

Norm Cates

THE Club Insider

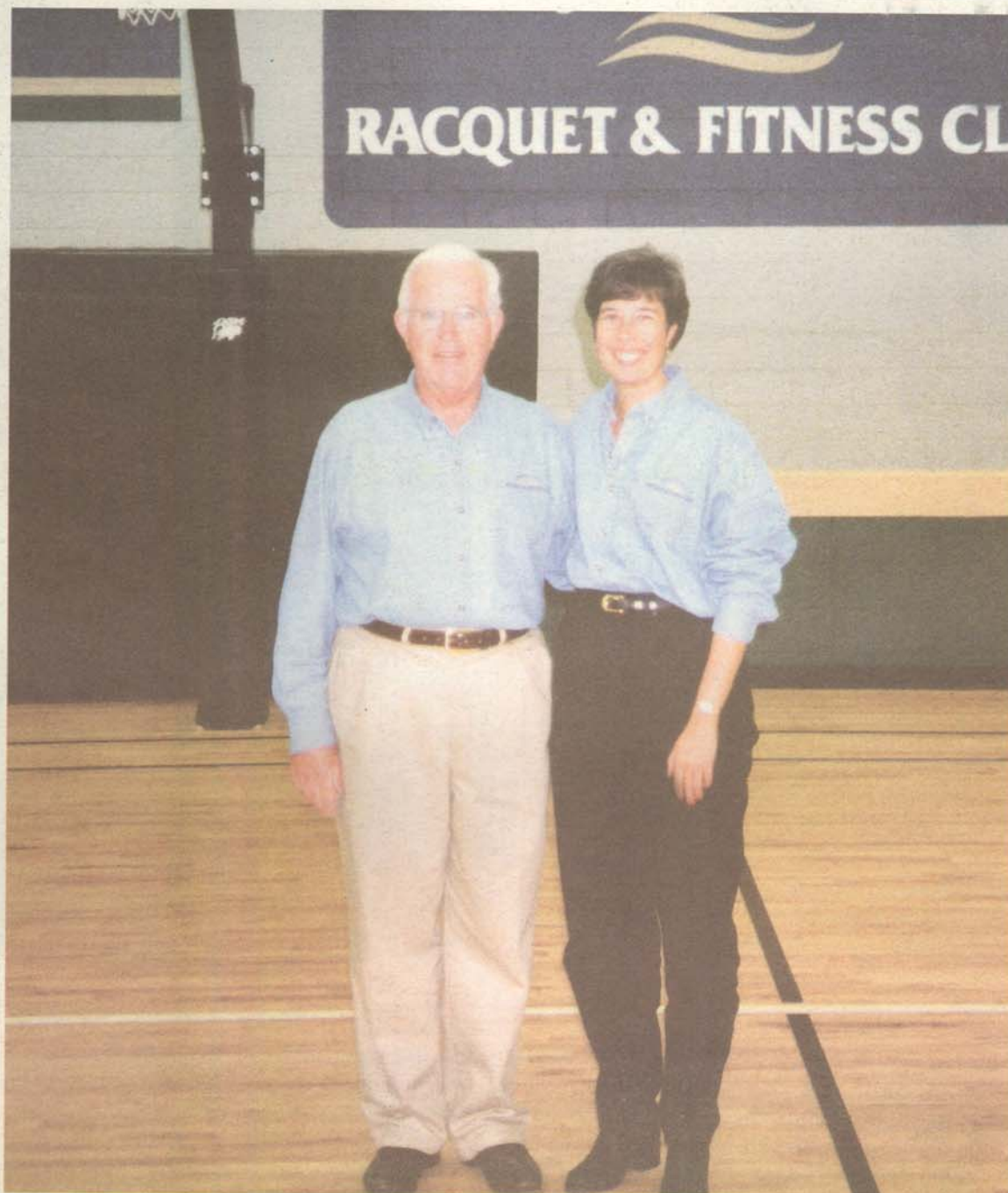
NEWS

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DECEMBER 1998
VOLUME V NUMBER 12

The Pulse of the Health, Racquet & Sports Club Business



BOB PROVOST (left) & Mary Beth Provost

The Bob Provost Story

Success - One Day At A Time!

STRETCHING SENSATION



LEG SPREAD INDICATOR



LATERAL INDICATOR



SEAT BACK



BOOM REACH INDICATOR

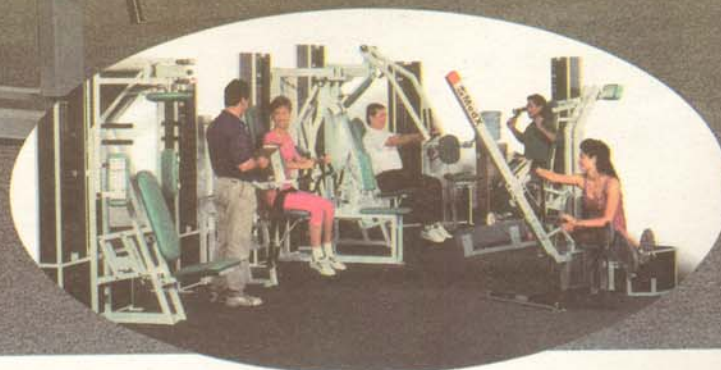


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THE Club Insider[®]

NEWS

The Pulse of the Health, Racquet & Sports Club Business

The Bob Provost Story... Success One Day At A Time!

By Norm Cates, Jr.

The successful club operators across North America have gotten there through strategic visionary planning, hard work, dedication and great perseverance. The story of Bob Provost and the Greenville Racquet and Fitness Club in Greenville, S.C., is one of those success stories.

Bob Provost came to the club industry over 25 years ago after a 15-year career in the textile industry. He had spent 11 years with a large textile firm based in New York City. Moving South, his last job in the textile industry was as a partner in a small textile company in Greenville, South Carolina. Bob and his wife, Lorrie, loved Greenville and the warm climate. After a year in Greenville, Provost and his partners decided to part and he was bought out of the business.

He then set a goal of going into the sports business. Since golf was his primary love, he returned to his home territory in Connecticut to investigate the possible acquisition of a business that included a miniature golf course, a par-three golf course and driving range. He arrived to find that the business had closed and gone through bankruptcy. Next door to it was an indoor tennis center which piqued his interest. His brother knew the owners of the tennis facility and was able to arrange for Bob to meet with them to discuss the tennis industry. This was the beginning of his research on the indoor tennis business. He had previously had experience in New York as an indoor tennis player so he was somewhat familiar with the business. Provost began to visit all kinds of tennis clubs in the Northeast gathering knowledge for his potential new venture. He worked with a consultant from Stamford, Connecticut, Doug Coyle, who still owns four clubs, including one in Stamford and one in Manchester. From there Provost began to visit all of the clubs he could find in the South. He needed to be convinced that indoor tennis would work in the South and found clubs in Raleigh, N.C., Charleston, S.C., Chattanooga and Knoxville, Tn. And two in the Atlanta area. He made the decision to build an indoor tennis facility in Greenville, South Carolina.

Provost was able to arrange financing for his business through the Liberty Life Insurance company. The loan approval was facilitated by a friend of Bob's who served on the insurance company Board of Directors. However, he was not very happy with the interest rate because it was during the time of the fuel embargo. Interest rates

had risen from 6% to over 11% during the time he was negotiating his loan terms.

His original facility was pure tennis with 6 indoor courts and small locker rooms in a 48,000 square foot building. There were no outdoor facilities.

Provost recalls, "We started construction in the summer of 1974 and opened on February 27, 1975 to rave reviews. We must have had 1,000 people come through during the two-day Grand Opening. We signed up around 400 members. But, the problem was, these members who were avid tennis players, only wanted to use the club when it would rain or get cold. They were members, but they weren't really ongoing paying members. They paid \$80 per year plus court time. We got some of them to take seasonal court time. And the seasonal court time from September un-

til May was \$160 per person per 1.5 court hours for doubles. It was a real rat race for a couple of years. I taught tennis during the early years just to get by. My head pro and I were aggressively teaching tennis. We must have had 400 people per week coming in for tennis lessons. We did a heavy advertising campaign promoting tennis to non-players. We would teach them once a week for eight weeks and then try to convert them into regular players by involving them in leagues. That's how we built the club up and kept owning it."

Club Diversification Begins

It wasn't too many years before Provost decided to begin making some changes to the club to broaden the services provided. He had done a trade-out with a local radio personality, the host of a morning show.

(See Bob Provost page 6)

CLUB INSIDER News Celebrates 5 Years Of Publication!

By Norm Cates, Jr.
Owner, Publisher & Editor

The first 5 years of publishing of **THE CLUB INSIDER** News have been a real trip!

Inside The Insider

- Town Sports International Raises \$40 Million
- What? My Employee Is Suing Me!
- Bally Total Fitness Raises Credit
- IHRSA Capitol Reports & News Releases

In early 1993 the lease on my club here in Atlanta expired. I had informed my landlord that I did not wish to renew the lease, primarily because the club was located in an Atlanta office complex occupied almost entirely

by IBM. The problem was during that time IBM was in the process of laying off about 245,000 employees nationwide. Day after day we would see our members come into the club with sad expressions after learning that they had received their walking papers.

