Farmer's Union Ditch Co., Ltd.
P.O. Box 1474
Eagle, ID 83616
Farmers.union.ditch@gmail.com

December 30, 2025
Subject: Questions From December 20, 2025 "Concerned Shareholders" Meeting **AND ANNUAL MEETING LOCATION CHANGE**

PLEASE BE AWARE, THE COMPANY ANNUAL MEETING LOCATION HAS CHANGED—TIME AND DATE REMAIN THE SAME. In response to requests from shareholders the Company has secured a larger venue for the January 10th Annual Meeting starting at 1:00 pm. **The meeting will be held at the Riverside Hotel, 2900 W. Chinden Boulevard, Garden City, Idaho 83714.**

Also, please be advised that despite the larger meeting room only Company shareholders and valid proxies are invited to attend. Due to space constraints we respectfully request that Lateral Water Users Associations and HOA's send only the board member or official authorized by them to cast the vote on behalf of the shareholder entity.

The Company is receiving several questions related to presentations given by some concerned shareholders during their community open house-style meeting held on December 20, 2025, at the Eagle City Community Center room (next to Eagle City Hall). Below are questions received and brief responses.

How does the Company verify proxies?

Proxy use is, essentially, honor system-based. The Company Bylaws and Idaho Code Section 30-30-513 authorize their use. Idaho Code Section 30-30-516 governs the acceptance and rejection of questionable proxy votes under a "good faith" standard. If the Company has a "reasonable basis for doubt about the validity" of a proxy vote, the proxy vote may be rejected. On their face, proxy forms are cross-checked by name and address of known shareholders of record. Though the proxy forms must be signed, the Company does not maintain a database of signature cards for comparison purposes like banks and other institutions do.

Ultimately, and if discovered, using false proxies is criminal forgery under Idaho Code Section 18-3601. Under Idaho Code Section 18-3604, forgery is a felony punishable by imprisonment for at least one 1 year and up to 14 years. Forgery crimes may also result in fines of up to $50,000.

Is "Sewer Water" going to be discharged into the Canal?

No. The proposed Eagle Sewer District ("District") discharge will be treated wastewater—treated to the Class A Recycled Water classification standard under Idaho law (IDAPA 58.01.17). The water quality parameters and irrigation reuse authorizations for Class A Recycled Water are discussed in the December 11, 2025, legal opinion letter ("Opinion Letter")

previously emailed/mailed out (also available on the Company website at farmersunionditch.com. Whether one considers Class A Recycled Water to be "sewer water" is a matter of personal opinion/philosophy. However, the pertinent regulatory agencies (U.S. EPA and IDEQ) and those already using Class A Recycled Water for irrigation reuse throughout the state of Idaho (and here locally in the Treasure Valley) do not consider it "sewer water." As noted and endorsed by the U.S. EPA:

"Use of reclaimed water for agriculture has been widely supported by regulatory and institutional policies. . . In response to an unprecedented water crisis brought about by the collapse of the Bay-Delta ecosystem, climate change, continuing population growth, and a severe drought on the Colorado River, the California State Water Resources Control Board (SWRCB) was prompted to 'exercise the authority granted to them by the Legislature to the fullest extent possible to encourage the use of recycled water, consistent with state and federal water quality laws.' As a result, future recycled water use in California is estimated to reach . . . 3 million acre-feet per year by 2030 (SWRCB, 2009) . . .
In Florida, promotion of reclaimed water began in 1966; currently 63 of 67 counties have utilities with reclaimed water systems . . . one of the largest . . . is known as CONSERV II in Orange County, Fla., where farmers have used reclaimed water for citrus irrigation since 1986 . . .the city of Lubbock, Texas [has used] reclaimed water . . . to irrigate cotton, grain sorghum, and wheat since 1938. In addition, reclaimed water is a significant part of the agricultural water sustainability portfolio in Arizona, Colorado, and Nevada . . .
Irrigation of food crops with reclaimed water is common both in the United States and globally . . . An example of large-scale recycled irrigation for raw-eaten food crops is in Monterey County, Calif. More than 5,000 ha of lettuce, broccoli, cauliflower, fennel, celery, strawberries, and artichokes have been irrigated with recycled water for more than a decade [as of 2012] . . . Marketing of produce from farms in northern Monterey County has been successful and profitable, although local farmers initially feared customer backlash and rejection of produce irrigated with [so-called] 'sewer water' . . . The success of this exemplary and pioneering project in Monterey County—from both technical and public acceptance points of view—has encouraged similar projects in other parts of the United States, and throughout the world." 2012 *Guidelines for Water Reuse* (US EPA AR-1530; EPA-600-R-12/618 (Sept. 2012), pp. 3-5, 3-11—the *Guidelines for Water Reuse* debuted in 1980 and was updated in 1992, 2004, and 2012).

