



SIDLEY AUSTIN LLP
555 WEST FIFTH STREET
LOS ANGELES, CA 90013
(213) 896 6000
(213) 896 6600 FAX

daxel@sidley.com
(213) 896 6035

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February 22, 2013

Mr. Frank Bush, Chief, Code Enforcement Bureau
Los Angeles Department of Building and Safety
3550 Wilshire Boulevard, Suite 1800
Los Angeles, CA 90010

Ms. Kim Rodgers Westhoff, Deputy City Attorney
Ms. Terry Kaufmann Macias, Deputy City Attorney
200 North Main Street, Room 800
Los Angeles, CA 90012

Re: Request For Dispute Resolution Pursuant to § 8 of the Stipulated Judgment
Entered in *Vista Media Group, Inc. v. City of Los Angeles*, No. BC 282832

Dear Mr. Bush, Ms. Rodgers Westhoff, and Ms. Kaufmann Macias:

We represent Clear Channel Outdoor, Inc. (“Clear Channel”) in connection with its outdoor advertising inventory in the City of Los Angeles (“the City”). Since 2006, Clear Channel has installed 84 digital signs in the City pursuant to permits issued under the Municipal Code consistent with both a 2006 Settlement Agreement between Clear Channel and the City and a Stipulated Judgment entered in *Vista Media Group, Inc. v. City of Los Angeles*, No. BC 282832 (“Stipulated Judgment”). In those agreements, the City made representations and warranties as to the process Clear Channel should follow to obtain such permits, and Clear Channel relied upon those representations and warranties in good faith. This letter is addressed to you pursuant to the notice provisions of that Stipulated Judgment. Also attached hereto is Clear Channel’s letter sent today to City officials confirming its desire to achieve a mutually satisfactory resolution of issues related to its digital signs.

The City’s Settlement Agreement with Clear Channel and Clear Channel’s digital sign permits are the subject of litigation, *Summit Media LLC v. City of Los Angeles*, 211 Cal.App.4th 921 (2012), *pet. for review filed* Jan. 23, 2013, presently before the California Supreme Court. That Court will decide shortly whether to review the Court of Appeal’s decision. In the event the Supreme Court denies review, further proceedings will be necessary to effectuate the Court of Appeal’s decision instructing the Superior Court to issue an order to the City requiring it to “invalidate[] all digital conversion permits issued by the city to [Clear Channel] *under the settlement agreement.*” *Id.* at 942 (emphasis added). As explained in a separate letter sent today

to the Department of Building and Safety, it is Clear Channel's position that its permits remain valid on grounds entirely independent of the Settlement Agreement.

The Court of Appeal's decision, if it becomes final, creates the potential for disputes between Clear Channel and the City regarding the validity of Clear Channel's permits. Pursuant to § 8 of the Stipulated Judgment, "[a]ny dispute concerning any matter relating to this Judgment . . . shall be resolved exclusively pursuant to the procedures set forth in this Judgment." Stipulated Judgment § 8(A). As provided in the Stipulated Judgment, Clear Channel has sought to resolve these disputes informally with the City, but such resolution has not yet occurred and the Supreme Court could take action on the petition to review the Court of Appeal's decision as early as next week. The Stipulated Judgment further provides that Clear Channel can invoke a dispute resolution procedure as to "all disputes regarding permit compliance [for] Re-permitting, Modernization, or other accommodation, or remediation" including the potential for "non-binding early neutral evaluation [...] conducted pursuant to the AAA Commercial Arbitration rules." *Id.*, §§ 8(A), 8(A)(ii), 8(A)(vi).¹ Given the importance of these signs to Clear Channel and to the community, and given the City's interests in avoiding disruptions to its permitting schemes as well as further costly and protracted litigation, Clear Channel hereby invokes its right to pursue dispute resolution effective if the Supreme Court denies review in *Summit* – a right that is enforceable under both the Federal Arbitration Act and California law. *See* 9 U.S.C. § 4; Cal. Code Civ. Pro. § 1821.

Clear Channel hopes that early dispute resolution will help resolve any open questions following the *Summit* litigation regarding the lawfulness of Clear Channel's City-issued permits. Once a party initiates or compels dispute resolution, the Settlement Agreement and Stipulated Judgment provide for a stay of any and all enforcement efforts by the City against Clear Channel's signs. This stay will give the City and Clear Channel the breathing room necessary to resolve the status of these signs without the need for protracted and expensive litigation. As we have explained in a separate letter sent to the City today to satisfy any notice requirement under the Government Code, such litigation would expose to City to claims substantially in excess of \$100 million.

¹ The Court of Appeal's decision in *Summit Media*, even if it were allowed to stand, does not affect the validity of these dispute resolution provisions. First, both the court of Appeal and *Summit Media* emphasized that the *Summit Media* litigation did "not purport to challenge the judgment," but only the settlement agreement. *Summit Media*, 211 Cal. App. 4th at 932 (rejecting the contention that *Summit Media* improperly collaterally attacked the Stipulated Judgment) (emphasis added). Second, no one has ever contended that the City lacked the power to commit to dispute resolution. Thus, even after *Summit Media*, the Stipulated Judgment remains in effect, including its provisions requiring dispute resolution of any dispute.



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As confirmed in the attached letter, Clear Channel is willing to work in good faith to resolve these issues without the need for such litigation. We look forward to working with you and the City to resolve this matter with the least cost to the parties and the least disruption to L.A. businesses and consumers.

Very truly yours,

Douglas A. Axel /NR

Douglas A. Axel

Enclosure (without attachments)

cc: City Attorney Carmen Trutanich
Chief Deputy City Attorney William Carter
Special Assistant City Attorney Jane Usher
Robert Ovrom, General Manager, Department of Building and Safety
Los Angeles Board of Building and Safety Commissioners