Needless to say, the IBM exodus hurt the club.

In January, 1993, I went to Chicago to meet with our Faust Executive Roundtable #1, a group that I had been affiliated with since the late 1980's. Our Roundtable had been meeting regularly for a few years and was comprised of many of the same folks with whom I had co-founded IHRSA in 1981.

I told the group that I intended to start a new business and that I wanted it to be in the club

industry that I love. I told them that I wanted to be able to utilize the many contacts and relationships I had developed over the years as a Board member and last President of NCCA (National Court Club Association) and 1st President of IHRSA (International Health, Racquet and Sportsclub Association). I told them that my primary motivation was not to get rich, but to earn a decent living and enjoy the work that I do. Hopefully I would contribute to the professionalization of the health, racquet and sportsclub industry over the years. I showed them a list of about 10 potential new businesses, all in the club industry. We discussed the potential for each one and at the end of my one hour of allotted time I and the group decided that the

idea of an industry newsletter was the best one for me.

The CLUB INSIDER News Is Born!

A few months later, in Del Mar, California at another Faust Roundtable meeting, I came to the group for more developmental input. It was at that meeting during a brainstorming session that had, at one time, about 9 of the 14 members all spontaneously talking about the name for the new venture. Brother Curt Beusman of the Saw Mill Club, Mt. Kisco, New York, came up with the name for the publication. Curt said, "The Insider" - no **THE CLUB INSIDER**! No, **THE CLUB INSIDER** News! And, as they say in the journalism business, the rest is history.

About 3 months after the (See **CLUB INSIDER** page 4)

THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

...Club Insider

continued from page 3

Del Mar meeting, the Roundtable gathered in Boca Raton for another sharing session. At that meeting I presented the group with the first prototype of the publication. Two months later, I went to the Club Industry Show in Chicago armed with about 2500 copies of my first issue of *The Club Insider News*. I remember standing in the foyer of the Convention Hall for about 8 hours that first day handing out the new publication to club industry folks as they got on and off the shuttle buses at the hall. I think they call it 'Guerilla Marketing!'

That first edition had a black and white photo of Red Lerille of Red Lerille's Health and Racquet

Club on the cover. Red was shown with one of his vintage antique bi-planes that he restores. Today's *Club Insider* has a four-color cover each month and has grown to an average of 32 pages, compared to that first edition which was just 12 pages.

The CLUB INSIDER NEWS 'TELLS-IT-LIKE-IT-IS!'

During our first five years of publication, we have carved out a niche in the market as being the one club business publication that you can go to for the news while it is still news. On average, we report the latest news one month and many times two months in advance of all of our competition. We offer a great array of educational articles each month that are written by club industry professionals who contribute their time and effort to the cause

of industry improvement.

The *Club Insider News* 'Tell-It-Like-It-Is' approach to attacking industry issues that all others shy away from has ruffled a few feathers, such as those of one long-haired glossy magazine guy that wears an ear-ring. But at the same time, it has provided industry professionals with a vehicle to oppose or expose situations that might be harmful to the industry. Since I am the only industry publisher with extensive club ownership and operational experience and because my Faust Roundtable agreed that irreverence should be one of our thrusts, I believe we have done the right thing when speaking out about such subjects as Bally Total Fitness' lawsuits during our first two years and fighting the IHRSA Board about the name change of the Association to Exercera.

In case you haven't been in touch with those issues, they both have turned out well. First, in 1994, the IHRSA Board of Directors decided to rescind the name change decision and changed it simply by adding the word Health to IRSA, making the new Association name "International Health, Racquet and Sportsclub Association." Second, Bally Total Fitness became a separate Holding Corporation after being spun off from the parent company, Bally Entertainment, and is now making some very positive changes and beginning to improve under the leadership of Lee Hillman, the CEO and President of Bally Total Fitness for the last two years.

I am happy to report that in my view I am successfully accomplishing what I had set out to do. I have enjoyed the challenges and the rewards of publishing *The CLUB INSIDER News* a great deal. I am able to work at my home, so I have time to be here for my terrific 13 (almost 14) year old son, Justin Cates. As a home-based business person I get to do the things that many Moms enjoy, such as driving my boy to and from football and baseball practices, laundry, cooking, etc. I have networked with many of my friends and associates from the 20 years I've spent in the club business and working on NCCA and IHRSA business. In general everything is going well.

GIVING THE TERM "BUSIER THAN A ONE-ARMED PAPER HANGER" A WHOLE NEW MEANING!

The challenge and joy of learning a totally new industry, (i.e. publishing) has stretched the limits of my energy and talents. You see, I have no employees at *The Club Insider News* except for my son who works about five hours a month and a lady I'll mention later who works on a monthly contract basis. For five years, until our November, 1998 edition, I have typed virtually every word that has been published. Now we are using our new e-mail and our new scanner, saving, I would estimate, 50 work hours per month. Once I have compiled all of the data on computer disk, I then lay out each page by hand on blank copy paper. The disks and paper layouts are then taken to Ms. Cathy Brown of Atlanta's Hudspeth Report (Atlanta's best nightlife pub-

lication) who each month, on a contract basis, lays out my pages for me. After the layouts are done, Cathy prints out the pages and they are transported to Walton Press in Monroe, Georgia, a small town about an hour outside of Atlanta. Walton Press is a fine company that is just finishing their first 100 years. They do a great job of printing *The Club Insider News* and their Mailing Department processes our 5,000+ U.S. Postal Service Bulk Mailing each month. My son, Justin, our 'Mail Room Manager' helps me process the 1st Class Mailing each month. Each month, in addition to all of the above, I do the subscription and advertising invoicing, posting, collections and other administrative functions. I answer the phone and voice mail messages. I do all of the advertising sales. I do some of the articles, particularly the Cover Story writing, a chore which I enjoy immensely.

So, if this report gives you the idea that I'm like a one legged man in an ass-kicking contest, then you probably have the right idea.

NEXT FIVE YEARS MORE AND BETTER

I am looking forward to our next five years of publishing with great anticipation. My 10-year goal is to have the *CLUB INSIDER News* up to 60 pages each month. To do that we are embarking on an aggressive Contributing Author Initiative. We are in the process of inviting 70 of the industry's top professionals to write two articles per year on the following subjects: Managing, Sales, Advertising and Marketing, Programming, Retention, and Leadership. The goal is to have significantly more educational material coming from the operator side. And, as part of that thrust, beginning in January, we are going to publish a new monthly column called: "Partners In Profit" which will be two generic articles each month written by manufacturers and service providers. These vendors are a great source of industry knowledge that we hope to begin to tap.

So, it is with sincere thanks and great appreciation to you, our readers, our advertisers, our contributing authors, all the folks at IHRSA, Ms. Cathy Brown and Ron Hudspeth, all of the folks at Walton Press, my son Justin, my Dad and his wife Louise and Rick Caro and my old friends on the Faust Roundtable #1, we move into our 6th year.

Stay tuned!

November 5, 1998

Terry Giles' BARBENDERS POWERHOUSE GYM

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Dear Norman,

I read your article in the October issue of the *Club Insider* about Bob Provost with great interest. You see, I have been in business in Palm Beach County for over 23 years. I have seen them come and go - usually with them always telling everyone that they were going to put me out of business. Early on I used to rush around and 'try and put out the fires' of a new club opening in my area - oh no competition. With age and years come maturity and experience - I finally came to the realization that I was going nowhere - I cared too much about my business to be put out of business - I cared about my customers far too much. I focused on my gym - not everyone else's - I stopped worrying about 'what are they doing' and focused on what I could do to be the best gym I could be. Here we are 23 years later - and my business is thriving.

One thing that I have always done - and most recently had to do twice - I have always offered a similar deal as did Bob to members coming from gyms that have closed. Two gyms within a month of each other closed their doors, leaving their members stranded - and in most cases - many had paid-in-full memberships - many only weeks or even days old. I immediately stepped up and offered those folks the following deal - buy one year from me at a discounted rate (\$349.00) and they would receive for free any remaining time they had on their old gym membership. For those that were on a monthly payment plan - we simply rolled them over to our monthly plan - without signing a contract - they could simply pay month to month until their membership expired - and then they could join our club as a new member by simply paying \$50. down and then monthly dues of \$29. a month (non-contract) - they paid as they used - only pay on the months you train. This helped them see that not all gym owners want contract - contract - contract - with no regard to the members needs or the fact that they had just lost their money signing a previous gym contract. Basically, I took the fear of buying out of their mind.

