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DEPARTMENT OF WATER RESOURCES DEPT. OF WATER RESOURCES STATE OF IDAHO

\$25 fee per permit

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Receipt Amt \$ 25 -

Receipt No. 693326

Date: 6/13/2011

SR7

ASSIGNMENT OF APPLICATION AND PERMIT

To change the ownership of an application and a permit

I, M3 Eagle, LLC, hereby assign to City of Eagle, a municipal corporation, of, 660 E. Civic Lane, Eagle, Idaho 83616

All my right, title, and interest in and to Permit No(s). to appropriate the public waters of the State of Idaho.

OR (for partial assignments)

The following described portion of my right, title, and interest in and to Application and Permit Number(s): 63-32573, to appropriate the public waters of the State of Idaho.

Describe in detail the portion of the permit and application assigned, listing the number of acres in each 40 acre subdivision, point of diversion location, and amount of the water in cubic feet per second.

See attachment.

Does the new permit and application holder own the property at the:

Point of Diversion? [] Yes [x] No
Place of Use? [] Yes [x] No

If no, describe the arrangement enabling the new owner to access the point of diversion and/or the place of use: See attachment.

Made this ___ day of June, 2011.

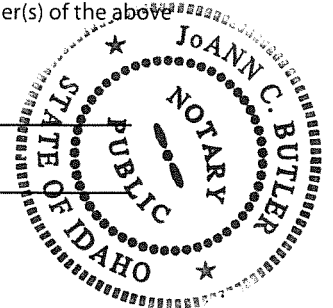
Signature of Permit and Application Holder: [Signature] Member Title (if applicable)
Signature of Permit Holder Title (if applicable)

State of Idaho)
County of Ada)ss

On this 13th day of June, 2011, personally appeared before me the signer(s) of the above instrument, who duly acknowledged to me that he/she/they executed the same.

SEAL

[Signature] Notary Public
My commission expires: 9/24/14



ATTACHMENT TO ASSIGNMENTS OF APPLICATION AND PERMIT FOR PERMIT 63-32573
FILED BY M3 EAGLE, LLC

Part 1

By these Assignments of Application and Permit M3 Eagle LLC ("**M3 Eagle**") assigns to the City of Eagle ("**City**") the following:

1. Except as provided herein, M3 Eagle assigns to City all of its interest in Permit No. 63-32573 as approved in the January 25, 2010 Amended Final Order ("**2010 Order**") issued by the Idaho Department of Water Resources ("**IDWR**") and as such 2010 Order may be amended through the anticipated proceedings upon remand to IDWR by the Ada County District Court ("**District Court**") in Case No. CV-OC-1003180 ("**Remand Proceedings**") provided for in the IDWR/M3 Eagle Settlement dated January 19, 2011 ("**IDWR/M3 Eagle Settlement**") (the "**Permit**").

2. Except as provided herein, M3 Eagle assigns to City all of its interest in Application for Permit No. 63-32573 ("**Application**") such that City shall be deemed an applicant under the Application for purposes of the Remand Proceedings.

3. M3 Eagle agrees to hold harmless and indemnify City from any and all claims, costs, damages and attorneys fees which may be incurred by or asserted against City by any person or entity as a result of City's cooperation and/or participation with M3 Eagle in the Remand Proceedings and City's designation as an applicant or assignee of the Permit through the Remand Proceedings. A Pre-Annexation and Development Agreement was entered into between M3 Eagle and City and recorded in the real property records of Ada County, Idaho, on December 27, 2007, as Instrument No. 107170114 ("**Development Agreement**"). M3 Eagle agrees to pay the costs associated with any monitoring or mitigation resulting from the issuance or exercise of the Permit prior to conveyance to City of the Water System, as defined in the Development Agreement, and as may be addressed between M3 Eagle and City in connection with the Master Water Plan required under the Development Agreement, or as may be otherwise addressed between M3 Eagle and City.

4. M3 Eagle hereby reserves sufficient ownership interest in the Application and the Permit to allow M3 Eagle's full participation as a party to any judicial or administrative proceedings pertaining to the Permit, the Application and the Remand Proceedings, including the right to appeal, and to full participation in any appeal of, any final order issued pursuant to such proceeding. Any remaining ownership interest retained by M3 Eagle shall terminate and pass to City once the Remand Proceeding before the Department is complete, a final order is issued and any subsequent appeals are final.

5. This Assignment shall not be deemed nor interpreted such that it conflicts with any provision of the Development Agreement. If any provision of this Assignment conflicts with any provision of the Development Agreement, the Development Agreement prevails. This

Assignment shall be deemed to run with the land and shall be binding on any existing and future owner, developer, member, heir, successor in interest, employee, agent or assign of M3 Eagle.

6. Pursuant to M3 Eagle's request and City's status as an applicant for the Permit, City shall have the right to take any and all actions, in City's sole discretion, necessary to protect or assert City's rights and interests in connection with the Development Agreement and/or Stipulation and Order defined in the IDWR/M3 Eagle Settlement ("**Stipulation and Order**") approved by the District Court and M3 Eagle hereby waives any and all claims against City related to such action(s) so long as City's actions are not in conflict with the Development Agreement.

7. M3 Eagle agrees to cooperate with City in City's subsequent application(s) for permits for water rights and M3 Eagle agrees to take no actions contrary to such application(s) to the extent that City's subsequent application(s) do not conflict with the Development Agreement.

8. Nothing herein waives or shall be deemed to waive any rights of City or M3 Eagle as set forth in the Development Agreement.

9. This Assignment shall be effective upon IDWR's satisfaction with the City's RAFN analysis as described in ¶ 1(A)(i) of the IDWR/M3 Eagle Settlement and the District Court's approval of the Stipulation and Order.

10. Nothing in this Assignment shall be interpreted as an assertion or conclusion that IDWR maintains jurisdiction to enforce contract or indemnification provisions between City and M3 Eagle.

11. Nothing in this Assignment shall be interpreted as an assertion or conclusion that City approved or is a party to the IDWR/M3 Eagle Settlement.

Part 2

1. M3 Eagle authorizes City to access the place of use and points of diversion in accordance with the Development Agreement referenced to in paragraph 3 herein between M3 Eagle and City.