

LAMAR

We Are Outdoor.

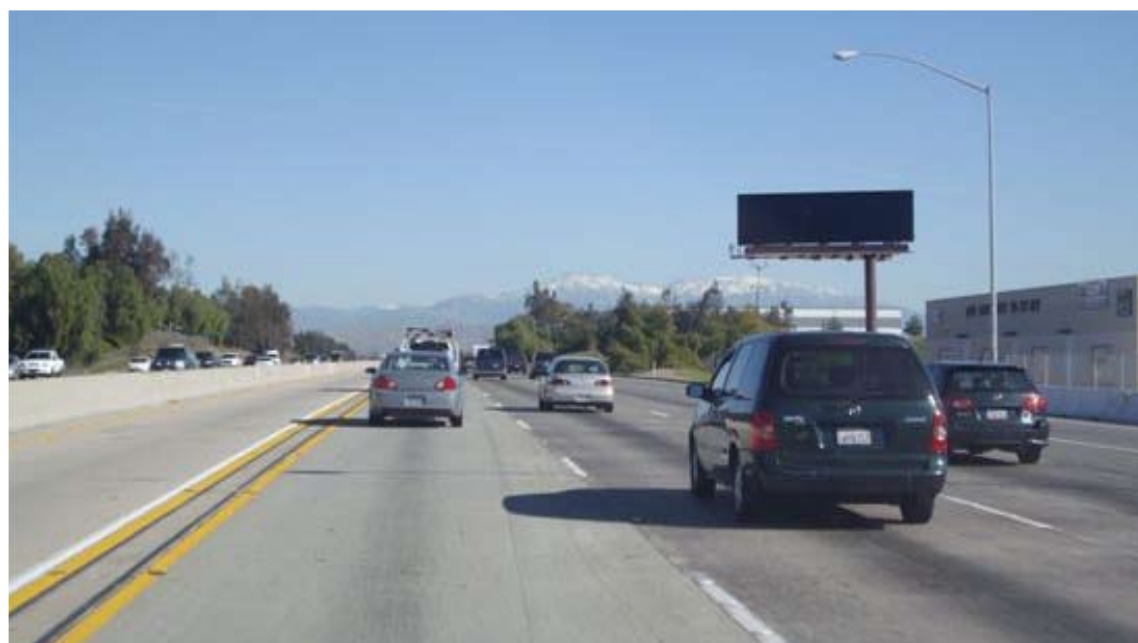
**City of Los Angeles
Citywide Billboard Reduction Program**

June 2009



HIGHLIGHTS

- ① **Reduce billboards in the City of Los Angeles by 3,550 or 44%.**
- ② **Implement a \$65,000,000 Capital Expenditure Project.**
- ③ **Provide estimated one-time permit fee revenues of \$3,600,000 and annual lease revenues of \$6,000,000.**
- ④ **Create well paying union jobs for the next 3 to 4 years.**
- ⑤ **Create a public service and safety system for the entire city.**





LAMAR ADVERTISING COMPANY

P. O. Box 66338
Baton Rouge, LA 70896

Sean Reilly
COO and President of the Outdoor Division

June 26, 2009

Honorable Members of the City Council
City of Los Angeles

I am writing to express my full support for the reduction and relocation proposal submitted by Ray Baker, our Los Angeles General Manager.

Lamar looks forward to working cooperatively with you to greatly reduce the number of billboards in your community. In doing this, we will be making a capital investment in your city of \$65 million and providing many millions more dollars of permit fees and lease revenues.

We are a new corporate citizen of your city but we are committed for the long-term. Thank you for taking the time to consider our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Reilly".

Sean Reilly
COO & President of the Outdoor Division
Lamar Advertising Company

SR:sw

HISTORY

In 2005, Vista Media and the City of Los Angeles consummated a settlement agreement regarding a suit filed by Vista Media over inspection fees that were included in the 2002 sign ordinance. This settlement allowed Vista Media to build roughly 480 Citylight faces (10'x7' backlit panels) and required the removal of 500 illegal eight-sheet panels (6'x12' non-illuminated traditional billboards). In addition, Vista was granted the right to "re-permit" approximately 800 panels that they determined may have current issues. To date, the 500 panels have been removed and approximately 150 of the 480 Citylight panels have been erected. None of the 800+ re-permitted panels have been applied for and/or approved.