Unfortunately, when the last club (Nautilus Fitness) closed, another gym used some very questionable practices in their representation to that membership base as to 'honoring of Nautilus memberships.' I, on the other hand, made my usual offer as I described above. However, the majority of the membership had been misled already and were forced into signing new three-year contracts. This type of practice just perpetuates the negative image of health clubs and gyms everywhere. Gym owners should realize the impact of their actions when dealing with situations like this - we are talking long term here. We should all focus on long-term goals instead of short-term profits. The best advice I could give to any gym owner faced with an influx of new members from a gym that has closed - walk softly - be considerate of the members as most have lost money that they could not afford to lose. Don't be so quick to try and force a sale - give them time for it all to sink in - be the guy that didn't push - be the guy who was understanding. I am not saying give it away for free - just think about it like this - what if it was you who had just lost your money in a deal gone sour - would you want someone hawking you to cough up a large chunk of additional cash and sign your life away one more time? By thinking it out and offering a fair deal - you are building your business for the long term - let the others deal in short term returns - for it will be their members you will be signing next time around. Focus on the long term and the short term will take care of itself. Just my thoughts. Keep up the good work on your publication,

In Health,
 Terry A. Giles

• NORM'S NOTES •

In Orlando at the **IHRSA/Athletic Business Convention**, December 4th, I had the pleasure of celebrating the **5th Anniversary of The CLUB INSIDER** News with some of our friends. The honor of having served the industry for the past 5 years with our efforts with **The CLUB INSIDER** News has been very interesting, challenging, and rewarding. Through these first five years we have attempted to pursue the thrusts of our founding group. That was to provide a news-driven, "tell-it-like-it-is" publication that also provides an educational component which would continue with the professionalization of the health, racquet and sportsclub industry that we began 18 years ago when we established IHRSA. As the 1st President of IHRSA and a Co-Founder of the Association, I spent many hours developing and working with the Association during its early days. I had been elected President by a quirk of life. The guy who had dreamed up IHRSA, **RICK CARO**, too busy with his chain of 8 clubs that year to serve as President, asked me to be a candidate. I did gladly and was honored when my friends on the Board elected me as the 1st IHRSA President. But, as **CURT BEUSMAN** said a couple of years ago, Rick Caro was really the 1st IHRSA President. That same fellow, Rick Caro and I, have been close friends and

associates for over 20 years now and I thank him for that friendship. I cherish and deeply appreciate the opportunity to publish **The CLUB INSIDER** News. Our cover story this month will give you a better feel of what it has been like.

Congratulations to **GEOFF DYER** of **Lifestyles Family Fitness** in Tampa, **MIKE ARTEAGA** of **AllSports Club** in upstate New York and **PHIL SWAIN** of the **Sports Club Company** in Southern California have been nominated by the Nominating Committee of IHRSA Board of Directors to serve as Board Members. The IHRSA Membership will have a chance to vote them in formally at the upcoming **18th Annual IHRSA Convention and Trade Show** in beautiful San Diego. If you're not planning to attend that convention, you will miss out on the best learning opportunity of the year **March 24-27th**. For information on IHRSA and the Convention, call IHRSA at: (880) 228-4772.

Congratulations to **RICH GOMEZ** of the **St. James Club and Aquarius Athletic Club** in Toledo, Ohio and the Political Action Committee assembled to fight a local recreation department construction of a fitness center on the success of their fight. On November 3rd they defeated the proposal by a margin of 3 to 1!

DENNIS PICKREL, Vice President of Global Services for **Life Fitness**, has been named board



(Left to Right) Rick Caro, Liz, Tim & T.J. Rhode & Lynne Brick at the **CLUB INSIDER** News 5th Anniversary Celebration

chairman and president of the **Association For Services Management International (AFSMI)**, a trade Association for customer service professionals. Congratulations Mr. Pickrel!

HERMAN RUTGERS, Executive Vice President for **Life Fitness**, informs me that **JEFF LOEBBAKA**, has left Life Fitness to pursue other marketing opportunities. Good luck Jeff as you move on.

Special congratulations to

young **JAKE WALD** on his signing a letter-of-intent for a full baseball scholarship to **George Washington University**. Jake is the son of my old friend and fellow **Faust Roundtable #1 Member**, **MITCH WALD** and wife **PENNY**. Jake was a shortstop on the **T.C. Williams baseball Titans** team that reached the Northern Region semifinals last spring.

The **Birdair Corporation** has won the **1998 International Achievement Award** given by the **Industrial Fabrics Association**. The company makes air

supported covers for outdoor courts and swimming pools. Congratulations folks!

Last month we ran an editorial written by **RAMIRO GALINDO** of the **Aerofit Health & Fitness Club** in Bryan, Texas. The editorial was about fighting for fair Competition with non-profits. Ramiro is the President of **THRSA (Texas Health, Racquet and Sportsclub Association)** who facilitated a meeting recently which raised \$6,000 to help with the effort.

HAPPY HOLIDAYS & BEST WISHES FOR A HAPPY & HEALTHY NEW YEAR TO YOU ALL!

Norm Cates' **THE Club Insider**
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MAKE
IT
FUN!

...Bob Provost

continued from page 3

ing drive talk show. One day when the radio man was at the club taking a tennis lesson, after which, he approached Bob to ask him if he was aware of the new racquetball club coming to town. Bob replied, "No," but asked for details. He learned that the new facility would be announced that week, on Friday. He also learned the source of the radio man's scoop, a local businessman whom Provost knew well. He immediately went to the fellow's place of business to learn what he knew about the new club. The man confirmed the news and provided Bob with the names of the prospective racquetball club developers. It turned out that they were two of Provost's own club members! Immediately after that meeting Provost went back to his club and his typewriter and prepared a press release announcing his intention to install 10 racquetball courts in his club. Never mind that he knew absolutely nothing about racquetball, nor did he have a sure source to fund the racquetball court construction!

The press release headline read:

'GREENVILLE INDOOR RACQUET CLUB GOES INTO RACQUETBALL BUSINESS-10 COURTS TO BE BUILT INSIDE INDOOR TENNIS CLUB - OPENING IN 10 WEEKS!'

He just prepared the press release and delivered it to the newspapers. He then came back to the club and got on the phone to inform his 6 minority stockholders of the development.

Provost recalls, "I called my 6 stock holders and said, 'Look, I don't know how we're going to do it, but I think we've got to do it. The next day, the guys who were starting that racquetball club were at my club front door at 7:30 a.m. I let them in and they were two members of my club. I took them upstairs to the lobby of the club and they said, 'Where are you going to put those 10 racquetball courts?' I walked them over to the window facing the two tennis courts and said right down there and we're going to be open in ten weeks! They got all upset and said, 'Well, you're going to get run out of business! They stuttered and stammered and left the building. Needless to say, they never opened. And in ten weeks, we had 10 racquetball courts! Two days later I looked in the Yellow Pages for racquetball clubs. I found Courthouse I, the first racquetball club in the South. That's when I got together with Rich Boggs and made a deal with you guys (Boggs, Ray Irwin and Fred Streck and this writer were partners) to consult with me to go into the racquetball business. You may recall we included a 1/13 mile indoor track and 5 Nautilus machines. With the boost of the racquetball business we saw the business improve."

Provost continues, "At that time, I took the amount of money the tennis players were spending to join plus the \$160 for their 1.5 hours of court time and created an offer to them to pay \$20 per month which would give them 1.5 hours guaranteed and walk on anytime a court was open. What I was doing was creating a monthly dues structure. We only accepted the payments

on a credit card and we had to manually write out each charge. In a period of a year or two we had built up a monthly dues membership of around 400 paying \$20 per month. When I saw that taking off with the tennis players I did the same thing with the racquetball people. It cut down on the number of people that we had for racquetball, but it increased the revenues. So, we were into the monthly business in 1978 with real no EFT. I didn't even know about EFT at the time. I didn't do anything with EFT until 1984 and we did it all manually until then.

INTO FITNESS FOR REAL

In 1981 Provost removed 3 of the racquetball courts and installed aerobics, Nautilus and Lifecycles. Provost recalls, "The track had attracted a lot of exercisers and it was an enthusiastic crowd, so we had a base of people to start our move into fitness. And before that, I had hired aerobic instructors to teach aerobic classes on one of the tennis courts. So, we had been dabbling in fitness before we really went into it fully. I hired an Exercise Physiologist and moved forward with our services."

In 1984 Provost brought in Frank Campbell as a new partner and began buying out the 6 minority stockholders. Campbell felt the club needed to be more of a full club with outdoor tennis courts, a swimming pool and more extensive fitness facilities. They added 7200 square feet to the building which contained a large aerobic studio, an indoor pool and expanded fitness space. They also installed 5 outdoor clay

tennis courts. Provost recalls, "At that time we began the process of converting the tennis members to outdoor players. These people had hardly ever played outdoor tennis. If they didn't have a dark green 13' wall behind them they couldn't see the ball! If the sun was shining, they'd complain! It was a longer process to convert them to outdoor players than I thought it would be. But we accomplished it. But that is where we are today. Today we are the strongest tennis club in town. We just added a bubble to cover a couple of our outdoor tennis courts, but they are primarily outdoor tennis members now. We now have a total of 9 clay courts, all outdoors with no indoor courts, except for two under bubbles in the winter."

