



**Draft**

August 24, 2004

Douglas W. Weis  
President  
Inland Telephone Company  
103 S. 2<sup>nd</sup> Street  
P.O. Box 171  
Roslyn, WA 98941

Re: Suncadia Fiber to the Premises Network

Dear Doug:

Thank you for your letter of August 20, 2004 requesting that we agree to a Master Utility Easement by September 3, 2004. We appreciate your expression of good will and share your concern regarding schedule. We wish to advance our discussion further with Inland but still await critical information to do so. The proposed blanket easement was sent to our legal counsel for review and comment, but it is premature, and the form you proposed is not acceptable since any such easement must be carefully crafted to work in concert with a Master Agreement between us. The proposed easement grants sweeping rights under terms and provisions that would dramatically expand and conflict with the details of the kind of Master Agreement we have discussed. Broad issues and details regarding an acceptable Master Agreement have not been addressed by Inland. These fall into two broad categories.

The first category is the business terms of the proposed agreement including the scope of services Inland would provide (local and long distance OTS, VOIP, internet, CATV, security, private network, etc), initial cost and ownership, and reversionary ownership of conduits, fiber, inner ducts and raceways, the quality standards and levels of service Inland will guarantee, pricing of services to us and to our business and home owners, , revenue sharing to Suncadia, agreement to accommodate Suncadia's third party vendors who are prepared to provide revenue sharing to Suncadia for access to customers in the community we are creating, acceptable assurances by Inland of its ability to perform its commitments under the Master Agreement and remedies that will be available to

Suncadia in the event Inland fails to perform as agreed and in accordance with the agreed schedules, duration of Agreement and criteria for early termination, renewal, renegotiation of rates and revenue sharing and similar details many of which are not addressed at all, and others of which appear as blanks in your proposal.

The second category is the technical design, performance, equipment, fiber counts, proprietary equipment, phasing, digital and analog performance, and similar issues that are discussed further in the attached summary from Vector Resources. Again, many of these are not addressed or appear as blanks in your proposal.

The Master Easement cannot exist in perpetuity and it must not conflict with nor expand Inland's rights beyond those in any final Master Agreement we might enter into. The easement requires proper legal descriptions, referenced tariffs and schedules, and must provide for approval of and control of proposed vault locations and aesthetic designs. Further, if the date of Master Easement precedes the date of the Master Agreement it must be clearly subject to and extinguishable if we fail to reach a Master Agreement or under other circumstances that will be defined in that Master Agreement. For these reasons we cannot prepare an appropriately crafted Master Easement until all of these relevant issues are agreed to within the Master Agreement.

We respectfully request that your deadline for the Master Easement be withdrawn and that we receive prompt response regarding the many open issues remaining before us, including your providing us with the details and performance assurances we require.

Sincerely

Paul Eisenberg  
Senior Vice President  
MountainStar Resort Development, LLC  
Dba Suncadia

Cc: Bill Hunt  
Rob Lowe  
Jeff Allen  
Hal Krisle  
Jeff Zuckerman  
Richard Petersen