

This Memo was sent via email to University Lutheran Chapel on the afternoon of September 28th.

MEMORANDUM

TO: BOARD OF DIRECTORS, MINNESOTA SOUTH DISTRICT
FROM: LU CLEMMENSEN, TREASURER, MINNESOTA SOUTH DISTRICT
RE: PURCHASE AGREEMENT TO SELL THE MINNESOTA SOUTH DISTRICT PROPERTY LOCATED AT THE UNIVERSITY OF MINNESOTA-MINNEAPOLIS CAMPUS
DATE: SEPTEMBER 28, 2011

On September 13, 2011, the Board of Directors unanimously adopted "A Resolution to Sell the Minnesota South District Property located on the University of Minnesota-Minneapolis Campus" (the "Resolution"). Below I provide an update on the status of this matter.

On behalf of the Minnesota South District (the "District"), I executed a listing agreement with William Lentsch of KW Commercial North Suburban to broker the property owned by the District at 1101 University Avenue, Minneapolis (the "Property"). KW Commercial is a national real estate services company with brokerage experience in the Minneapolis commercial market. Mr. Lentsch notified University Lutheran Chapel ("ULC") that the Property had been listed, but no offer was received from ULC.

On September 23, 2011 I executed a purchase agreement on behalf of the District with Doran Development, LLC (the "Purchase Agreement") that obligates Doran to pay the District 3.5 million dollars for the Property. This will produce a net price to the District in excess of 3.2 million dollars. As is typical for commercial real estate transactions, the Purchase Agreement is conditioned on certain matters including Doran being satisfied with its investigation of the Property, Doran's ability to receive required governmental approvals, and certain other matters. Doran must acknowledge in writing that all conditions have been met by June 1, 2012 or the Purchase Agreement terminates. If Doran timely acknowledges that all conditions have been met, the sale closes on July 1, 2012 (subject to a right of Doran to move-up the closing date)

As we move forward, I will work with ULC and Doran to coordinate Doran's inspections of the Property. When the time comes, I will also work with ULC to coordinate its departure from the Property and its move to the new location where it will continue its ministry.

As stated in the "Frequently Asked Questions #2" (posted on the District website, www.mns.lcms.org) the sale of this Property will not end LCMS ministry to students on the U of M campus. If the congregation chooses, it may continue to conduct campus ministry on or near the campus. In order to assist the congregation to make this possible, the proposed 2012 Campus Ministry Budget includes a subsidy of \$35,000, with additional subsidies proposed over the following four years for a total proposed subsidy to ULC of \$105,000. The Mission Committee's strategy also provides opportunities for additional LCMS congregations to conduct campus ministry on the U of M campus, at other Twin Cities campuses, and campuses throughout the District.

Mr. Lentsch did leave a voice message at ULC along with his phone number for us to contact him regarding the listing. ULC tried to reach him on three separate occasions. Mr. Lentsch did not return our calls. The property listing also could not be found on the internet as listed for sale (neither on MLS or on commercial real estate sites such as Loopnet). ULC was never provided with the listing details or even the price at which the property was being listed.

Moreover, the District knew full well that ULC had not and would not have adequate time to raise the 3.2 million minimum required by the BOD in the "Resolution".

ULC had been meeting with a developer and architect to propose a cooperative arrangement that would allow development of the property while retaining our chapel and place on campus.

The statement at right amounts to nothing more than sophistry intended to give the appearance of the District Treasurer having given ULC an opportunity to purchase our chapel.

This is the day after President Seitz had to leave the Council of Presidents meeting early due to a "crisis" in the district. Earlier, while in St. Louis for meetings, he had agreed with President Harrison to call a special BOD meeting for President Harrison to speak to the Board about the sale of the chapel. The deed is done before the synodical president could get in the way.

Please note that this is a mere nine days after ULC had been informed that the BOD voted to put the chapel up for sale. It is also a full five days before the date of this memo informing ULC that the purchase agreement had been entered into.

For all practical purposes this does seriously threaten to end ULC's 86 year campus ministry at the U of M. If the campus ministry at the U of M continues, it will be due to the grace of God and the diligent commitment of the congregation of University Lutheran Chapel.

The amounts here are but 1% of the sale price the first year to a total of a mere 3% over four years. This is not enough money to rent space at the U of M or carry out significant ministry on campus.

The District President and Mission Exec have long desired to have campus ministry conducted in a manner far different from the faithful, confessional, liturgical, Word and Sacrament ministry of ULC.