Court for approval. The settlement is specifically contingent upon the certification of the class as alleged in the Complaint and the approval of the settlement by the Court. Notice to class members shall be provided in the manner required by law. As indicated in Paragraph 5 above, VLS will pay for the costs of the printing and mailing of this notice. If this Settlement Agreement is not approved by the Court, or if Court approval is overturned on appeal the parties agree that they may, without prejudice, proceed as follows: the Plaintiffs may amend their complaint with additional counts, claims and allegations, or dismiss the complaint without prejudice and file a new complaint with additional counts, claims and allegations; the Defendants may assert any and all defenses and claims that existed prior to the execution of this Settlement Agreement, including defenses as to appropriate

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class membership and representation. This reservation of claims and defenses by both parties upon non-approval is not intended to create or extend any claim or defense.

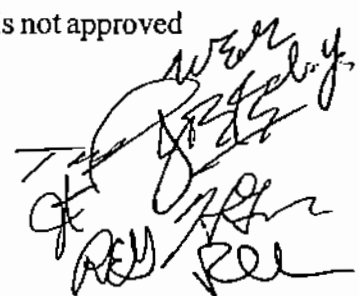
8. **RELEASE**: After approval of this Settlement Agreement by the Court the Class Representatives, on behalf of themselves and the Plaintiff Class shall execute a Release in the form attached as Exhibit "D".

9. **CONFIDENTIALITY AGREEMENT**: After approval of this Settlement Agreement by the Court, the Class Representatives shall execute a Confidentiality Agreement in the form attached as Exhibit "E"

10. **DISMISSAL OF ALL CLAIMS**: Following the final approval of the court and the execution of the Release, the parties shall, through their counsel, immediately stipulate to a dismissal with prejudice of the pending lawsuit between the parties and all outstanding claims. Each party shall be responsible for their own costs and fees other than as specifically set forth herein. The parties shall request that the Court retain jurisdiction to enforce the terms of the Settlement Agreement.

11. **NON-BREACH**: All parties specifically agree that none of the actions as outlined in this Settlement Agreement may or can result in a breach of the terms of any bond covenants to which the VCCDD are bound.

12. **WAIVER OF NON-SUIT PROVISION**: For the purpose of approval of this Settlement Agreement only, VLS waives any defense it may have to the filing and prosecution of this lawsuit pursuant to the terms of the Final Order Approving Class Action Settlement entered April 9, 1991 in the Case No. 90-1427-CA-01 filed in the Circuit Court of the Fifth Judicial Circuit in and for Lake County, Florida styled as *Orange Blossom Gardens Property Owners' Association, Inc. et. al. vs. Orange Blossom Hills, Inc.* In the event that this Settlement Agreement is not approved



or if approval is overturned on appeal then VLS reserves the right to raise any defenses available to it based upon the Final Order Approving Class Settlement referenced above.

13. **OTHER DOCUMENTS/AMENDMENTS:** The parties shall execute all documents necessary to carry out the terms of this Settlement Agreement. It is understood that the documents attached as Exhibits "A", "B", and "C" may be modified by the signators to those documents prior to their formal and final execution. The Plaintiff Class and Defendants agree that such amendments as may be requested by those signators that comply with the intent of the documents to carry out the terms and intent of this Settlement Agreement shall be reasonably permitted upon approval of all parties.

INDIVIDUALLY AND AS CLASS REPRESENTATIVE OF THE PLAINTIFF CLASS:


RUTH ELAINE DREIDAME

12/10/2007
Date


RICHARD C. LAMBRECHT

12/10/2007
Date


WILLIAM E. GARNER

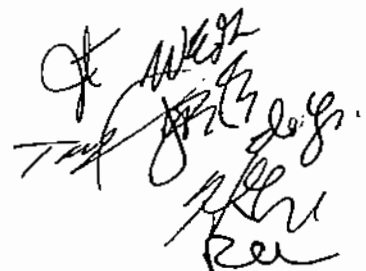
12/10/2007
Date


JOSEPH B. GORMAN

12/10/07
Date


IRVING YEDWAB

12/10/07
Date



VILLAGE CENTER COMMUNITY
DEVELOPMENT DISTRICT

By: [Signature]
Print Name: L. Michael Killingsworth
Title: Chairman

01/02/08
Date

ATTEST:

[Signature]
Janet Tutt, Secretary

THE VILLAGES OF LAKE-SUMTER, INC.

By: [Signature]
H. Gary Morse, President/CEO

12/21/07
Date

H. GARY MORSE

[Signature]

12/21/07
Date

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EXHIBIT "A"

ESCROW AGREEMENT

ESCROW AGREEMENT AND INSTRUCTIONS

TO: McLin & Burnsed P.A. ("Escrow Agent")
1000 West Main Street
Leesburg, Florida 34748

THIS ESCROW AGREEMENT AND INSTRUCTIONS ("Escrow Agreement") is entered into on this 2nd day of January, 2008 by and between the parties to that lawsuit brought by Plaintiffs, Ruth Elaine Dreidame, Richard C. Lambrecht, William E. Garner, Irving Yedwab and Joseph B. Gorman on behalf of themselves and all others similarly situated vs. Defendants, Village Center Community Development District, The Villages of Lake-Sumter, Inc. and H. Gary Morse, in the Circuit Court of the Fifth Judicial Circuit in and for Lake County, Florida.

SECTION ONE: DEPOSIT

1.1 The following shall be placed in escrow by The Villages of Lake-Sumter, Inc. with Escrow Agent upon approval of a settlement agreement by the court with jurisdiction over the lawsuit referenced above: Thirteen Million, Two Hundred Three Thousand, One Hundred Sixty-Eight and 00/100 Dollars (\$13,203,168.00) (the "Deposit").

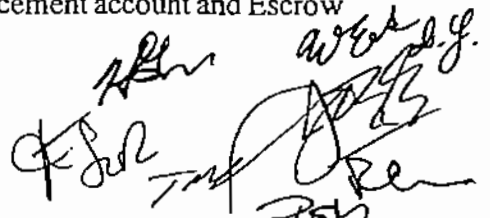
SECTION TWO: ESCROW INSTRUCTIONS

2.1 The Deposit shall remain with Escrow Agent in an interest bearing account until the requirements for disbursal set forth below have been satisfied.

(a) **Disbursal Event 1.** Upon acceptance by a court of competent jurisdiction of a settlement agreement and upon expiration without appeal of all applicable appeal periods, Eleven Million, Eight Hundred Three Thousand, One Hundred Sixty-Eight and 00/100 Dollars (\$11,803,168.00), together with interest accrued thereon, shall be paid to Center District for use and disbursement in accordance with the settlement agreement entered into in conjunction with the above referenced lawsuit.