Have there been discussions by the Company to "sell or lease our clean and senior water rights and replace them with this sewer discharge"?

No—the Company is not "selling" its water rights. Yes—the Company, like many other irrigation entities in the Boise River Valley, does offer to lease water through the Water District 63 rental pool as reviewed on an annual basis. In water short (or forecasting short) years, the Company does not lease water to the rental pool. In full supply years (including those coming off of strong reservoir carryover from the previous irrigation season), the Company considers rental pool rentals to generate some income to offset company expenses in good water years. The current Water District 63 rental pool rate is $23 per acre-foot of water.

As noted in the Opinion Letter, the Company was contacted by a third-party purchasing agent unsolicited in February 2024. The Company did not seek out the offer to purchase, rather the buyer sought out the Company. The Company is not selling any of its water rights

portfolio. However, the Opinion Letter includes discussion of the matter given the financial data points that came out of the February 2024 offer to purchase.

Finally, the District-proposed Class A Recycled Water discharge is not “sewer discharge.” It appears that the terms “sewer water”’ and “sewer discharge” are purposefully chosen and used to incite emotion. Again, whether one considers Class A Recycled Water to be “sewer water” is a matter of personal opinion/philosophy, but those terms are not shared by the larger regulatory/regulated water user community.

Will the “sewer wastewater . . . contain a large number of risky contaminants . . . PFAS, detergents, cleaning chemicals . . . and anything else going down the drains”?

The District is best equipped to answer this question, but the answer ultimately comes down to how one defines “large number” and “risky contaminants.” Ultimately, the Company believes that the correct answer is “No,” Class A Recycled Water does not “contain a large number of risky contaminants.” If the converse were true, environmental and health regulatory agencies across the nation and globally, including the U.S. EPA, WHO, and the IDEQ, would not authorize and endorse the use of recycled water for irrigation purposes.

It is true that there are a number constituents in wastewater—municipal and household—regulated and unregulated. The focus of the “concerned shareholders” is on the unregulated—those things for which there are no legal thresholds or permit limits in place. If/when those thresholds/permit limits are enacted, the District and every other municipal/public system discharger will have to meet those limits prior to discharge.

Neither the District, nor the Company create or release any of these so-called “emerging contaminants of concern” that EPA and others have been studying for decades. If these constituents are “going down the drain” then it is because we are putting these things down the drain (either collected by centralized sewer systems to be treated by the District or directly discharged through our own septic tank leach fields). Class A Recycled Water is not introducing these “things” into the environment. And, fortunately, the Boise River valley is not (and has not been) an industrial manufacturing area using these chemicals in the product manufacturing process—though the Boise River valley suffers from other legacy mining impacts (arsenic and heavy metals concerns in portions of the upstream watershed).

Are “wells and city community drinking wells . . . subject to contamination”—“Why can’t Class A Recycled Water be discharged to the Boise River?

As noted above, the wastewater constituents noted by the “concerned shareholders” already exist in the environment based on products we use, wash off, and excrete on a daily basis (e.g., non-stick cookware, pharmaceuticals, cosmetics, soaps, etc.). They are being directly introduced to groundwater via septic tank leach fields that are highly prevalent in the Company service area boundary. Wells are no more subject to contamination from the Canal than they are from the septic systems located throughout the Company’s service area. The District-proposed discharge will account for roughly 7% of Canal flow (8.0 cfs in 110 cfs) at the proposed point of discharge. The dilution factor in septic system leach fields is exponentially lower and septic systems are as direct discharge as one can get by comparison.