IHRSA BOARD AND FAUST ROUNDTABLE - BENCHMARKS IN PROVOST'S CAREER

Bob Provost has been a member of IHRSA since it was founded in 1980. In 1990 he was elected to the IHRSA Board of Directors. This proved to be a significant learning experience for him. Provost recalls, "In 1990 I was elected to the IHRSA Board of Directors and I spent three years on the Board. That was a very great experience for me and a very broadening experience. I was challenged by the people I met on that Board and I was challenged by the objectives and goals of the IHRSA organization. That IHRSA Board experience also introduced me to idea of getting on the Faust Roundtable."

Provost continues, "I was one of the original members of Roundtable #2. That's been extremely challenging. I'm involved with what I think are some of the finest leaders of our industry. I think we have four or five past Board members and at least one IHRSA past President, Frank Napolitano, in our Roundtable. Other members of our Roundtable include: Joe Cirulli, Tony de Leede, Geoff Dyer, Mike Arteaga, John Wells, Bob McLennan, Florence Auld, Jennifer Harding, Art Chappell, Dave Patchel-Evans, Faith Pulis, Dean Wallace and Steve Wild. It's a great group!"

Provost adds, "One of the things we have done on a regular basis is try to visit everybody's club. A couple of years ago we had our Roundtable meeting here in Greenville. The group did a club review with a focus on what we were doing, where we were going, what our staffing was and they (See Bob Provost page 10)

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TOWN SPORTS INTERNATIONAL TO RECEIVE \$40 MILLION IN PREFERRED EQUITY

Earnings and Revenue Increase During Most Recent Quarter

NEW YORK November 16, 1998 — Town Sports International today announced it was issued \$15 million of privately-placed senior preferred stock. The company has received a commitment of another \$25 million to be funded on or before December 1, 1999.

The preferred stock matures in 2008 and will not pay cash dividends.

Town Sports Chief Executive Officer Mark Smith said the company is raising equity in order to continue its expansion in several markets. After increasing its number of operating clubs by 40 percent — from 35 to 49 — during the fiscal year ended May 31, 1998, the company added another 16 clubs

during the quarter ended August 31, 1998. The company has opened another two clubs since then, bringing the current total to 67. Six clubs are in pre-sales; and the company has signed another nine greenfield leases for future locations.

Smith said, "We're pleased that we've been able to meet our growth objectives-taking advantage of strategic opportunities in several markets. At the same time, strong operating performance

continues. We remain sharply focused on membership sales, service and retention at our mature clubs and at our new ones as well."

The company said revenue for the quarter ending August 31, 1998 was \$28.7 million, compared to \$17.2 million a year earlier, a 67 percent increase. Adjusted EBITDA increased by 49 percent, from \$4.4 million to \$6.5 million.

New York-based Town Sports International is a leading owner and operator of fitness clubs in the Northeast and mid-Atlantic region of the U. S. and is the largest operator of such clubs in Manhattan. The company operates fitness centers in the New York, Boston and Washington, D. C. metropolitan areas, with more than 170,000 members.

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Chicago, IL, December 10, 1998 - Following a series of successful tests in on-line commerce, Bally Total Fitness (NYSE: BFT) announced today it has begun offering special 30-day introductory memberships for \$49 exclusively through its website, www.ballyfitness.com.

"We have seen significant use of our web site during 1998, and will end the year with well over 10 million hits," said Mike Karoff, Vice President, New Product Marketing for Bally. "Over the past year when we tested a program offering free one-week guest passes through our web site, more than 25,000 prospective members logged in requests, with several thousand of those joining our clubs. This test program generated several million dollars in new membership fees for Bally."

"While December tends to be a month for spending money on gifts and celebrations, January and February are typically the time when Americans return to the gym, or go looking to join one. So far, this holiday season seems to be seeing a dramatic increase in people shopping over the Internet; we at Bally are very happy to have this on-line option in place for what is traditionally an active time for the

fitness-minded consumer," Karoff continued.

Guests to Bally's menu-driven website can select which facility they wish to join from the club directory, electronically sign a membership contract on-line and pay for the membership with their credit card. Guests then receive a contract on-line and can print out a coded membership card for immediate access to the specific Bally Total Fitness center they select. "Giving people the convenience to take a virtual club tour and join on-line is an important step forward in meeting our customers' needs," Karoff continued. "Based on our experience to date the Internet appears to have promise for us in generating high quality leads, and new members, economically. In our continuing efforts to add more sophisticated, research-based marketing methods to our business, we will closely track the performance of those member accounts generated through the web site for future program development."

Other features of the Bally Total Fitness web site previously available and already in high use include customer on-line membership renewal, a locator map for each Bally fitness center, purchase of Bally's private-

labeled line of vitamins and nutritional supplements, an interactive health and fitness advisory service called, "Ask Dr. Paul," employment applications, customer service E-mail and investor information.

Additionally, as a part of the recently announced strategic alliance with Rare Air, Ltd., publishers of Michael Jordan's new book, *For the Love of the Game*, Bally will also be offering for sale via the web site limited edition collector's lithographs of artwork from the new Michael Jordan book.

Karoff concluded by noting, "Bally has already found a number of ways to generate revenues from Internet commerce — both by offering new products and services to members, and importantly, strengthening and leveraging our core fitness capabilities and dominant fitness brand. As we continue to explore new service and product offerings and expand our recently launched offerings, we see a significant opportunity in growing the contributions of our internet-sourced business."

Bally Total Fitness is the largest, and only nationwide, commercial operator of fitness centers in the United States, with approximately four million members and 325 facilities in 27 states and Canada.

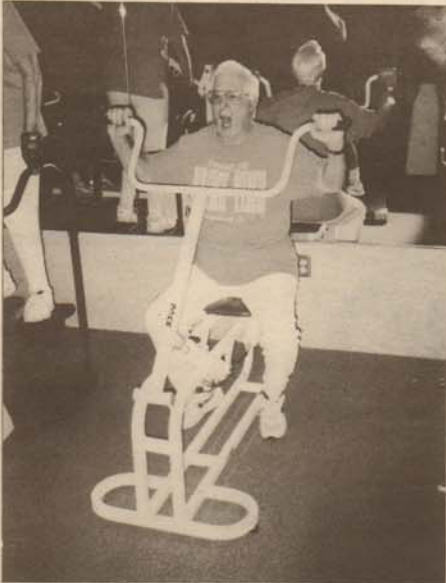
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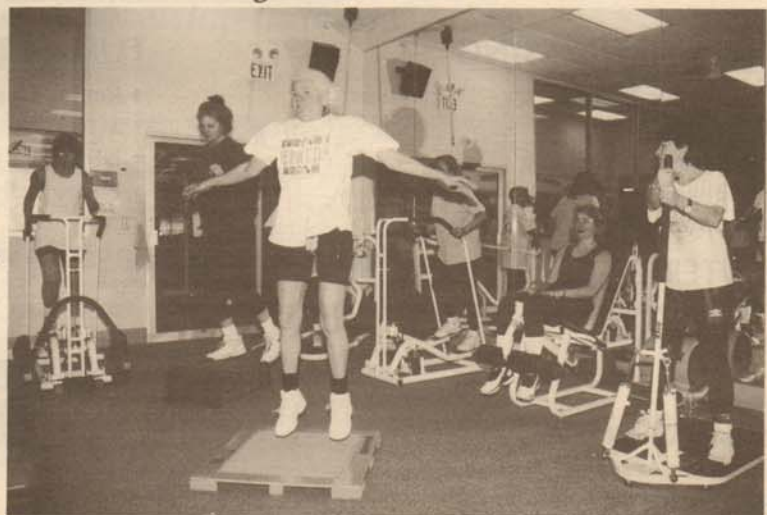


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...Bob Provost

continued from page 6

spent time with my staff. Of course, they are privy to all of my numbers because they are really my outside Board of Directors. While they were there, we split up into workable groups of three or four and looked at the facility and the staff and the local competition. They came back and made presentations as to what they would do. Their comments were that we were probably the best socially-program-service oriented club in the market, but we weren't quite there. They said we needed to make a push to get there and trust the community would be behind us and do it before somebody else came in and put up a \$6 or \$7 million facility and on the east side and cut us off from the market. One of the recommendations was to take the three remaining indoor tennis courts and convert that entire 25,000 square feet, fill it up with equipment and turn it into a full-size multi-purpose club. And that is what we have done. Not only have we done that, we replaced our small locker rooms with two new 3500 square-foot locker rooms for men and women. That tripled the size of

the locker rooms and the members loved that. The building of the new locker rooms was going on at the end of the building and none of the members had seen that construction until our opening. They were surprised and very happy with the new locker rooms that were twice the size as before. We survived the conversion to outdoor tennis, but the indoor courts just weren't paying for themselves. We just had to bite the bullet. We may have lost 20 memberships out of the whole thing. But, some of them have since come back. Meanwhile, our fitness program has helped increase the total memberships from 1800 memberships to 2700 in the last year, an increase of 50%. "Bob and Mary Beth Provost have been assisted by The Sales Makers for the last year and, as usual with the Sales Makers, the results have been outstanding."