(b) **Disbursal Event 2.** Upon acceptance by a court of competent jurisdiction of a settlement agreement and upon expiration without appeal of all applicable appeal periods, One Million, Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00) held in escrow pursuant to this agreement shall be distributed according to the following for use and disbursement in accordance with the settlement agreement entered into in conjunction with the above referenced lawsuit:

(i) **Funding of Center District's Amenity Reserve and Replacement Account:** Within 30 days of Center District allocating funds to Center District's Amenity Reserve and Replacement account out of the FY 07-08 budget, Center District shall provide written notice to Escrow Agent of the amount allocated to the Amenity Reserve and Replacement account and Escrow

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Agent shall pay to The Villages of Lake-Sumter, Inc. a corresponding amount out of the Escrow Account together with interest accrued thereon. At the time Center District has allocated One Million, Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00) or more to the Amenity Reserve and Replacement account from the FY 07-08 annual budget, all remaining funds held by Escrow Agent pursuant to this Escrow Agreement shall be paid to The Villages of Lake-Sumter, Inc.

(ii) **Failure to Fund Center District's Amenity Reserve and Replacement Account:** In the event Center District has not funded One Million, Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00) or more to the Amenity Reserve and Replacement account by the end of Center District's fiscal year end for FY 07-08, Center District shall provide audited financials within thirty (30) days of fiscal year end for FY 07-08 showing the amount actually funded to the Amenity Reserve and Replacement account. Escrow Agent shall disburse to Center District an amount equal to the difference between One Million, Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00) and the amount actually allocated to the Amenity Reserve and Replacement account by Center District for FY 07-08. After Escrow Agent has made the payment to Center District necessary to increase the Amenity Reserve and Replacement allocations for FY 07-08 to One Million, Four Hundred Thousand and 00/100 Dollars (\$1,400,000.00), Escrow Agent shall pay the remaining balance held by Escrow Agent under this Escrow Agreement to The Villages of Lake-Sumter, Inc.


SECTION THREE - ESCROW AGENT

3.1 **Authority of Escrow Agent.** The undersigned agree that the following provisions shall control with respect to the rights, duties, liabilities, provisions and amenities of the Escrow Agent.

3.2 **Escrow Agent Bound Only by This Agreement.** The Escrow Agent shall not be bound in any way by the preliminary settlement agreement, the settlement agreement, or the law suit out of which this escrow arises.

3.3 **Escrow Agent Acts as Depository.** The Escrow Agent acts hereunder as a depository only, and is not responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of the subject matter of the escrow, or any part thereof, or the form of execution thereof or for the identity or authority of any person executing or depositing it with Escrow Agent. The parties hereto acknowledge that the Escrow Agent has and will continue to act as legal representative for the defendant of the lawsuit out of which this Escrow Agreement arises.

3.4 **Escrow Agent's Liability.** The Escrow Agent shall have no liability hereunder except for the performance by it in good faith of all the acts to be performed by Escrow Agent hereunder, and except for its own willful misconduct or gross negligence. The parties hereto hereby fully indemnify (for all costs and expenses, including a reasonable attorney's fee) and fully release and discharge said Escrow Agent from any liability, cost or damage as to any act performed in good faith hereunder and they hereby covenant and agree not to sue said Escrow Agent as to any act performed in good faith.

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3.5 **Disputes.** If a dispute arises as to the funds held by the Escrow Agent, then the Escrow Agent shall interplead such escrow deposits into the court presiding over the lawsuit out of which this Escrow Agreement arises without further liability or responsibility by the Escrow Agent.

SECTION FOUR - GENERAL PROVISIONS

4.1 **Governing Law.** This Escrow Agreement shall be construed and interpreted under the laws of the State of Florida. Venue for any action arising out this Escrow Agreement shall be in the court presiding over the lawsuit out of which this Escrow Agreement arises.

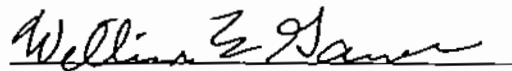
4.2 **Benefits.** This Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

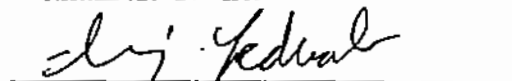
4.3 **Headings.** The headings of the paragraphs of this Escrow Agreement are for the convenience of reference only, and do not form a part hereof, and in no way modify, interpret or construe the meanings of the parties.

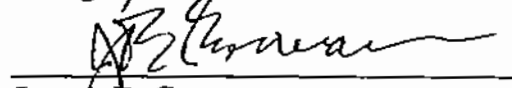
IN WITNESS WHEREOF, the parties have executed this Escrow Agreement the day and year first above written.

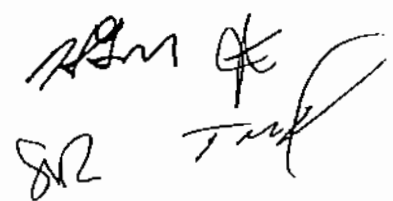

Ruth Elaine Dreidame


Richard C. Lambrecht


William E. Garner


Irving Yedwab


Joseph B. Gorman



The Villages of Lake-Sumter, Inc.

By: *H. Gary Morse*
Name: H. Gary Morse
Title: President

H. Gary Morse
H. Gary Morse

ATTEST:

Janet Tutt
Print Name: Janet Tutt
Title: Secretary

VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

T. Michael Killingsworth
Print Name: T. Michael Killingsworth
Title: Chairman

ESCROW AGENT:

McLin & Burnsed P.A.

By: *Steven M. Roy*
Steven M. Roy, Treasurer

Handwritten initials and signatures in the bottom right corner, including "SR", "JL", "Tutt", and "Roy".

EXHIBIT "B"

INTERLOCAL AGREEMENT

**INTERLOCAL GOVERNMENTAL AGREEMENT
TO CREATE AN AMENITY AUTHORITY AS A COMMITTEE OF
VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT**

THIS INTERLOCAL GOVERNMENTAL AGREEMENT TO CREATE AN AMENITY AUTHORITY (“Agreement”) is made this ___ day of _____, 20___, among **VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT** (hereinafter “Center District”); **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 1** (hereinafter “District 1”); **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 2** (hereinafter “District 2”); **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 3** (hereinafter “District 3”); **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 4** (hereinafter “District 4”); and the **TOWN OF LADY LAKE, FLORIDA** (hereinafter “Town”), hereinafter sometimes collectively referred to as the “Parties.”

