

October 29th, 2003

Mayor Foy
303 North Columbia
Chapel Hill, NC 27516
c/o: Joyce Smith - Chapel Hill Town Clerk

Dear Mayor Foy and members of the Chapel Hill Town Council:

ClearSKY Networks is a wireless Internet provider that offers its service to communities in the Southeastern United States. The Company was founded in April 2002 in Clemson, SC and expanded to Gainesville, FL, Wilmington, and Durham, NC in 2003. To date ClearSKY has over 1,200 paying subscribers, who utilize its wireless Internet service in over 30 apartment complexes, several hotels, and in the business districts of Clemson, Gainesville, and Wilmington.

ClearSKY would like to offer its high-speed wireless Internet services to the residents of Chapel Hill. We have secured several contracts from apartment and business owners in the community and on Franklin Street, who wish to offer this new service to their residents and customers as an alternative to high-speed cable and DSL. Given UNC's mandate that all incoming freshman must have laptops, with the majority having built-in wireless capabilities, wireless Internet will become increasingly the preferred medium for students to access the Internet.

To provide this new service, ClearSKY designs, builds, and operates wireless networks that allow residents and businesses to access the Internet without wires. We utilize some of the concepts of cellular to provide coverage to apartment tenants, businesses on "Main Street" and hotel guests, by concealing antennas and radios on poles, wooden Duke power poles, and inside buildings.

Herein lays the problem. The company recently met with the Community Design Commission (CDC) regarding city-zoning issues related to an apartment complex in Chapel Hill. ClearSKY proposed installing its network on a couple of its own poles near the front of the building, several existing Duke wooden power poles in the back of the building, and on the roof of the apartment complex. The company cooperated with the Chapel Hill zoning department to provide pictures of the proposed installations, antennas, and building elevation information. ClearSKY also provided copies of our Duke Power Pole Attachment Agreement, prepared the necessary forms, paid the application fee, and presented its case at the CDC meeting, whereby the CDC approved the building elevation with certain conditions. However, ClearSKY must still obtain zoning compliance permits before it can construct any networks. This process has taken several months and is complicated by all the required documents, information only available on microfiche files in Chapel Hill, and timing related to the various commission meetings.

4

At present, ClearSKY's wireless Internet service apparently falls under the cellular or telecom zoning ordinances in Chapel Hill. As such, we receive the same scrutiny as the cellular companies. We are required to comply with many of the same environmental, elevation, regulatory, and other related zoning requirements. However, antennae used for wireless Internet are very low profile and can usually be mounted in locations virtually unnoticed by the public. The radios are low power, (normally less than 1 watt of output power) and resemble the size of a doorbell when mounted indoors. Because the FCC limits output power and given the power limitations associated with wireless adapters in computers, wireless Internet providers can only provide quality service within a 300' radius of the radio/antenna location. ClearSKY's outdoor enclosures look similar to European call boxes (10" wide x 15" high x 9" deep) that are normally mounted on poles about 6' above ground level with padlocks for security.

Please review the attached photos for examples of ClearSKY's commercial installations. They represent (A) equipment on ClearSKY's own "radio poles"; (B) equipment mounted on a Duke wooden power pole; (C) typical indoor radio and enclosure; (D) common types of antennas utilized by ClearSKY. As you can see from these photographs, wireless Internet providers offer services similar to cellular, but install products and equipment at locations that require it to be "near the customer", but at streetlight elevation. Cellular towers are not required! In many cases, the older VHF/UHF TV antennas, CB radio antennas, and even some of the smallest satellite dishes are more obtrusive.

Across the world, wireless Internet is expanding from the coffee shops and airports to communities, schools, businesses, and residential areas. Our service is identical to that offered by UNC except that we offer it off-campus, which will further benefit the community of Chapel Hill and the students who attend UNC. Wireless Internet providers like ClearSKY seek to offer lower cost, reliable high-speed Internet access. To be competitive with DSL and high-speed cable services in Chapel Hill, the zoning process and permitting requirements must be streamlined. Additionally, given the numbers of potential radio/antenna locations; the permit costs associated with each installation must be reduced or eliminated. ***ClearSKY respectfully requests the Mayor and members of the Town Council consider making wireless Internet providers exempt from the cellular and telecom regulations in Chapel Hill and grants Accessory Use Status to these service providers.*** A copy of the 1999 Administrative Policy outlining the guidelines for determining whether telecommunications facilities can be considered for accessory use are attached for your review.

I appreciate your consideration of this request and look forward to your response. Please call me at 864-633-8900 x104 if you need additional information or clarification.