The Greenville Racquet and Fitness Club Is Now One of America's Top Clubs

Suffice it to say,

Provost's investment of a fresh \$1.6 million in his club has produced a facility that ranks, in the opinion of this writer, as one of the top 50 facilities I have seen in America. The club has a terrific feel upon arrival. The lobby has high ceilings and an open-air feel. Behind the reception desk and in full view as members and guests arrive is a large 9,000 square-foot fitness area with 70 pieces of cardiovascular equipment with Cardio Theater and two lines of selectorized machines. Behind the fitness area is a regulation-size basketball court. Circling those areas is a 1/12 mile indoor track. To the right of and upstairs from the reception area is a 3500 square-foot mezzanine with 30 free weight stations and additional cardiovascular equipment. Below that is a 3500 square-foot group exercise room, a 1200 square-foot group exercise room and a 600 square-foot group cycling room. Next to that is a 1500 square-foot child care center. (Up from 700 square-feet). Beyond those areas is the indoor pool and a 3000 square foot rehab center operated on lease by: Rehability, a large national healthcare company. The

rehab center is conveniently located next to the indoor pool. The club has 225 parking spaces and a shared parking relationship for 300 spaces with a sports bar next door. Provost refinanced the club to fund the \$1.6 million in improvements.

The success Bob Provost's club is now experiencing is partly the result of the recommendations made by the Faust Roundtable. However, Provost has done another terrific thing which was honoring all of the memberships of a local World Gym which closed in early September with no notice. I asked Provost if he had to do that over again and he replied, "Sure would." I asked him if he had to do it over again, was there anything he would do differently and he replied, "Really from a pricing-marketing standpoint, I would not have done anything differently. We offered to accommodate their prior payments, but we gave them an option that was very beneficial to us over the long run. It was a win-win situation for us and the World Gym members."

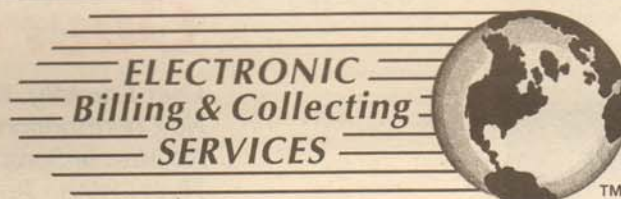
We asked Provost what advice he would give to up and

coming club operators. He replied, "I would advise them to listen. Listen to their members because they are one of the most important sources of your information. Listen to your peers in the industry. You do that through Associations like IHRSA. Listen to your competition. That would be the advice I would give to anybody."

Bob Provost and his wife of 42 years, Lorrie, have 5 children. Their daughter, Mary Beth, is now serving as the General Manager and has been in that capacity for 7 months now. Needless to say, Provost has now positioned the club for the long haul and Mary Beth is looking forward to a long run as the General Manager.

In closing I would like to congratulate Bob and Lorrie Provost and their Staff on their exciting growth and wish them well. They are a credit to our industry and The Greenville Racquet and Fitness Club is a model for aspiring club entrepreneurs.

(Norm Cates, Jr. is the Publisher and Editor of *The CLUB INSIDER* News and a 25-year club industry veteran. Cates was a co-founder and the 1st President of IHRSA in 1981.)



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HELPING MEMBERS SUCCEED

By Tom Cotner

One year and counting. The year 2000 looms dead ahead.

When I was in my twenties, I'd sometimes think about the year 2000. It seemed unreal that I'd be living now. 2000 A.D. seemed too distant. I'll be 45 years old, I thought a real oldie! I was naive. All of us who've been around a while know that age is relative.

I also thought about the fitness industry and what it would be like in the year 2000. Every American will be exercising, I thought. Health clubs will be on every corner. Our field will be in and we'll be a formally recognized, viable profession. Again, I was naive. I expected too much too soon.

Now, twenty years later, I realize that a year is like a day. It takes time but slowly, progressively, deliberately, our profession is maturing.

Last weekend I drove my '67 Chevy pick-up out in the country. I love restoring old pick-ups (I own three) probably because once restored they tend to stay that way (unlike some of our clients who resume their healthy lifestyles)! I saw another truck slowly meandering along the prairie road. I recognized it as a truck I'd admired before. It sits near a lake where I like to swim, boat and fish. I stopped to chat with the farmer who owned it. "I'm seventy five years old, he said, and these old legs don't work right. I tire easily and just can't work the farm like I used to." Being a fitness advocate,

I immediately thought of exercise as a possible solution. Perhaps the Senior Fitness Program at a local Wellness Center would benefit him. Just as I was about to tell him about the Center, I remembered it was under new management. Before I would recommend the Senior Fitness Program, I'd need to know the following:

*** Medical Screening:** How does the Center become knowledgeable about the Senior's health history. How do they receive medical clearance and most importantly, how do they modify the exercise program to fit the Seniors unique health problems?

*** New Senior Adoption:** How does the Center ensure that new Seniors are comfortable in the unfamiliar surroundings of a formal exercise class in a fitness?

*** Exercise Progression:** How do they ensure the Senior is exercising at appropriate levels to avoid injury and to facilitate fitness?

*** Social & Fun: Is it?**

*** Instructor Qualifications:** Who is the class instructor and what qualifies them to lead a structured program for Senior Citizens?

As we approach the year 2000, let's be assured that our club

is are sound in quality. Many people and organizations have spent countless hours defining quality in the fitness industry.

The International Health, Racquet and Sportsclub Association (IHRSA), the American College of Sports Medicine (ACSM) and Dr. Kenneth Cooper's Institute for Aerobics Research are three organizations that have helped me tremendously. These organizations provide certification programs for individuals and/or guidelines for fitness facilities. When instructors, programs and facilities follow the recommendations of our professional organizations, we can rest easy concerning the questions above. In addition, industry journals such as *The Club Insider*, *Fitness Management* and *Club Industry* provide the communication forums necessary to ensure our industry grows, and prospers. Let's support our professional organizations and journals with our memberships and subscriptions.



Tom Cotner

They provide the research, consistency, standardization, communication and vendor information that move us into the twenty-first century.

(Tom Cotner is the Owner/Operator of Employee Health Management, a consulting firm specializing in employee health and wellness. Contact Tom at: (605) 692-2071 or e-mail: www.cotner@brookings.net)

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What? My Employee Is Suing Me?

By Ken Reinig

I have some bad news for club owners. The next claim or lawsuit we will experience will very likely come from our own employee. The new hot issue for attorneys this year is "employment" related law. Now, for the really bad news: our workers compensation and liability insurance won't cover us.

If you have read any of my previous articles, you already know that I am not a big fan of the American Bar Association. Litigation in this country is running rampant and too many people have adopted the battle cry, "It's not my fault." Whether it involves a member who falls on the treadmill, or an aerobics instructor who has been "released" because of frequent tardiness, we are forced to deal with the backlash of these individuals who refuse to admit accountability. Our liability insurance policy is designed to protect us from the member suing us, but we are wide open to litigation involving an employee. If you don't think that it could ever happen to you, think again. All it takes is one disgruntled employee. The insurance industry has reported the number of lawsuits filed against employers for employment-related grievances has doubled every year

for the past four years and there is nothing to suggest that the trend won't continue.

Most of the claims brought against the employer involve sexual harassment. It has become a serious enough problem that the Supreme Court has now made it mandatory for employers to maintain a written policy regarding sexual harassment in the workplace. How many of you have such a document? How many of you have an Employee Manual? How many of you like to gamble?

By the way, the Supreme Court has also upheld the doctrine that the employer is held accountable for the actions of their employee. In other words, if you have a manager/trainer who tends to be a little too 'friendly' with certain aerobics instructors, you could easily be looking at a \$25,000 claim!

Wrongful termination, discrimination, invasion of privacy, and sexual harassment all fall under the category of Employment Practices Liability. Up until a few years ago, most business owners never worried about this exposure and even today, the vast majority of Club owners don't understand the ramifications of what an employment-related lawsuit can do to their

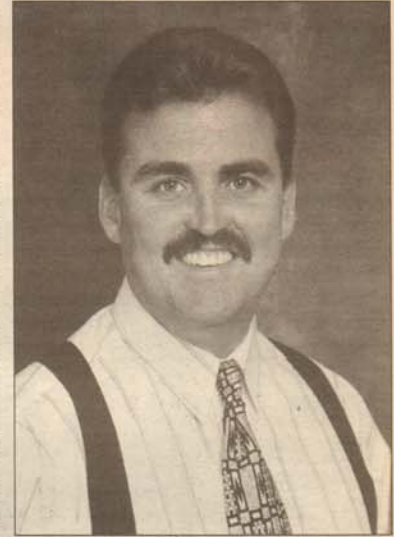
business. Frequently, these lawsuits are accompanied by a complaint filed with the Equal Employment Opportunity Commission (EEOC) that tend to take the attitude that you are guilty until proven innocent. Needless to say, employment related litigation can be costly, time consuming and emotionally draining.