RECITALS

1. This Agreement is created pursuant to Chapters 163 and 190, Florida Statutes.
2. Center District, District 1, District 2, District 3, District 4 are Community Development Districts validly created and validly existing pursuant to Chapter 190, Florida Statutes.
3. The Town is an incorporated municipality under the laws of the State of Florida.
4. That portion of the community generally referred to as “The Villages” in Lake County, Marion County, and that portion of Sumter County lying north of County Road 466 are hereinafter referred to as the “Center District Service Territory.”
5. All residents within the Center District Service Territory pay as a covenant, which runs with the ownership of their respective residences, a certain fee (the “Amenity Fee”) for certain recreational, security, and other facilities and services (the “Amenity Facilities”) to be provided by the developer.
6. On May 9, 1996; June 27, 1996; January 6, 1998; June 22, 1999; March 30, 2001; March 31, 2003; June 15, 2004; and again on August 1, 2005, The Villages of Lake-Sumter, Inc. assigned to the Center District all of the Amenity Fees generated within the Center District Service Territory and transferred ownership of the Amenity Facilities to the Center District; and in consideration of such assignments and transfers, the Center District agreed to perpetually provide the Amenity Facilities and those services related to the right to receive Amenity Fees.
7. For each of the transactions referred to in Recital 6 other than the August 1, 2005 transaction (the “Bond Transactions”), Center District issued recreational revenue bonds to raise the capital required to purchase the Amenity Facilities.

8. To induce the parties to the Bond Transactions to consummate each transaction, a variety of documents were executed with each Bond Transaction (the "Bond Documents") containing representations, warranties, and affirmative and negative covenants regarding, among other things, Amenity Facilities, Amenity Fees, the Center District Service Territory and the revenues from Amenity Fees.

9. A Resident Advisory Council has been created to provide Center District with non-binding advice and suggestions regarding Amenity Facilities, Amenity Fees, the use and expenditure of revenue from Amenity Fees, and to participate in drafting any interlocal agreements among the Districts and/or governments within the Center District Service Territory.

10. The Parties believe that it is in the public interest to create a committee of Center District ("Amenity Authority Committee" or "AAC") which will replace the current Resident Advisory Council and which will operate pursuant to the terms and conditions of this Agreement to assume operational control over all Amenity Funds as per Section 7(B)(I) of this Agreement not required by existing bond debt, and at this time the Parties wish to enter into the Interlocal Governmental Agreement to achieve these purposes.

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the Parties agree as follows:

1. **Legal Basis.** This Agreement is entered into pursuant to the authority set forth in Chapters 163 and 190, Florida Statutes.

2. **Purpose.** The purpose of this Agreement is to create the Amenity Authority Committee, as a committee of the Center District, and to provide the Amenity Authority Committee with those rights and responsibilities set forth herein and shall replace the Resident Advisory Council created by Center District Resolution #07-07 as amended by Resolution #07-15.

3. **Governing Body - Board of Directors.** The Amenity Authority Committee shall be governed by a Board of Directors comprised of six (6) members representing the following six (6) geographic regions:

- A. Village Center Community Development District
- B. Village Community Development District No. 1
- C. Village Community Development District No. 2
- D. Village Community Development District No. 3
- E. Village Community Development District No. 4
- F. Town of Lady Lake

4. **Election/Designation to the Board of Directors.**

A. **District 1.** The representative for District 1 shall be a resident of District 1. In the event the representative from District 1 ceases to be a resident of District 1 during his or her term, such representative shall no longer be the District 1 representative and a replacement shall be

selected in accordance with Section 4(G) hereof. The initial Director for District 1 on the AAC Board of Directors shall be as designated by District 1. The designated representative shall remain in office until the replacement is elected by those eligible electors in District 1 in the November 2008 general election, and sworn into office at the next following meeting of the Center District Board of Supervisors. The District 1 representative so elected shall remain in office until his/her successor is similarly elected in 2010 and similarly every four (4) years thereafter. In the event the District 1 representative is not selected for any reason by general election, the District 1 Board of Supervisors shall appoint one of the District Supervisors as the District 1 representative who shall serve as a Director for a term established by District 1, such term not to exceed three (3) years. The District 1 representative so appointed shall remain in office until the earlier of (i) his/her successor is similarly appointed at the end of the designated term or (ii) such person is no longer a Supervisor of District 1, and similarly thereafter.

B. District 2. The representative for District 2 shall be a resident of District 2. In the event the representative from District 2 ceases to be a resident of District 2 during his or her term, such representative shall no longer be the District 2 representative and a replacement shall be selected in accordance with Section 4(G) hereof. The initial Director for District 2 on the AAC Board of Directors shall be as designated by District 2. The designated representative shall remain in office until the replacement is elected by those eligible electors in District 2 in the November 2008 general election, and sworn into office at the next following meeting of the Center District Board of Supervisors. The District 2 representative so elected shall remain in office until his/her successor is similarly elected in 2010 and similarly every four (4) years thereafter. In the event the District 2 representative is not selected for any reason by general election, the District 2 Board of Supervisors shall appoint one of the District 2 Supervisors as the District 2 representative who shall serve as a Director for a term established by District 2, such term not to exceed three (3) years. The District 2 representative so appointed shall remain in office until the earlier of (i) his/her successor is similarly appointed at the end of the designated term or (ii) such person is no longer a Supervisor of District 2, and similarly thereafter.

C. District 3. The representative for District 3 shall be a resident of District 3. In the event the representative from District 3 ceases to be a resident of District 3 during his or her term, such representative shall no longer be the District 3 representative and a replacement shall be selected in accordance with Section 4(G) hereof. The initial Director for District 3 on the AAC Board of Directors shall be as designated by District 3. The designated representative shall remain in office until the replacement is elected by those eligible electors in District 3 in the November 2008 general election, and sworn into office at the next following meeting of the Center District Board of Supervisors. The District 3 representative so elected shall remain in office until his/her successor is similarly elected in 2012 and similarly every four (4) years thereafter. In the event the District 3 representative is not selected for any reason by general election, the District 3 Board of Supervisors shall appoint one of the District 3 Supervisors as the District 3 representative who shall serve as a Director for a term established by District 3, such term not to exceed three (3) years. The District 3 representative so appointed shall remain in office until the earlier of (i) his/her successor is similarly appointed at the end of the designated term or (ii) such person is no longer a Supervisor of District 3, and similarly thereafter.

