



RECEIVED

FEB 01 2011
DEPT. OF WATER RESOURCES
SOUTHERN REGION

ATTORNEYS AND COUNSELORS

Hawley Troxell Ennis & Hawley LLP
877 Main Street, Suite 1000
P.O. Box 1617
Boise, Idaho 83701-1617
208.344.6000
www.hawleytroxell.com

NICHOLAS G. MILLER
ADMITTED TO PRACTICE LAW IN IDAHO, CALIFORNIA AND NEW YORK
nmiller@hawleytroxell.com
DIRECT DIAL: 208.388.4849
DIRECT FAX:

RECEIVED

JAN 28 2011

January 27, 2011

WATER RESOURCES
WESTERN REGION

VIA U.S. MAIL

Idaho Department of Water Resources
2735 Airport Way
Boise, ID 83705-5082

Re: *School District No. 61, Blaine County, Idaho - Water Right No. 37-22545*
("Water Right Permit")

To Whom It May Concern:

Enclosed is an Assignment of Permit (the "Assignment") for your consideration related to the lease by School District No. 61, Blaine County, Idaho (the "School District") of its interest in the above-referenced Water Right Permit, together with a check in the amount of \$25.00.

U.S. Bank National Association ("U.S. Bank") and the School District have entered into a financing of certain projects for the School District. One of the projects is a geothermal well project (the "Project") at one of the School District's sites, which is benefited by the above referenced Water Right Permit ("Geothermal Well Site"). The transaction between the School District and U.S. Bank consists of the following:

1. The School District leased the Geothermal Well Site (including the Water Right Permit) to U.S. Bank pursuant to a Ground Lease (the "Ground Lease");
2. U.S. Bank subleased the Geothermal Well Site (including the Water Right Permit) and leased the financed improvements to the School District pursuant to an Annual Appropriation Lease Agreement (the "Annual Appropriation Lease").
3. U.S. Bank then assigned its interests under the Ground Lease and Annual Appropriation Lease (including the Water Right Permit) to U.S. National Association, as Trustee, for collateral purposes to secure payment of certain

January 27, 2011
Page 2

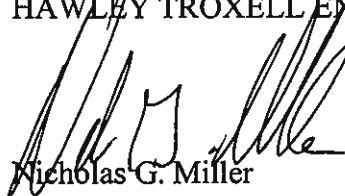
Annual Appropriation Certificates of Participation issued by the Trustee to finance the Project.

The Annual Appropriation Lease is renewable annually at the option of the School District. The Ground Lease terminates on the first to occur of 1) payment in full of the obligations under the Annual Appropriation Lease, or 2) the end of the term of the Ground Lease (8/31/2025). Upon termination of the Ground Lease, all rights granted thereunder, including those pertaining to the Water Right Permit, shall revert to the School District.

After you have reviewed this letter, let us know if the enclosed Assignment will suffice to document U.S. Bank's lessee's interest in the Water Right Permit. Thank you for your assistance.

Sincerely,

HAWLEY TROXELL ENNIS & HAWLEY LLP



Nicholas G. Miller

NGM/cbg