There are two steps that we can take to address this issue. The first and most important step would be to develop or purchase an Employee Manual. The manual will outline what is expected of your employees, address sexual harassment policy, vacation and personal time off, and outline the grounds for dismissal. Do not attempt to write this manual on your own. Unless you are an attorney who specializes in employment law, your homemade version of an employee manual could become more of a problem than not having one to begin with. One of the best employee manuals that I have come across in our industry is published by Thomas Plummer & Associates. It is inexpensive and has been reviewed by one of the best employment lawyers in the country. Once you have an employee manual, make certain that all employees have access to it and be prepared to follow your rules and employment related procedures to the letter. The underlying theme of a good employee

manual should emphasize the basics of our society: "All men (and women) are created equal." Treat everyone the same and practice zero tolerance for any form of harassment. Don't date your staff and don't allow your managers to date the staff. Common sense will dictate a professional atmosphere and a safe work environment.

Once you have an employee manual and have established good controls with your staff, you should consider purchasing Employment Practices Liability Insurance (EPLI). Although the application process can be a little tedious, it is well worth the time to at least obtain a proposal from your agent. EPLI insurance is not cheap. A small club, for example, with just two full time and ten part time employees will pay \$1,250 per year for \$250,000 of coverage. All EPLI underwriters require a review of your employee handbook prior to binding coverage.

All in all, the health club industry needs to take this issue very seriously. Business is tough enough without the added distraction of dealing with the EEOC and your ex-employee's attorney. Take



Ken Reinig

the time to re-evaluate your management procedures and have an attorney review your employee manual. If you would like an application to obtain an EPLI quote for your club, just call 800-985-2021 and ask for Ken. I will be happy to send you a form along with our free "Club Policy & Guidelines."

(Ken Reinig is president of Association Insurance Group and managing partner of Women's Workout Company in Denver CO.)

IHRSA NEWS RELEASES

Yoga effective in treating Carpal Tunnel Syndrome

Yoga found more successful than wrist splints.

(Boston, MA) A study in today's issue of the Journal of the American Medical Association (JAMA) shows that yoga-based intervention helps the treatment of carpal tunnel syndrome (CTS). A common complication of repetitive activities, CTS causes significant morbidity and has a negative financial impact on companies as a result of lost work time and increased medical expenses.

"We have more research showing how powerful physical activity can be in reducing social cost and in improving the quality of life," states Massimo Massarini, M.D. of Technogym and a member of the, IHRSA Institute on Exercise and Health (IIEH) Medical Advisory Council. "Even a relax-

ing activity such as yoga can be an excellent treatment against an invalidating pathology. Furthermore, the postural control and mental relaxation can be considered as positive side effects of this treatment."

The subjects — 42 employed or retired individuals with carpal tunnel syndrome — were randomized into two study groups: a control group of 20 who were treated with wrist splints, and a yoga-based intervention group of 22. The yoga group took part in an eight-week program focused on upper body postures designed to increase flexibility, correct alignment of the hands, wrists, arms and shoulders, and increase their awareness of the best position for their joints during use. They met twice a week for one to one-and-a-half hours each session.

Both groups took baseline tests to measure for such things as disturbed sleep, intensity of pain, numbness, and

grip strength. The tests were again administered at the end of the eight weeks for a comparison.

In all categories, the subjects in the yoga group showed a larger trend for improvement than the control group, with statistically significant improvements in grip strength and pain reduction. Furthermore, although it wasn't studied systematically, the yoga group reported they maintained improvements in their symptoms even four weeks after the completion of the program.

"Due to the multiple therapeutic variables in the yoga-based treatment group, it is impossible to know which particular item, (or combination of items) was responsible for the improvement. But it is not surprising that a program encompassing education, flexibility, postural alignment and body awareness was more successful than immobilization in alleviating symptoms of this common musculoskeletal condition," comments Dr. Rice, D.O., F.A.A.F.P. of San

Diego Sports Medicine and a member of the REH Medical/Advisory Council.

The typical treatments for CTS — often providing unsatisfactory relief — are wrist splints, anti-inflammatory agents, avoidance of occupational duties, career-changes, injection therapy and surgery. Health problems that are occupationally related, such as CTS, are the leading cause of lost earnings in the workplace. The authors suggest workplace yoga programs could be implemented as a cost-effective measure in treating CTS. This program doesn't require drugs, expensive equipment, or surgery, yet was successful in reducing pain and improving strength.

"Preventative workplace programs such as this could save millions of dollars in health care costs and lost worker productivity, with virtually no significant downside risk," adds Dr. Rice.

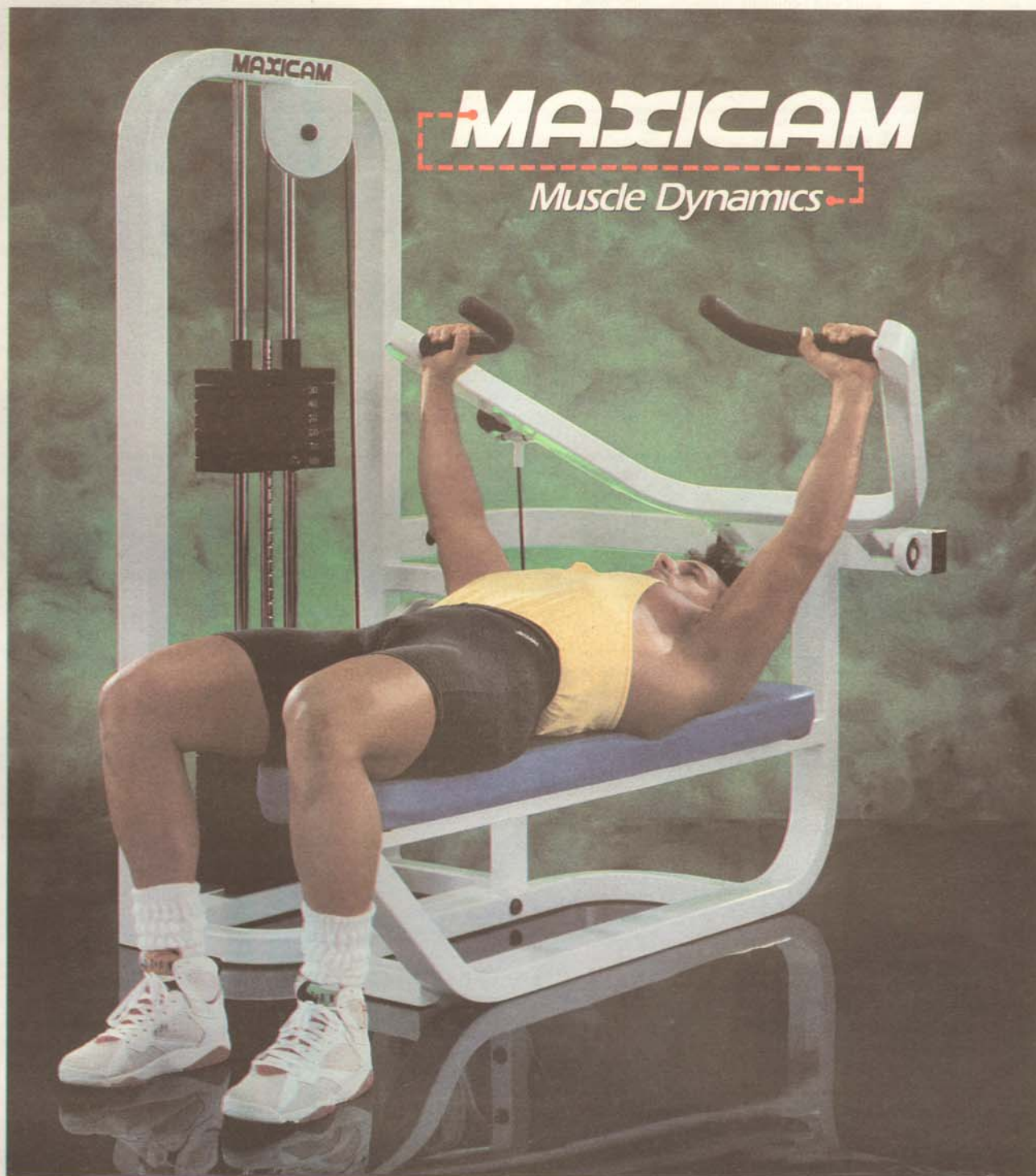
The IHRSA Institute on Exercise and Health is dedicated

to communicating the health benefits of regular exercise. Technogym is a world leader in providing health, fitness and rehabilitation equipment for club and clinical settings.

Membership in IHRSA Clubs Grows by 11 %

Clubs Outdistance National Average of 8% (Boston, MA) Participants in the International Health, Racquet & Sportsclub Association's (IHRSA's) annual industry data survey reported an average net membership growth rate of 11.2% in 1997, up nearly 70% over 1996. This is three percentage points higher than the 8.2% national increase in health club members, as reported in the annual Sports Data Health Club Trend Report.