D. District 4. The representative for District 4 shall be a resident of District 4. In the event the representative from District 4 ceases to be a resident of District 4 during his or her term, such representative shall no longer be the District 4 representative and a replacement shall be selected in accordance with Section 4(G) hereof. The initial Director for District 4 on the AAC Board of Directors shall be as designated by District 4. The designated representative shall remain in office until the replacement is elected by those eligible electors in District 4 in the November 2008 general election, and sworn into office at the next following meeting of the Center District Board of Supervisors. The District 4 representative so elected shall remain in office until his/her successor is similarly elected in 2012 and similarly every four (4) years thereafter. In the event the District 4 representative is not selected for any reason by general election, the District 4 Board of Supervisors shall appoint one of the District 4 Supervisors as the District 4 representative who shall serve as a Director for a term established by District 4, such term not to exceed three (3) years. The District 4 representative so appointed shall remain in office until the earlier of (i) his/her successor is similarly appointed at the end of the designated term or (ii) such person is no longer a Supervisor of District 4, and similarly thereafter.

E. Town of Lady Lake. The Town representative shall be a resident of that portion of the Center District Service Territory lying within the Town or Lake County. In the event the representative for the Town ceases to be a resident of that portion of Center District Service Territory lying within the Town or Lake County during his or her term, such representative shall no longer be the Town representative and a replacement shall be selected in accordance with Section 4(G) hereof. The initial Director for the Town on the AAC Board of Directors shall be as designated by the Town. The designated representative shall remain in office until the replacement is elected by those eligible electors of the Town and Lake County within the Center District Service Territory in the November 2008 general election, and sworn into office at the next following meeting of the Center District Board of Supervisors. The Town's representative so elected shall remain in office until his/her successor is similarly elected in 2010 and similarly every four (4) years thereafter. In the event the Town representative is not selected for any reason by general election, the Town Commission shall appoint a resident of that portion of The Villages lying within Lake County or Lady Lake as the Town representative who shall serve as a Director for a term established by the Town, such term not to exceed three (3) years. The Town representative so appointed shall remain in office until his/her successor is similarly appointed at the end of the designated term and similarly thereafter.

F. Village Center Community Development District. The initial and all subsequent Directors for Center District on the AAC Board of Directors shall be as designated by Center District. The designated representative shall remain in office until November of 2008. A replacement representative shall be appointed every four (4) years thereafter.

G. Vacancy. Any vacancy on the Board of Directors occurring prior to the next regularly scheduled election or appointment shall be filled by appointment. The appointment shall be made in the same manner as the appointment of the initial Director and shall be made by the geographic region which filled the vacated seat on the Board of Directors.

H. Installation of Amenity Authority Committee Board of Directors. At the Center District Board of Supervisors meeting following the appointments or the release of the general election results contemplated above, Center District shall take all necessary acts to install the individuals appointed or elected as members of the AAC Board of Directors.

5. Amenity Authority Committee Meetings. The Amenity Authority Committee meetings shall be held in accordance with the following:

A. Date of meetings. The initial meeting of the AAC Board of Directors shall be held within thirty (30) days following the final appointment to the Amenity Authority Committee. At the initial meeting, and annually thereafter, the AAC Board of Directors shall designate the date and time of its meetings.

B. Special Meetings. Special meetings shall be called upon receipt by the Amenity Authority Committee Chairman or Vice-Chairman of written requests from a majority of the Directors.

C. Quorum. A majority of the Directors shall constitute a quorum. Notwithstanding the foregoing, a majority of the Directors present at any meeting may act to continue the meeting to a date and time specified in such continuance.

D. Voting. All actions of the Amenity Authority Committee shall require the affirmative vote of a majority of the AAC Board of Directors. Each Director shall be entitled to one vote.

E. Public Records. The Amenity Authority Committee shall comply with the provisions of Chapter 119, Florida Statutes, relating to public records. All of the Amenity Authority Committee's records shall be public records and subject to the provisions of Chapter 119, Florida Statutes, including those relating to records retention, except as specifically made exempt from said statute.

F. Public Meetings. All meetings of the Amenity Authority Committee's governing body shall be open to the public pursuant to Section 286.011, Florida Statutes, relating to public meetings. As to all meetings of the Amenity Authority Committee for which minutes are required pursuant to Florida law, a copy of such minutes shall be forwarded by the Amenity Authority Committee to the Center District Board of Supervisors within a reasonable time.

6. Officers of the Amenity Authority Committee Board of Directors.

A. Chairman. The AAC Board of Directors shall elect a chairman from their number, who shall serve for a period of one (1) year, or until a successor shall have been duly elected and qualified, whichever is later. No Director shall serve as chairman for more than two (2) consecutive full terms. The chairman shall preside at all meeting of the AAC Board of Directors.

B. Vice-Chairman. The AAC Board of Directors shall elect a vice-chairman from their numbers, who shall serve for a period of one (1) year, or until a successor shall have been duly elected and qualified, whichever is later. No AAC Board of Directors shall serve as vice-chairman for more than two (2) consecutive full terms. In case of the absence or disability of the chairman, the chairman's duties shall be performed by the vice-chairman. The vice-chairman shall perform such additional duties as are authorized by the AAC Board of Directors.

C. Vacancy. If a vacancy occurs in the office of chairman and/or vice-chairman, the AAC Board of Directors shall elect a replacement to serve the balance of the unexpired term.

D. Chairman Pro-Tem. If neither the chairman nor vice-chairman attends a meeting at which a quorum is present, the AAC Board of Directors present may elect one (1) of their number to serve as chairman pro-tem for that meeting.

7. Amenity Authority Committee Powers. Subject to the limitations set forth herein, the Amenity Authority Committee, as a committee of Center District, shall have the following powers:

A. From the date this Agreement is fully executed through the date on which the first AAC Board of Directors comprised of elected or, if it is not possible for any reason to select the representative by general election for any reason, appointed Directors for District 1, District 2, District 3, District 4, and Town of Lady Lake geographic regions is in place, the Amenity Authority Committee, as a committee of Center District, shall advise Center District on matters relating to Amenity Facilities, Amenity Fees and services related to Amenity Facilities and Amenity Fees.

B. From the date on which the first AAC Board of Directors comprised of elected Directors for District 1, District 2, District 3, District 4 and Town of Lady Lake geographic areas is in place, or in the event an election is not possible for any reason, the date on which the Directors appointed in lieu of election as contemplated in Section 4 is in place, and continuing thereafter, the Amenity Authority Committee, as a committee of Center District, shall have the following powers:

I. Discretion over expenditures of all non-bond required Amenity Funds including Amenity Fees, Amenity Facility user fees and all other Amenity Division Revenues, including but not limited to interest income, miscellaneous, security services, maintenance systems, other revenues, fund balance forward, special event services, joint services, security and management fees net of expenses associated with the management fee income.

II. Rate setting of Amenity Facility user fees.

III. Operational control over Amenity Facilities and services. Center District shall cause Center District staff to abide by instructions of the Amenity Authority Committee related thereto but nothing in this section shall authorize the Amenity Authority Committee to interfere with the day-to-day operation of the Amenity Facilities.