Class A Recycled Water is in several respects (bacteriological in particular) far cleaner than the water in the Boise River. Where it differs from a regulatory limit standpoint most often is Phosphorus and temperature—neither of which are human or animal health-based constituents of concern. Phosphorus is an expensive driver because the Boise River TMDL target is 0.07mg/L during the irrigation season (~May1 thru September 30) to prevent algal and other nuisance aquatic plant growth in the river and to help mitigate near annual water quality upsets in Brownlee Reservoir on the Snake River downstream. “Polishing” wastewater to this Phosphorus limit is expensive and not necessary in an irrigation reuse setting such as the District discharge proposal. The Boise River is also designated as “CWAL” (cold water aquatic life), and temperature challenges in mid-late summer through early fall threaten the CWAL temperature criterion (again not an issue in irrigation reuse settings).

The assertion that Class A Recycled Water “isn’t clean enough to go into the Boise River” lacks necessary context and is not entirely accurate. The statement depends upon the regulatory thresholds applicable to any particular wastewater constituent. As discussed in the Opinion Letter, the Class A Recycled Water is “cleaner” than river water in some respects, and “dirtier” in others depending on what constituents are being considered. You would no sooner drink raw river water than you would raw Canal water, but you likely recreate and come into contact with the same without issue.

Other assertions/questions:

a. The Company did not reach out to the District first; rather the District reached out to the Company initially to discuss the Class A Recycled Water irrigation reuse possibility.

b. The Company diverts and conveys the separate water rights of other irrigation entities for varying distances in the Canal, including Boise Valley Irrigation Ditch Company, Capitol View Irrigation District, and the Boise City Canal Company. But the Company owns the Canal, and the Company alone operates and manages the same—the irrigation water “carriage” agreements with other irrigation entities provide them no Canal ownership entitlement or managerial authority.

c. The Company holds near-monthly Board meetings (typically the second Monday evening of each month) at the Star Fire Station beginning at 5:30pm. The meetings are, and have been, open to shareholders to attend as they see fit. It is not uncommon for shareholders to come to the meetings to discuss issues important to them. The meetings are not closed.

d. The Canal flows will not be comprised of “50% sewer water and 50% ditch water.” At 8.0 cfs at future District build out, the District discharge of Class A Recycled Water will total approximately 7% of Canal flow (110 cfs) at the proposed point of discharge.

e. Class A Recycled Water can be used directly on food crops. As explained in the Opinion Letter, and pursuant to Recycled Water Rule 602.02 (IDAPA 58.01.17.602.02), Class A Recycled Water is approved for: irrigation of pasture for animals producing milk for human consumption; irrigation of orchards and vineyards during the fruiting season (fruit should be rinsed on harvest); parks, playgrounds, and school yards during periods of use (even when children are present); golf courses (during use); all edible food crops;

residential landscaping; commercial campus irrigation. It can also be used for groundwater recharge and subsurface injection.

f. The District cannot merely spend ~$10M more to filter and treat (e.g., reverse osmosis) the Class A Recycled water to potable water quality as some “concerned shareholders” assert. According to the District, additional treatment mechanisms for potable water quality would cost in excess of $100M just to construct without consideration of annual treatment train operating costs. Moreover, there would be no need or desire for irrigation reuse because such water could be commercially bottled or sold to municipal drinking water providers. Even polishing the water to 0.07 mg/L of Phosphorus under the Boise River TMDL would cost the District approximately $90M for no added human or animal health benefit or protection.

g. The Company is not “accepting” or introducing unregulated or unknown water into the Canal. The proposed discharge consists of Class A Recycled Water, the highest classification of recycled water under Idaho law, which is subject to extensive treatment, monitoring, and regulatory oversight.

   The Company does not establish recycled water classifications, treatment standards, or regulatory thresholds. Those standards are promulgated, implemented, and enforced by the applicable regulatory agencies, including the U.S. EPA and IDEQ, and as authorized and approved by the Idaho Legislature. As noted above, recycled water is routinely produced and used for irrigation reuse (including agricultural irrigation) across the nation (and globe).