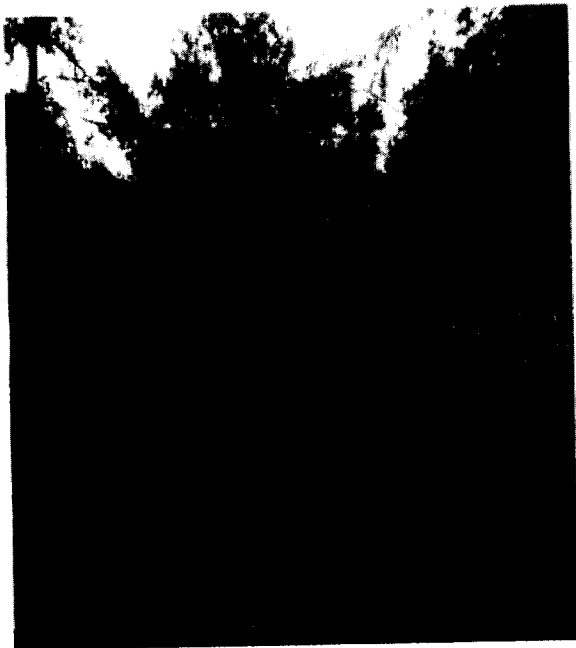
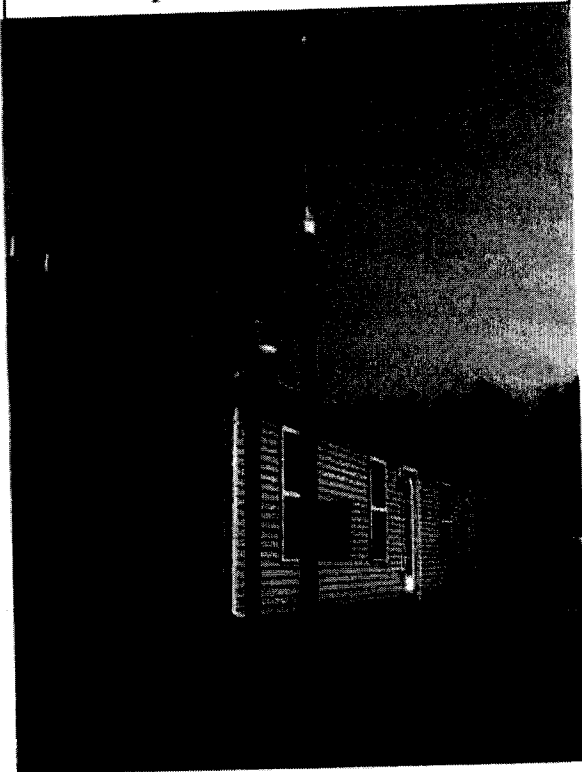
Regards,


David Lasier
President
ClearSKY Networks

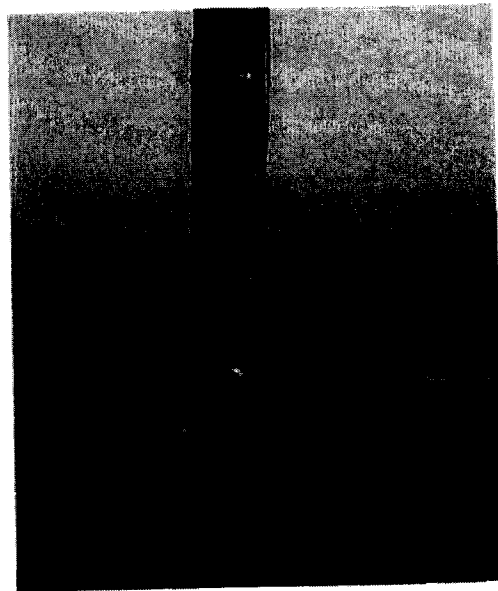
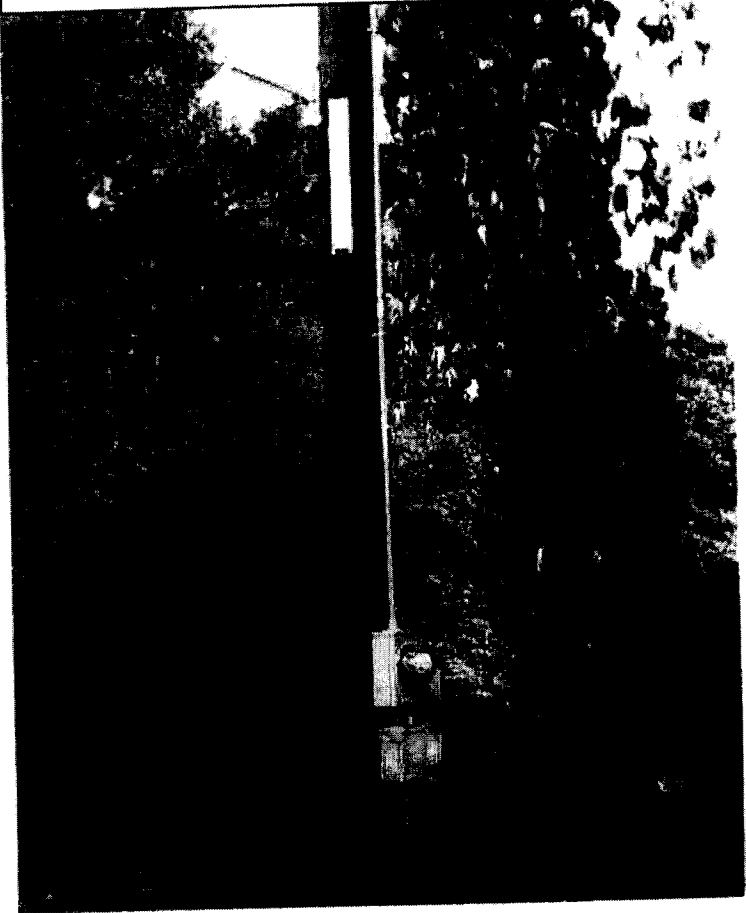
cc:
Gene Poveromo
Principal Planner
306 N. Columbia Street
Chapel Hill, NC 27516