IV. Approval over future debt secured by Amenity Fees or Amenity Facilities.

V. Approval over sale, assignment or trade of Amenity Facilities within the Center District Service Territory.

VI. Approval of future areas to be brought within the Center District Service Territory, however, Center District shall be permitted to bring within the Center District Service Territory no more than three hundred (300) additional dwelling units without the approval or consent of the Amenity Authority Committee.

VII. The Amenity Authority Committee shall be authorized to establish from time-to-time a maximum Amenity Fee for the Center District Service Territory such that increases in Amenity Fees whether by Consumer Price Index, resale of a home or otherwise will not result in an Amenity Fee for a particular homesite within the Center District Service Territory having to pay in excess of such maximum amount.

VIII. To appoint advisory, administrative or operation subcommittees to assist the Amenity Authority Committee in the exercise and performance of the powers and duties provided for under this Agreement.

IX. To do all acts and things necessary or convenient for the conduct of its business in order to carry out the powers and duties provided in this Agreement.

8. **Limitations on Amenity Authority Committee Powers.** The Amenity Authority Committee powers provided for herein shall be subject to, limited, and exercised as follows:

A. All actions of the Amenity Authority Committee shall comply with the terms, provisions, covenants, representations, and warranties described in the Bond Documents. In no event shall an Amenity Authority Committee action cause a violation of the terms, provisions or covenants of the Bond Documents or cause any representation or warranty described in the Bond Documents to become untrue.

B. All actions of the Amenity Authority Committee shall be subject to and in compliance with the terms and provisions of the various Declaration of Restrictions which provide for the Amenity Fee each resident in the Center District Service Territory is obligated to pay.

C. All actions of the Amenity Authority Committee shall be subject to and in compliance with local, state and federal laws and regulations including, but not limited to, Florida Statutes Chapters 112, 255, 286 and 287.

D. In no event shall an act of the Amenity Authority Committee result in a reduction of Amenity Facilities including any reduction in services provided in exchange for the Amenity Fee.

E. In no event shall the Amenity Authority Committee cause or permit any funds received by Center District as a result of any lawsuit settlement to be pledged, spent or hypothecated by Center District prior to the date on which the first AAC Board of Directors comprised of elected Directors for District 1, District 2, District 3, District 4 and Town of Lady Lake geographic regions is in place, or in the event an election is not possible for any reason, the date on which the Directors appointed in lieu of election as contemplated in Section 4 is in place.

F. In no event shall the Amenity Authority Committee exercise any powers over fire services, or funds related to fire services, or setting or allocating management fees charged by Center District or any other facility or activity unrelated to the operation of Amenity Facility or Amenity Fees.

G. To continue to provide a seamless community, all policies, procedures, fees and services relating to Amenity Fees and Amenity Services provided to residents of Sumter Landing Community Development District and Center District shall be identical, (excluding all items contained in the Project Wide Agreement utilized south of CR466). It is understood that the Amenity Fee rate applicable throughout the Village Center Service Territory varies and nothing contained herein shall be construed to mandate a uniform Amenity Fee.

H. In no event shall any action by the Amenity Authority Committee result in residents of The Villages outside the Center District Service Territory being treated differently than residents within the Center District Service Territory (excluding all items contained in the Project Wide Agreement utilized south of CR466). It is understood that the Amenity Fee rate applicable throughout the Village Center Service Territory varies and nothing contained herein shall be construed to mandate a uniform Amenity Fee.

9. **Implementation of Amenity Authority Committee Decisions.** Since the Amenity Authority Committee is a committee of Center District and not a separate legal entity, at the Center District Board of Supervisors meeting following each AAC Board of Directors meeting, Center District shall promptly enact, adopt or put into place those rules, policies, procedures or other actions of the Amenity Authority Committee within the scope of the powers set forth in Section 7(B) of this Agreement and not prohibited under Section 8 hereof, and shall enter into those contracts and disburse those funds necessary and proper to implement the actions of the Amenity Authority Committee.

10. **Paradise Recreation Center Debt.** Within thirty (30) days of the date Center District receives funds being held pursuant to a separate escrow agreement, Center District agrees to pay off the debt incurred for the renovation of the Paradise Recreation Center.

11. **Entire Agreement.** This instrument constitutes the entire agreement between the parties and supersedes all previous discussions, understandings and agreements between the parties relating to the subject matter of this Agreement. No amendment hereto is effective unless made in writing and signed by all parties.

12. **Jurisdiction.** Jurisdiction and venue for any action hereunder shall lie with the Fifth Judicial Circuit, in and for Sumter County, Florida.

13. **Severability.** If any part of this Agreement shall be held unenforceable, the rest of this Agreement will nevertheless remain in full force and effect.

14. **Amendments and Waivers.** No amendment, supplement, modification or waiver of this Agreement, including but not limited to the admission of additional Districts or the withdrawal of any District, shall be binding unless executed in writing by all parties hereto. No wavier of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement, whether or not similar, unless otherwise expressly provided. Each such amendment, supplement, modification or waiver of this Agreement shall be filed within the Clerk of the Circuit Court in Sumter County.

15. **Binding Effect.** This Agreement shall be binding upon the parties, their respective successors and assigns and shall inure to the benefit of the parties, their respective successors and assigns.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

ATTEST:

Print Name: _____
Title: _____

**VILLAGE CENTER COMMUNITY
DEVELOPMENT DISTRICT**

Print Name: _____
Title: _____

ATTEST:

Print Name: _____
Title: _____

**VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 1**

Print Name: _____
Title: _____

ATTEST:

Print Name: _____
Title: _____

**VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 2**

Print Name: _____
Title: _____

ATTEST:

**VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 3**

Print Name: _____
Title: _____

Print Name: _____
Title: _____

ATTEST:

**VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 4**

Print Name: _____
Title: _____

Print Name: _____
Title: _____

ATTEST:

TOWN OF LADY LAKE, FLORIDA

Print Name: _____
Title: _____

Print Name: _____
Title: _____

**STATE OF FLORIDA
COUNTY OF _____**

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as _____ of and on behalf of **VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT** for the purposes expressed herein.

NOTARY PUBLIC-STATE OF FLORIDA

Print Name: _____
Serial/Commission Number: _____
Commission Expires: _____
Personally known _____ or Produced Identification _____
Type of Identification Produced _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as _____ of and on behalf of **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 1** for the purposes expressed herein.

NOTARY PUBLIC-STATE OF FLORIDA
Print Name: _____
Serial/Commission Number: _____
Commission Expires: _____
Personally known ____ or Produced Identification ____
Type of Identification Produced _____
STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as _____ of and on behalf of **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 2** for the purposes expressed herein.