On May 16, 2008, Lamar Advertising Company purchased Vista Media Group for \$101.5M as a stock purchase. Included in this purchase was the settlement agreement between Vista Media and the City of Los Angeles. This included approximately 5,200 panels in the Los Angeles market and 4,000 panels in the New York market, as well as other smaller assets in Fresno, CA, Dallas, TX, and Florida.

Lamar Advertising Company is headquartered in Baton Rouge, Louisiana. Our CEO is Kevin P. Reilly, Jr. and the President and COO of the Outdoor Division is Sean Reilly. The Reillys are direct descendants of Charles W. Lamar who founded the company in 1902. Lamar currently operates over 150 offices nationwide in 44 states as well as Puerto Rico and Canada.

Lamar operates over 313,000 billboard, transit and logo panels including the 5,200 in the Los Angeles market. Of the 5,200 faces in the LA Market, over 4,000 of those are located in the City of Los Angeles. According to the Department of Building and Safety, there are about 8,000 faces in Los Angeles making Lamar Advertising the single largest operator of billboards in the City.



PROPOSAL

As the single largest operator of billboard panels in the City of Los Angeles, we can make the largest impact in the reduction of billboard panels as well as set a groundbreaking precedent for years to come. Our proposal is a multi-faceted program that includes provisions for billboard reduction, capital expenditures, job growth, City revenues and public service and safety.

First, let's discuss the reduction and capital expenditure provisions. Lamar Advertising operates over 4000 panels in the City and we have already removed over 500 panels per the settlement agreement for a grand total of over 4,500 faces. We will remove ALL of them and pay for the demo permits (\$216 per panel) totaling approximately \$972,000. In exchange, we will invest \$65,000,000 to build 400 14'x48' bulletins and 50 14'x48' digital bulletins and pay for normal permitting (per the new ordinance \$5,879 per structure and assuming 325 structures) totaling approximately \$1,910,675. This process would net a one-time revenue stream of \$2,882,675 and a net reduction of 3,550 billboard panels or 44% reduction. In addition, we will pay a one-time digital permit fee of \$15,000 per digital billboard panel installed, an additional \$750,000. This is a grand total of \$3,632,675 for the City of Los Angeles and an over 44% reduction in the total number of billboards citywide.

Secondly, let's discuss labor and jobs. As Los Angeles is very labor conscious and the current economy is forcing many layoffs, this program offers the opportunity to employ about 50 people for 3-4 years which does not factor in any permanent job growth. We have verbal agreements with the Teamsters, Laborers and the IBEW to use union labor to remove, build, construct, and wire the electrical for all signage approved in this reduction agreement between Lamar and the City of L.A.



Third, let's talk about revenue for the City. As we know, the City is faced with difficult challenges in these very tough economic times. With that, we have an additional option that will bring provide a long-term revenue stream in addition to the nearly \$4 million short-term provided above in permit fees. According to the City Attorney's office, the only way to collect revenue from billboards is through a lease program. The City owns approximately 70 properties and we propose relocating as many of the above panels to City property as possible. Assuming we locate 100 panels to these properties, we could generate an estimated \$6,000,000 per year depending on location and type of display (traditional versus digital).

Lastly, let's discuss the public service and safety provisions. We will offer FREE public service on any digital display or traditional billboard, less production costs, on a space available basis to the City. This can be used for citywide events, wanted ads for criminals, local/regional events, schools, etc. In addition, we will make our digital network available to the City in the event of any emergency or crisis. When the bridge collapsed in Minneapolis, local officials used a digital billboard network to notify the public to avoid the freeway and offered detours around this horrific accident. If Los Angeles were to face a similarly catastrophic event, our digital billboard network could be extremely helpful.

