



# EAGLE SEWER DISTRICT

44 N Palmetto Ave Eagle, ID 83616  
Phone (208) 939-0132 Fax (208) 939-8986

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Farmer's Union Ditch Company, Ltd.  
c/o Andrew J. Waldera  
Sawtooth Law Offices, PLLC  
1101 W. River St, Suite 100  
Boise, Idaho 83702

March 26, 2026

**Re: Recycled Water Discharge and Use Agreement (between Eagle Sewer District and Farmer's Union Ditch Company, Ltd.) Letter**

Dear Andrew:

I write you regarding the above referenced letter discussing the agreement between Eagle Sewer District ("District") and Farmers Union Ditch Company, Ltd. ("Company"), dated October 28, 2024. We observed the Company Board turnover and have expected to hear from you.

A few points of clarification are important regarding the introduction to your letter.

First, the in-person meeting on February 19, 2026 did include the full Company Board, but only the District Board Chairman, Vice Chairman, and General Manager. The remainder of the District Board were not in attendance.

Second, during the meeting the Company requested a discussion of potential concepts which included:

- 1) Following the current contract as written – no additional funding would be required by the Company.
- 2) The addition of a PFAS removal system for which the Company could fund the design, construction, operation, and maintenance – potentially around \$2.5 million to construct. The actual cost to design, construct, as well as ongoing operations and maintenance costs the Company would bear are unknown. The District hasn't had a reason to develop these costs.
- 3) The anticipated damages the District would suffer if the Company were to breach the current agreement – expected to be no less than twice the PFAS removal system costs. This would include the current design, legal, and permitting costs to date that have been incurred based on the current agreement as well as the costs to go to another option. These costs have not been calculated and are unknown.



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Third, the Company has never sent the required written notice to the District that the Company does in fact intend to breach the contract.

To provide more direct answers to the Company questions posed in the letter, please refer to the following section:

**1. Potential Recycled Water Discharge and Use Agreement Buy-Out**

- a. While the term “buy-out” was used in the February 19, 2026 meeting, the Agreement includes no such provision. A more accurate description than “buy-out” are the damages the District will sustain if the Company breaches the Agreement. These costs have not been calculated and the District would only complete this calculation if the Company breaches the Agreement. However, as discussed, the damages continue to accrue daily.
- b. If the Company desires to anticipate the damages, those calculations would be the responsibility of the Company. Note that all calculations for infrastructure must follow the District design standards, building codes, be infrastructure supported by the District Board, and be stamped by a professional engineer indicating a level of accuracy.

**2. Disconnection of the Dry Creek Spill**

As previously discussed and included in the District DEQ Recycled Water Permit Application, the District remains committed to not discharging water into the Company canal during spilling events. As also discussed, this may require additional controls or alternative discharge options when the spill is needed. These options are currently being considered and are expected to be further defined when the draft DEQ Recycled Water Permit is received.

**3. Non-Irrigation Season Discharge**

The seepage was not as much as expected. We acknowledge that other options will need to be considered for the non-irrigation season.

**4. End Water User Educational Plans**

The District intends to comply with the DEQ Recycled Water permit, when received, that is expected to define the educational plans that will be required. Those requirements aren't currently known but can be shared with the Company when they are known.

**5. Compliance With all Applicable Laws and Regulations**

The Recycled Water permit remains in review with DEQ. We anticipate that the draft permit will be issued by the fourth quarter of 2026. The other succeeding timelines are set by DEQ and are unknown to the District. DEQ has not raised any preliminary regulatory concerns.



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In closing, our recent in-person interactions and our read of the Company's letter appear to anticipate a breach of the existing Agreement. If the Company does intend to breach the contract, please send the written notice to the District at the address listed in the Agreement and include the date the Company intends to breach the contract. For the benefit of both parties, the District requests consideration to resolve issues timely and requests frequent communication.

Regards,

James Gruber  
Board Chairman  
Eagle Sewer District