NOTARY PUBLIC-STATE OF FLORIDA
Print Name: _____
Serial/Commission Number: _____
Commission Expires: _____
Personally known ____ or Produced Identification ____
Type of Identification Produced _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as _____ of and on behalf of **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 3** for the purposes expressed herein.

NOTARY PUBLIC-STATE OF FLORIDA

Print Name: _____
Serial/Commission Number: _____
Commission Expires: _____
Personally known ____ or Produced Identification ____
Type of Identification Produced _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, as _____ of and on behalf of **VILLAGE COMMUNITY DEVELOPMENT DISTRICT NO. 4** for the purposes expressed herein.

NOTARY PUBLIC-STATE OF FLORIDA

Print Name: _____
Serial/Commission Number: _____
Commission Expires: _____
Personally known ____ or Produced Identification ____
Type of Identification Produced _____

STATE OF FLORIDA
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____,
2007, by _____, as _____ of and on
behalf of the **TOWN OF LADY LAKE, FLORIDA** for the purposes expressed herein.

NOTARY PUBLIC-STATE OF FLORIDA

Print Name: _____

Serial/Commission Number: _____

Commission Expires: _____

Personally known _____ or Produced Identification _____

Type of Identification Produced _____

EXHIBIT "C"

TEE TIME AGREEMENT

AGREEMENT

THIS AGREEMENT ("Agreement") is made this 31st day of December, 2007, by and between **THE VILLAGES OF LAKE-SUMTER, INC.**, a Florida corporation (hereinafter called "VLS"), whose address is 1020 Lake Sumter Landing, The Villages, Florida 32162, and **VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT**, a community development district created pursuant to Chapter 190, Florida Statutes, as amended (hereinafter called "Center District"), whose address is 3231 Wedgewood Lane, The Villages, Florida 32162.

RECITALS

1. VLS is the developer of a residential community known as The Villages.
2. The Center District is a Community Development District formed pursuant to Chapter 190 of the Florida Statutes.
3. The Center District was formed in part to acquire and operate certain facilities for indoor and outdoor recreational and cultural uses, as well as other assets to provide security and other services within that portion of The Villages lying north of County Road 466 (the "Center District's Amenity Territory").
4. On May 6, 1996, again on June 27, 1996, again on January 6, 1998, again on June 22, 1999, again on March 30, 2001, again on March 26, 2003, again on June 15, 2004, and again on July 29, 2005, VLS as Seller, and Center District as Buyer, closed various transactions contemplated by various Agreements for Purchase and Sale (collectively the "Acquisition Agreements") whereby:
 - a. VLS conveyed to the Center District certain facilities for indoor and outdoor recreational and cultural uses, as well as other assets used to provide security and other services within the Center District's Amenity Territory;
 - b. VLS assigned to the Center District the absolute right to collect monthly fees from certain residents within the Center District's Amenity Territory that accrue pursuant to covenants running with the ownership of their land, for the right and privilege of using the facilities being acquired, and for other services provided by VLS;
 - c. VLS reserved in favor of Future Residents (as defined in the Acquisition Agreements) the right to use the Amenity Facilities within the Center District's Amenity Territory, including golf courses transferred to the Center District.

The image shows two handwritten signatures in black ink. The signature on the left is more stylized and appears to be 'VLS' or similar. The signature on the right is more legible and appears to be 'Center District' or similar. Both signatures are written in a cursive, handwritten style.

5. At this time, VLS and Center District wish to enter into an agreement by which the parties agree to the maximum number of tee times that VLS is able to reserve in the Center District's golf courses on an annual basis.

NOW THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the parties agree as follows:

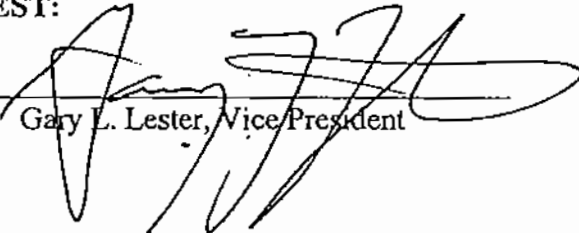
1. Notwithstanding the reservations made in the Acquisition Agreements or other documents executed pursuant to the transaction contemplated by the Acquisition Agreements, Center District agrees that the number of tee times reserved by VLS for prospective residents of The Villages shall not exceed an annual maximum of three thousand four hundred fifty (3,450) nor three hundred twenty-five (325) in any calendar month.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

VLS:

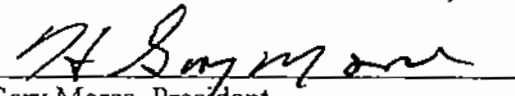
ATTEST:

By:


Gary L. Lester, Vice President

THE VILLAGES OF LAKE-SUMTER, INC.

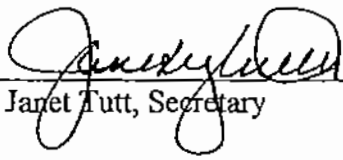
By:


H. Gary Morse, President

CENTER DISTRICT:

ATTEST:

By:


Janet Tutt, Secretary

VILLAGE CENTER COMMUNITY
DEVELOPMENT DISTRICT

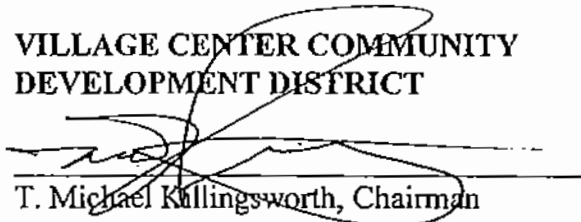

T. Michael Killingsworth, Chairman

EXHIBIT "D"

RELEASE

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.:

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

Defendants.

RELEASE

WHEREAS, a lawsuit has been filed in the Circuit Court of the Fifth Judicial Circuit in and for Lake County Florida, styled as 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. Defendants, Village Center Community Development District, The Villages of Lake-Sumter, Inc. and H. Gary Morse ("The Lawsuit"); and

WHEREAS, RUTH ELAINE DREIDAME, RICHARD C. LAMBRECHT, WILLIAM E. GARNER, JOSEPH B. GORMAN and IRVING YEDWAB are herein defined as the "Class Representatives": and

WHEREAS, RUTH ELAINE DREIDAME, RICHARD C. LAMBRECHT, WILLIAM E. GARNER, JOSEPH B. GORMAN and IRVING YEDWAB, on behalf of themselves and all others similarly situated is herein defined as the "Plaintiff Class"; and

WEL
J. J. J.
Aug.
RE
RED

WHEREAS, the parties desire to compromise and amicably settle all claims and potential claims between the parties.