The results of the survey, which involved 231 THRSA member clubs, a reprinted in the Association's 1998 Profiles of Success (See 11% Growth page 16)



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BANK CREDIT FACILITY TO \$90 MILLION

CHICAGO, IL. November 16, 1998 - Bally Total Fitness Corporation (NYSE: BFT) today announced the expansion of its revolving credit facility with a group of banks led by the Chase Chase Manhattan Bank to \$90

million. This facility, previously a \$70 million line of credit, provides the Company with added flexibility to pursue its strategic initiatives.

Lee Hillman, President and Chief Executive Officer of the Company, noted that "Bally

Total Fitness has achieved a great deal in the past year - returning to profitability for the first time in many years and recording significant improvement in operating cash flow. This has greatly enhanced the credit-worthiness of the Com-

pany and provides an ever-stronger base from which to accelerate the growth of our business. At a time when many companies face concerns with the tightening in the credit markets, it's gratifying to have the strong support of our Banks as we pro-

ceed with our growth initiatives."

Bally Total Fitness is the largest and only nationwide, commercial operator of fitness centers in the United States, with approximately four million members and 325 facilities in 27 states and Canada.

The Delaware Valley Alliance Elects A New Board of Directors and Officers

The Delaware Valley Alliance of Health and Sportclubs is proud to announce the election of a new Board of Directors and officers. These individuals were elected at the DVA's Annual General Membership meeting on November 12, 1998 and

will serve for a term of 2 years. The new President is Les Littman of 'the Cherry Hill, Northeast Philadelphia and Riverside Aquatic and Fitness Centers, the Vice-President is Rich Sposato of Club La Maison, and the Treasurer is Mitch Maday of the Sporting Club at the

Bellevue. Other directors are Gary Schnoll, Northeast Racquet & Fitness Club, John Cooley, Final Results Fitness, Dan Horan, Hatfield Athletic Club, Armand Tecco, Paoli Health & Fitness and Jim Worthington, Ex-officio. Linda Mitchell has assumed the position

of Executive Director and will oversee the mission of the Alliance, which is to maintain the highest quality industry standards through education and networking. There are 22 member health clubs of the Alliance, which have been successful in negotiating arrangements with

suppliers for discounts, insurers for reimbursements and in rallying support for charitable and educational events. For complete information regarding the benefits of Alliance membership, please contact Linda Mitchell at 215/968-0600 x14.

...11% Growth

continued from page 14

cess. The report details revenue and expense ratios, equipment inventories, facilities, programs, membership growth and retention rates,

The report notes that, in terms of net membership growth rate, fitness and tennis clubs led the sample with 16.7% and 16%, respectively. Multipurpose clubs reported an average 10% net growth rate.

Average retention increased as well—from 63% in 1996 to 66% in 1997. The development of new programs appears to be a key factor in retention, according to the report.

"The surprise is that the

clubs that charged for at least some of their programs reported higher retention rate," said Bill Howland, Manager of Publications and research for IHRSA. "The top 25% of clubs in terms of non-dues revenue per member reported an average retention rate of 75.5% and revenue per member of \$1,035, as compared to retention of 61.4% and revenue per member of \$544 for the bottom 75%."

Cost for 1998 Profiles of Success is \$125 for IHRSA members, and \$400 for nonmembers. The publication is free to clubs which participated in the annual industry data survey. To order, call IHRSA at 1-800-228-4772 or 617-951-0055. IHRSA is a non-profit trade association represent-

ing more than 4600 health, racquet and sportsclubs worldwide.

Minnesota Club Wins IHRSA's Sales Team of Year Award White Bear Racquet & Swim Boasts High Growth and Retention

(Boston, MA) White Bear Racquet & Swim Club in White Bear Lake, MN, will receive the International Health, Racquet & Sportsclub Association's (IHRSA's) 1998 Sales Team of the Year Award at the Association's 13th Annual Sales, Marketing & Programming Conference, which was held December 2-5 in Orlando, FL.

With a membership retention rate of 85%, the 128,000 square-foot club currently has 2600 members. The club sales team beat their projected member sales figure of 690 by 13%, bringing in a total of 779 new members in a 12-month period. They also exceeded their projected net membership growth figure of 17% by 19%.

The White Bear Sales Team described the steps of a successful sale as follows-

1. Establish rapport and display excellence. Excellence means caring—making the special effort to do more.
2. Do a needs analysis. Be their friend, coach, teacher and specialist.
3. Gather information on their exercise program—past (how long ago, results); present (where, how often, results); and future (what they would like to accomplish through a club).
4. Get their personal commitment to achieving goals set during needs analysis.
5. Tour the guest, reminding them of how club membership will help them meet their goals.
6. When you close, go to a comfortable atmosphere (club cafe, poolview lounge) During the close, establish an action plan requiring commitment.
7. If objections come up, handle them with professionalism. Remember to be their friend, coach, teacher, specialist.
8. Complete the membership paperwork, ask for referrals, schedule a new member fitness orientation, sign them up for a new member social, take a picture ID, send a thank-you note immediately, and follow up with a phone

call within seven days.

Surgeon General's Report Editor to Address IHRSA

Blair to Speak on How Environment Discourages a Physical Activity (Boston, MA) Steven Blair, P.E.D., chief scientific editor of the Surgeon General's Report on Physical Activity and Health, will present a seminar entitled: "Do We Have a Toxic Environment for Physical Activity?" at the International Health, Racquet & Sportsclub Association's (IHRSA's) 18th Annual Convention and Trade Show. The event will be held March 24 through 27 in San Diego, California.

Director of Epidemiology and Clinical Applications as well as Director of Research for The Cooper Institute for Aerobics Research, Dr. Blair is responsible for the Aerobics Center Longitudinal Study. In 1989, the first results of the study were published in the Journal of the American Medical Association, and it proved to be one of the most compelling research studies ever done relating regular physical activity to a reduction in premature death from heart disease, cancer and all causes. The study found that the addition of even a moderate amount of physical activity to the daily lives of previously sedentary individuals lengthened their lives. The longest average life spans were achieved by individuals who exercised vigorously and regularly.

Dr. Blair is also a member of the Medical/Scientific Advisory Council of the IHRSA Institute on Exercise and Health (See Blair Speech page 22)

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Picture yourself relaxing in the elegant surroundings of a luxury villa. Strolling through the rain forest to the howls of monkeys and the squawks of wild tropical birds. The ocean view, revered as one of the most beautiful in the world, is so spectacular Conde Nast Travel magazine featured it in a two-page color spread.

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birdwatching, scuba diving, snorkeling, sunset and party boat cruises, horseback riding, health club, rafting, tennis, golf and a colorful Costa Rican beach town two miles away with beach bars, a disco and a gambling casino.

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CAPITOL REPORT

Florida Clubs Plan Sales Tax Repeal

The Southeast Health and Racquet Sports Association (SEHRS) is going full-steam ahead with its joint initiative with IHRSA to repeal Florida's 6% sales tax on health club memberships.

Joe Cirulli of Gainesville Health and Fitness Centers, Bob Karshner of Shapes Health and Fitness Centers, and Geoffrey Dyer of Lifestyle Family Fitness Centers led a meeting of Florida club operators in Orlando on December 4.

At the meeting, club operators decided to appoint regional representatives for SEHRS in order to generate statewide support for this initiative. IHRSA will help SEHRS communicate with Florida clubs by broadcast fax and mail.

In order for the lobbying effort to qualify for funding from IHRSA, Florida club owners must demonstrate their financial commitment. Those present at the meeting agreed to commit \$40 a month per club to finance the lobbying team in Tallahassee. Dyer pointed out that this is roughly the cost of one membership at most clubs.

"We think \$40 a month is a small price to pay to rid the in-

dustry of this burdensome tax, but if that's too much we encourage clubs to send whatever they can. Every dollar will make a difference," said Dyer. All money raised will go directly to the lobbying effort. SEHRS needs to raise \$45,000 this year.

Club operators may send their contribution to SEHRS, 14499 North Dale Mabry, Suite 270, Tampa, FL 33618. For more information contact Bob Karshner at (813) 264-1711.

COURT RULES CLUB NOT LIABLE FOR BRAWLING MEMBER

A Georgia Court of Appeals ruled recently that a health club is not responsible for injuries suffered by a member in a pickup basketball game that resulted from a fist fight which the member initiated.

While a club employee was present during the altercation, the employee was shooting baskets on another court and not serving as a referee when the incident began. The injured member alleged that the club breached his membership contract by failing to protect him from an "unreasonable

risk of harm."

In *Alexander v. Sportslife, Inc.*, the court ruled that the proximate cause of injury was not any negligence or breach of contract by the club but the member's own voluntary and active participation in a fight. The court stated that even though the club may have been negligent to a degree in supervising and monitoring the game, the club's conduct was, at best, "a remote cause of the injuries sustained."

Both participants in the fight claimed that the basketball game was out-of-hand and that fouls were committed. Each insisted that he was attacked without warning. The court wrote, "If the attacks were unexpected...then the actual participants in the brawl cannot reasonably assert that a Sportslife employee in the general vicinity should have expected or had warnings of the attack."

