

INLAND TELEPHONE COMPANY
Corporate Offices

103 S. 2nd St.
P.O. Box 171
Roslyn, WA 98941

**INLAND
TELEPHONE**

Telephone: (509) 649-2211
Fax: (509) 649-3300

February 15, 2005

MountainStar Resort Development, LLC
dba Suncadia
Attn: Harold Krisle
P.O. Box 887
Roslyn, WA 98941

RECEIVED
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**SUNCADIA
CONSTRUCTION DEPARTMENT**

Dear Hal,

I enjoyed meeting with you and Paul Friday, February 4, 2005. I understand that Inland's staff has been working on the Caller ID and E-911 issues that you raised in our meeting. Hopefully those issues will soon be resolved.

I discussed the change in Suncadia's approach to the fiber infrastructure with Inland's Board of Directors. I specifically stated that Suncadia is proposing to install and retain ownership of the fiber backbone, rather than having Inland or some other entity do so, and further is looking for an entity that can provide a myriad of services over the network as well as manage, operate and maintain the network. I explained to the Board that this new approach would enable Suncadia to change service providers if one does not meet Suncadia's contracted service levels, and therefore Suncadia is not willing to grant any entity a utility easement for communication services.

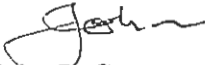
As I mentioned in our meeting, Suncadia's change in direction makes Inland's prior offer obsolete. Nevertheless, I informed Inland's Board that Suncadia is willing to entertain a new proposal by Inland that would meet Suncadia's needs under this new approach.

Based on the discussion with my Board, Inland believes the process to administer Suncadia's new approach will be very cumbersome if Inland were to provide the entire myriad of services Suncadia is requesting, and is therefore not inclined to submit a proposal to do so. However, Inland and its affiliates are interested in providing Suncadia with the ability to offer its homeowners a choice for those services Inland and/or its affiliates provide. Those services include telephone, Internet, broadband DSL, alarm monitoring, and cable television. This could be accomplished through an agreement with Suncadia whereby Suncadia allows Inland and/or its affiliates access to Suncadia's network.

Please contact me at your earliest convenience if you are interested in providing your homeowners a choice, so that we may discuss the fees Suncadia will be charging for access to its network.

I look forward to hearing from you.

Very truly yours,


John P. Coonan
Treasurer

JPC:lm

cc: Bill Hunt, Suncadia
Paul Eisenberg, Suncadia
Inland Board of Directors
James K. Brooks