NOW THEREFORE, for and in consideration for the matters outlined in the Settlement Agreement filed in The Lawsuit, and such other good and valuable consideration, the receipt of which is hereby acknowledged, Plaintiff Class and Class Representatives, individually for themselves and in their representative capacity and for their agents, successors, representatives and assigns, hereby release, acquit, exonerate, discharge, and covenant not to sue H. Gary Morse ("HGM"), The Villages of Lake-Sumter, Inc ("VLS"), the Board of Directors and all officers, employees, agents, managers and staff of VLS and any affiliated or related company or subsidiary of VLS, the Village Center Community Development District ("VCCDD"), all members of any past or present Board of Supervisors of VCCDD, all officers, employees, agents, managers and staff of VCCDD and all those in privity therewith (collectively the "Released Parties") from any and all actions, causes of actions, rights, benefits, costs, attorney's fees, claims, liability for any and all loss or damage and demands of whatsoever kind of nature on account of, or arising out of, any matter which was the subject of or resulting from the allegations in the The Lawsuit, or any of the factual allegations, claims or causes of action that could arise out of the facts alleged therein, including, but not limited to any matter involving Amenity Fees, Amenity Facilities, the Bond transaction related to the Center District's acquisition of the Amenity Facilities and assignment of the Amenity Fees, Amenity Services including, quantities, sufficiency or adequacy of the facilities or services provided pursuant to the right to collect Amenity Fees, lakes, sinkholes, ponds, and water retention areas, golf/recreation/transportation trails and the tunnels and bridges connected thereto, those provisions of the Declaration of Restrictions in the Village Center Service Territory addressing Amenity Fees

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and Amenity Facilities, including the enforceability, accuracy or calculations regarding the Amenity Fees arising pursuant to said sections, and all matters that arose prior to the date of this Release. The Plaintiff Class may not file a claim or suit arising out of the allegations raised in The Lawsuit and specifically may not utilize or present any evidence of the transactions identified in paragraphs twenty-five (25) to thirty-eight (38) of the Class Representation Complaint filed in The Lawsuit in any future administrative, civil or other litigation against the Released Parties or any one of them, and to any such claim or suit this Release is a complete defense.

The hereinabove recited consideration is the full, complete and entire consideration for this release; and in consideration of the premises, the undersigned hereby agree that they and the Plaintiff Class will not, and that their employees, agents, successors and assigns shall not, hereafter file or institute in any court any other suit against the Released Parties for or on account of or in respect to any allegations made or any claim relating in any way whatsoever to the matters outlined above and that to any other suit or action which nevertheless may be hereafter brought on account of or in respect to any of the matters and things involved in the above claims this release shall be a complete and conclusive defense.

It is further understood and agreed that VCCDD, VLS and HGM all deny the allegations made by Plaintiffs and any liability is expressly denied. The payment of any monies or the taking of any action is not to be construed as an admission of liability on the part of VCCDD, VLS or HGM.

Plaintiffs understand and agree that they rely wholly upon their own judgment and that no representation or statements regarding their claim or regarding any other matters have been made by the persons, firms, or corporation who are hereby released or by any other person and that the

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persons representing them have not influenced them to any extent whatsoever in making this Release.

The undersigned have read this Release and understand the purport, tenor and effect of this Release. It continues and sets for the entire agreement between the parties hereto, and there is no part of the agreement between them in respect of the premises which is not fully, completely, accurately and truly set forth herein.

THE FOLLOWING SIGN INDIVIDUALLY AND AS CLASS REPRESENTATIVE OF THE PLAINTIFF CLASS:


RUTH ELAINE DREIDAME

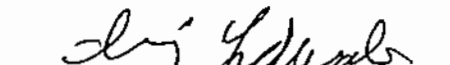
12/10/2007
Date


RICHARD C. LAMBRECHT

12/10/2007
Date


WILLIAM E. GARNER

12/10/07
Date


IRVING YEDWAB

12/10/07
Date


JOSEPH B. GORMAN

12/10/07
Date

EXHIBIT "E"

CONFIDENTIALITY AGREEMENT

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.:

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

Defendants.

CONFIDENTIALITY AGREEMENT

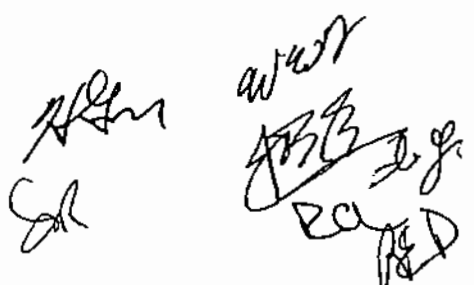
A **SETTLEMENT AGREEMENT AND RELEASE** have been or will be executed with this Confidentiality Agreement relating to the lawsuit filed in the Circuit Court of the Fifth Judicial Circuit in and for Lake County Florida, Case No. _____ styled as *Plaintiffs, RUTH ELAINE DREIDAME, RICHARD C. LAMBRECHT, WILLIAM E. GARNER, JOSEPH B. GORMAN and IRVING YEDWAB* (collectively "Class Representatives"), *on behalf of themselves and all others similarly situated* (hereafter "Plaintiff Class") vs. *Village Center Community Development District* (hereafter "VCCDD"), *The Villages of Lake-Sumter, Inc.* (hereafter "VLS"), and *H. Gary Morse* (hereafter "HGM")(collectively referred to as "Defendants"). The discussions, negotiations, pre-suit discovery and communications between and among the Class Representatives, their attorneys and the representatives and attorneys of Defendants are highly confidential and the confidentiality provisions are a key element of consideration for the settlement for HGM, VLS, the Board of

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Directors and all officers, employees, agents, managers and staff of VLS and any affiliated or related company or subsidiary of VLS, and all those in privity therewith (collectively all jointly designated as "VILLAGES"). The Class Representatives, individually and as Class Representatives, hereafter all jointly designated as "CLASS", and VILLAGES stipulate and agree that in consideration of the compromised settlement of those claims asserted in the above-captioned matter, and in consideration for the settlement and release of all claims as described in the Settlement Agreement and Release signed in connection with this matter, they hereby enter into this Confidentiality Agreement. CLASS represents that to the best of their knowledge, Class Representatives are the only persons who received or obtained any information relating to pre-suit discovery, discussions and communications with Defendant's representatives or negotiations. CLASS and VILLAGES agree to keep and maintain the strict confidentiality of the nature of the documents and information received from each other, correspondence and communications, in any form, between the parties with respect to the lawsuit, the negotiation of terms, the transmittal of information and the settlement. This Agreement shall remain in effect until January 1, 2021.