ClearSKY Networks, LLC
405 College Ave. Suite 160 Clemson, SC 29631
864-633-8900 864-633-8905 (Fax) www.clearskynetworks.com

(A) Examples of ClearSKY radio enclosure and antennas on its own pole. (<18' total height)

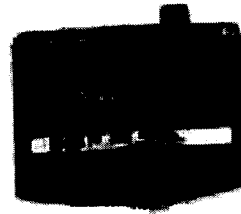
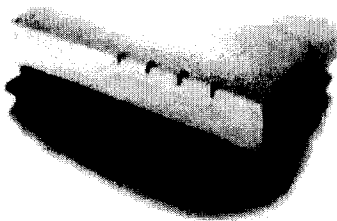


(B) Examples of ClearSKY radio enclosure, power meter and antennas on a Duke wooden power pole



6

(C) Examples of indoor radio enclosures (Typically mounted in the attic or in a hallway). Approximately the size of a doorbell.

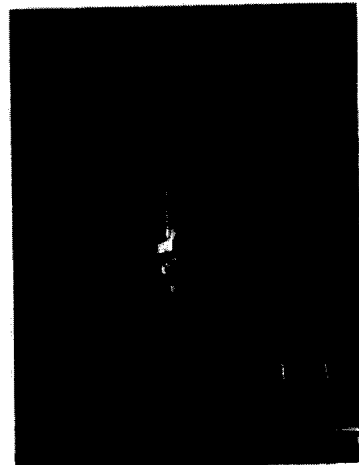
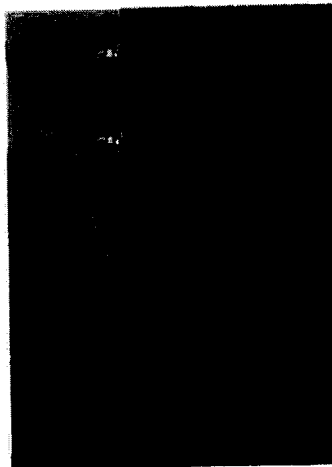


D

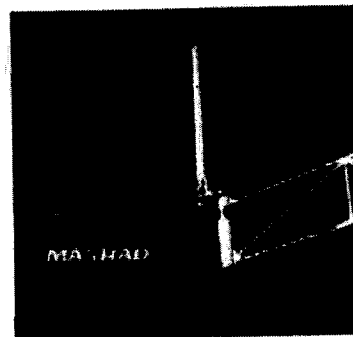
Doorbell antenna (15" long X 2" wide)

Omni antennae (1" diameter and 15", 36" or 60" in height)

Patch antennae (4"X4", 8"X8" & 12"X12" square panels)



Directional antenna (15" long X 3" diameter)



ClearSKY Networks, LLC

405 College Ave. Suite 160 Clemson, SC 29631
864-633-8900 864-633-8905 (Fax) www.clearskynetworks.com