

R-O-U-G-H D-R-A-F-T 7.17.06

NON-BINDING LETTER OF INTENT
Between
The Iowa Department of Administrative Services
And
The Capitol Lutheran Church

Date: July 17, 2006

To: Mr. Tim Meline
V.P. Church Council

RE: Capitol Lutheran Church

This non-binding letter of intent is a proposal by the State of Iowa, Department of Administrative Services to consider purchasing property located at 511 Des Moines Street, Des Moines, Iowa.

The Iowa Department of Administrative Services is charged with pursuing capital projects on the capitol complex by considering the guiding principles enunciated in the capitol complex master plan adopted by the Capitol Planning Commission on or after January 1, 2000. See, Iowa Code section 18A.6. Included in the master plan is ownership of a parcel of land identified as the Property in this Letter of Intent.

The Capitol Hill Lutheran Church, owner of the parcel of land has expressed a desire to sell the property to the State of Iowa.

The Parties to this Letter of Intent hereby acknowledge these shared goals, and agree to pursue the same. It is also acknowledged that there is no current appropriation from which the State can purchase the Property. The purpose of this Letter of Intent is to identify the actions by both Parties to pursue state-ownership of the Property.

The following sets out the basic terms upon which we would be prepared to purchase the Property. The terms are not comprehensive and we expect that additional terms, including reasonable warranties and representations, will be incorporated into a formal agreement ("Agreement") to be negotiated.

The basic terms are as follows:

1. Department: The State of Iowa, through the Iowa Department of Administrative Services.

2. Church: Capitol Hill Lutheran Church.

3. Property: The Capitol Hill Lutheran Church, located at 511 Des Moines Street, Des Moines, Iowa 50309 (legal description: N 100 F LTS 9, 10, 11 & 12 Blk 3 H Lyons Add) free and clear of all liens, charges and encumbrances at Closing, except the Church's mortgage(s).

4. Funding by the State: The Department shall pursue an appropriation to purchase the Property during the 2007 Regular Session of the 82nd General Assembly.

5. Purchase Price: The Department shall pursue an appropriation to purchase the Property, but cannot predict the outcome of this request; as a result, the Parties agree that the Purchase Price shall be negotiated after a legislative appropriation of funds.

6. Access to Information: Immediately upon execution of this Letter of Intent, the State and its advisors will have full access during normal business hours to all documents pertaining to the Property and within the Church's control, including all leases and amendments, tenant files, current rent roll, current operating statement and operating statements for the last three (3) calendar years, all reports including e.g., appraisal, environmental assessments, engineering, structural, mechanical, traffic, soils, drainage, foundation and roof reports and all other studies, notices or information pertaining to the condition or status of the Property ("Materials").

7. Condition(s) Precedent: In addition to securing an appropriation the obligation of the State to purchase the Property will be subject to satisfaction or written waiver by the State of the following conditions ("Conditions Precedent"):

- review and approval of the Materials;
- completion of satisfactory physical and environmental inspections of the Property;
- completion of satisfactory due diligence searches and examinations;
- satisfactory review of title to the Property;
- satisfactory financing being arranged for the purchase of the Property;
- satisfactory review and approval of the zoning for the Property;
- obtaining satisfactory confirmation that necessary approvals for the

State's intended use of the Property will be available;

8. Return of Materials: The Materials will be returned to the Church.

9. Costs: The State and the Church will each bear their own expenses in connection with this Letter of Intent.

10. Confidentiality: Confidentiality provision shall be governed by Iowa Code chapter 22.

11. Good Faith Negotiations: Each of the State and the Church will act honestly, diligently and in good faith in their respective endeavors to negotiate, settle and execute the Agreement within 10 months following the execution of this Letter of Intent.

12. Exclusive Opportunity: Following the execution of this Letter of Intent, the Church will not negotiate or enter into discussions with any other party or offer the Property or any interest therein for sale or long-term lease to any other party until the time herein provided for settlement of the Agreement has expired.

13. Not a Binding Agreement: This Letter does not create a binding contract and will not be enforceable. Only the definitive Agreement, duly executed and delivered by the Church and the State, will be enforceable.

14. Acceptance: If you are agreeable to the foregoing terms, please sign and return a duplicate copy of this Letter of Intent by no later than by 5:00 p.m. _____, 2006. Facsimile is acceptable.

15. Authorization. Each party to this Letter represents and warrants to the other parties that s/he has the right, power and authority to enter into and perform any requested actions pursuant to this Letter.

Sincerely,

Mollie K. Anderson, Director
The Iowa Department of Administrative Services

The above terms are accepted this _____ day of _____,
2006

Tim Meline
V.P. Church Council