Should CLASS or VILLAGES fail to honor this Confidentiality Agreement and disclose the information delineated above to any person other than a qualified person, then that shall be considered a breach of this Confidentiality Agreement and the terms of the settlement. The term "qualified person" shall mean and refer to Counsel who has appeared and participated in this matter and employees, agents, servants of such counsel assisting in the conduct of each matter.

Without the confidentiality requirements set forth herein, VILLAGES would not have entered into the settlement or any discussions or conferences leading up to the settlement.



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This confidentiality agreement extends beyond CLASS and VILLAGES to all counsel who have represented CLASS and VILLAGES in this matter, all experts retained or consulted on behalf of CLASS and VILLAGES, and all law firm office personnel.

Should CLASS or their counsel or any "qualified person" be required by court order to disclose anything that is deemed confidential pursuant to this Agreement, written notice must immediately be provided, either by facsimile transmission or overnight delivery to Stephen Johnson at McLin & Burnsed, 1000 West Main Street, Leesburg, Florida 34748. In addition, such disclosure, even pursuant to court order, cannot be made until all appellate avenues have been exhausted, should same be desired by VILLAGES. Appellate avenues, if elected would be at VILLAGES' own cost.

A breach of this Confidentiality Agreement will result in damages. Enforcement of this confidentiality agreement shall be by liquidated damages or actual damages at the election of the aggrieved party. As actual damages may be impossible to calculate, a breach of this agreement, intentional or accidental, shall result in liquidated damages against the breaching individual(s) of Twenty-Five Thousand and 00/100 (\$25,000.00) Dollars as well as the attorney's fees and costs of the party enforcing the confidentiality provision. No actual damages or injury need be shown. This is a strict liability provision to which CLASS and VILLAGES agrees to be bound.

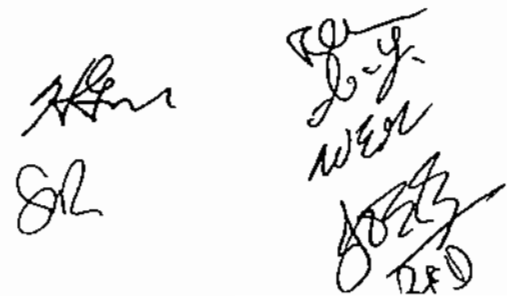
THE FOLLOWING SIGN INDIVIDUALLY AND AS CLASS REPRESENTATIVES OF THE PLAINTIFF CLASS:


RUTH ELAINE DREIDAME

12/10/2007
Date


RICHARD C. LAMBRECHT

12/10/2007
Date


Handwritten initials and signatures, including "SL", "WEL", and "12/10/2007".

William E. Garner
WILLIAM E. GARNER

12/10/07
Date

Irving Yedwab
IRVING YEDWAB

12/10/07
Date

Joseph B. Gorman
JOSEPH B. GORMAN

12/10/07
Date

Carol M. Anderson
CAROL M. ANDERSON

12/10/07
Date

THE VILLAGES OF LAKE-SUMTER, INC.

By: H. Gary Morse
H. Gary Morse, President/CEO

1/2/08
Date

H. GARY MORSE

H. Gary Morse

1/2/08
Date

STEVEN M. ROY

Steven M. Roy

1/2/08
Date

Handwritten notes and signatures:
RCU
RCU
RCU
RCU

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.

**STIPULATION AND JOINT MOTION FOR ORDER GRANTING CONDITIONAL
CERTIFICATION, MAINTENANCE AND NOTICE OF CLASS ACTION FOR
SETTLEMENT PURPOSES, PRELIMINARILY APPROVING CLASS SETTLEMENT,
DIRECTING ISSUANCE OF NOTICE TO CLASS AND SCHEDULING A FAIRNESS
HEARING**

The Parties hereby stipulate and jointly move for an Order Granting Conditional Certification, Maintenance and Notice of Class Action for Settlement Purposes, Preliminarily Approving Class Settlement, Directing Issuance of Notice to Class and Scheduling a Fairness Hearing.

1. The Plaintiffs have alleged and the Parties stipulate for settlement purposes only that class representation is appropriate pursuant to Fla. R. Civ. P. Rule 1.220 as alleged in Paragraphs 9 through 16 of the Complaint.

2. The Parties have submitted a proposed Settlement Agreement in this matter, which has been filed contemporaneously with this Motion.

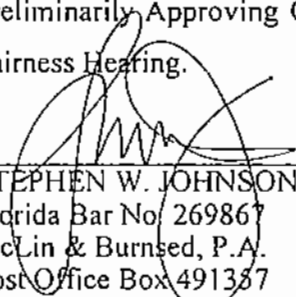
3. The Parties seek certification and maintenance of the class under Fla. R. Civ. P. Rules 1.220(a) and 1.220(b)(3), and stipulate to the establishment of a temporary settlement class, and conditional certification and maintenance of the proposed class for settlement purposes only. In the event the proposed settlement submitted by the parties is not approved by the Court, the Parties' Stipulation for Certification and Maintenance of a Class Action is withdrawn and the Plaintiffs may

amend or dismiss, without prejudice, the Class Representation Complaint and may file new allegations and a new complaint and the Defendants may assert all available defenses and objections to class action certification and/or maintenance and may amend their answer to the Class Representation Complaint.

4. The Parties will provide the Court a proposed Notice to the Class which includes the information required pursuant to Fla. R. Civ. P. Rules 1.220(d)(2) and 1.220(e).

5. The Parties jointly move this Court to grant Conditional Certification, Maintenance and Notice of Class Action for Settlement Purposes, to preliminarily approve the Class Settlement, to direct the issuance of the Notice to Class and to schedule a Fairness Hearing.

WHEREFORE, The Parties respectfully request this Court to enter an Order Granting Conditional Certification, Maintenance and Notice of Class Action for Settlement Purposes, Preliminarily Approving Class Settlement, Directing Issuance of Notice to Class and Scheduling a Fairness Hearing.



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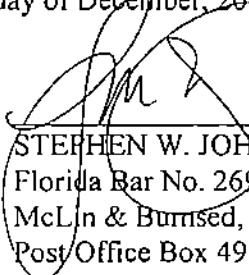


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CERTIFICATION

I HEREBY CERTIFY that a copy of the foregoing has been furnished via U.S. Mail to: Carol M. Anderson, Esq. and Dougald McMillan, Esq. of Anderson & Anderson, P.A., 11950 CR 101, Suite 201, The Villages, Florida 32162; and Archie O. Lowry, Jr., Esq., Potter Clement Lowry & Duncan, 308 E. Fifth Avenue, Mt. Dora, Florida 32757, this 4th day of December, 2007.



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