This case helps set limits regarding the duty of care owed by clubs to their members. Unless a criminal act is a reasonably foreseeable consequence of the club's conduct, the club will generally not be found liable for resulting injuries.

YMCA's Reach Felt in the U.S. Senate

As IHRSA lobbied Congress this summer to crack down on

tax-exempt abuses, the "long arm" of the YMCA was never more apparent than in the halls of the U.S. Senate. Just days after IHRSA convinced the Senate Appropriations Committee to include strong legislative language instructing the IRS to look into unfair competition in the fitness industry, nine senators signed a letter condemning the language as a direct attack on the YMCA.

Senator Ron Wyden (D-OR) submitted the letter into the Congressional Record on September 3. The letter states in part:

"We are writing to express our serious reservations about a provision in the committee report accompanying the FY'99 Treasury/Postal Appropriations bill relating to tax-exempt health clubs. . . The health and fitness services offered by [YMCA's, JCC's] are only one component of a whole range of programs available for a community. These programs are an integral part of the organization's philanthropic mission related to the health, education and welfare of the community, and

a significant component in financing such activities."

"We ask that [the conference committee] ensures that the invaluable programs offered by not-for-profit organizations are not unfairly curtailed by unnecessary and overly burdensome government regulation."

Sincerely,
Ron Wyden (D-OR)
Patty Murray (D-WA)
Connie Mack (R-FL)
Ted Kennedy (D-MA)
Paul Sarbanes (D-MD)
Pat Roberts (R-KS)
Chuck Grassley (R-IA)
Barbara Mikulski (D-MD)
Dick Durbin (D-IL)

While IHRSA countered with a letter of its own [see Capitol Report, October 14], the YMCA succeeded in being removed from the final directive to the IRS. As a result, the directive focuses on the fitness activities of tax-exempt hospitals and educational institutions.

While these nine senators have shown support for the YMCA, it is also likely that they are unaware that unfair competition exists. While IHRSA suc-

(See *Capitol Report* page 24)

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KICK BOX FITNESS HITS AMERICA

By Norm Cates, Jr.

Wilmington, N.C. - The World Kick Boxing Champion, Joe Lewis, has partnered with John Maynard, Trey Wyatt, Randy Ballard and Stephen Tharrett to form Kick Box Fitness, a new organization devoted to the teaching of Kick Box Fitness instructors. The sport has been a very popular form of martial arts for years and will now become another form of group exercise in health and fitness clubs nationwide.

Joe Lewis, Master Kick Boxer, comments, "In the Martial Arts community, everybody is drifting towards Kick Boxing. Our approach is designed so you can learn it quickly and correctly. Remember those two words. If you are looking for the best synergistic way of incorporating all the muscle groups to effectively add strength and to train your cardiovascular system, you can't beat kick boxing. I started training 40 years ago. I believe that the program I have created is the best thing on the planet! If there is something better, I personally would be doing it."

Trey Wyatt adds, "Kick Box Fitness uses kick boxing and fighting fundamentals in a safe and effective manner. There are 16 proven kick boxing techniques that Master Joe Lewis has researched and collected from different fighting styles around the world. They are all simplified and broken down for easy learning. The main thing that our organization does is create outstanding Kick Box Fitness instructors."

Club operators can install Kick Box Fitness as an additional profit center or provide it as a membership amenity. Trey comments, "We've got people that are doing both. We recommend that you use it as an extra profit center, much like people have done with spinning. However, with spinning, you have an investment of around \$800 per station. With Kick Box Fitness, you're looking at an investment of around \$110 per station. That includes the certification cost of your instructors, a bag and a pair of gloves. Glove sales can become significant as your members become involved. The entry cost of Kick

Box Fitness is a key." John Maynard comments, "If I want to install a group cycling program in my gym, if I install 10 cycles at around \$650 each, I'll have close to \$7,000 invested. However, with 10 cycles, I can only serve 9 members in one class because the instructor must take up one bike. For about 1/3 of that amount I can install Kick Box Fitness in my gym and serve 40 people in a Kick Box Fitness class. Another advantage is that Kick Box Fitness has all of the exercise benefits of traditional Martial Arts, but we've eliminated all the painful and injury causing aspects of Martial Arts. We've kept all the good and gotten rid of the bad."

The format of the new Kick Box Fitness Program has attracted women very successfully and is now drawing 75-80% female attendees, a statistic that should make any club owner happy. Wyatt comments, Kick Box Fitness is not intended to be a self defense program. But, the principles are the same as people use in boxing. If you get hit with a straight right hand it hurts and if you get hit with a straight kick, it hurts. So really, all self defense is just the attitude that

you put behind the technique. In any given situation Kick Box Fitness can be applied to self defense if necessary." Maynard adds, "We emphasize proper technique just as we would if we were coaching them getting ready for an event. So we create good habits, should you need to call on those habits. And, even though we're not marketing it as a self-defense class, women love it! They enjoy being given the freedom to just unload and knock the heck out of something! The women say they enjoy getting their aggressions out."

Wyatt comments, "Chip Bullock has been General Manager of the 23,000 square-foot Spa Fitness Center here in Wilmington for 10 years. His first Kick Box Fitness class had 97 people on the floor with 51 standing in line. The problem they have now is space. They asked John to take a 5:30 class on Tuesday and Thursday because the classes in those slots were dying out. Now, if you want to get in that class you have to show up at 5:00. They give out a ticket to get in the class. They limit the classes to 65 people. If

you don't have your ticket by 5:15, you don't get in the class. We contacted Chip Bullock to hear his impressions of Kick Box Fitness. Bullock comments, "We installed Kick Box Fitness in June, 1997. I've been the General Manager of the club for 10 years and have never seen anything hit like this! I was here when The Step came in. We've seen the cross trainers and cycling classes come in. Nothing has hit like this has. It has increased our sales by 15% per month compared to last year. Our members pay \$40 per month and we include access to Kick Box Fitness for that fee. We have 7 Kick Box Certified instructors. I learned about Kick Box Fitness by attending classes at his Champion Karate and Kickboxing Center across town. I got John and one of his trainers, to train our people. I've got a waiting list to attend their certification program across town. Also, women love it. About 75% of the classes are women of all ages, shapes and sizes. We have one lady that is about 50 who has lost over 40 pounds in the Kick Box classes. It's incredible!"

(The Kick Box Fitness Team may be reached at: (910) 792-1131. Toll Free: 1 877-333-KBOX)

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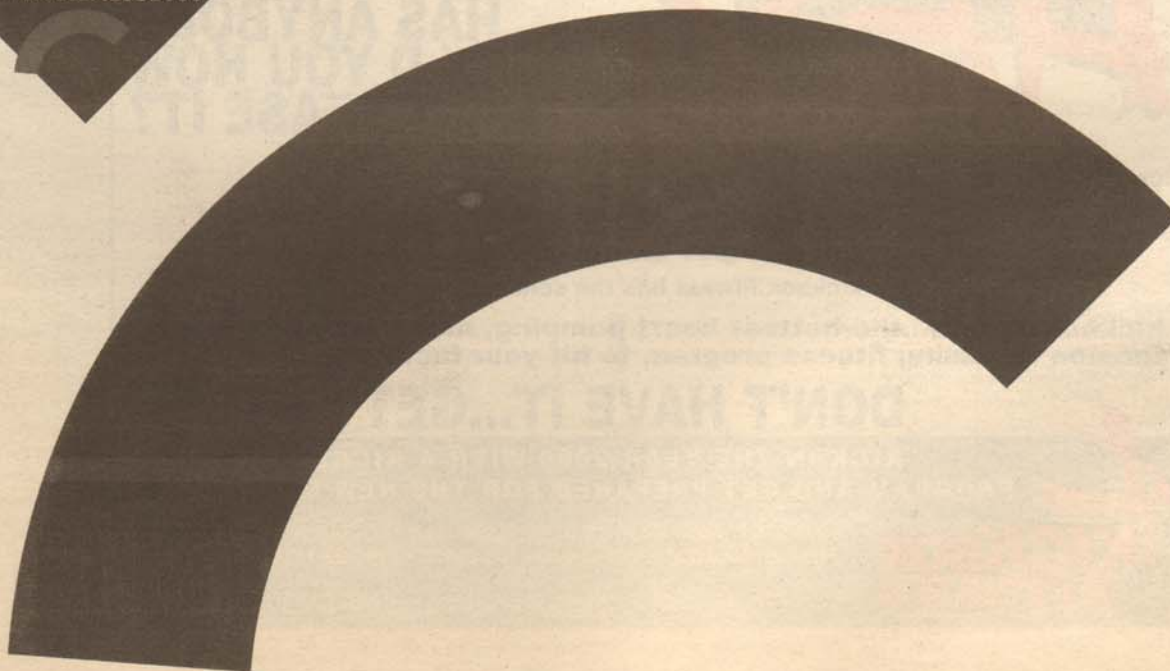
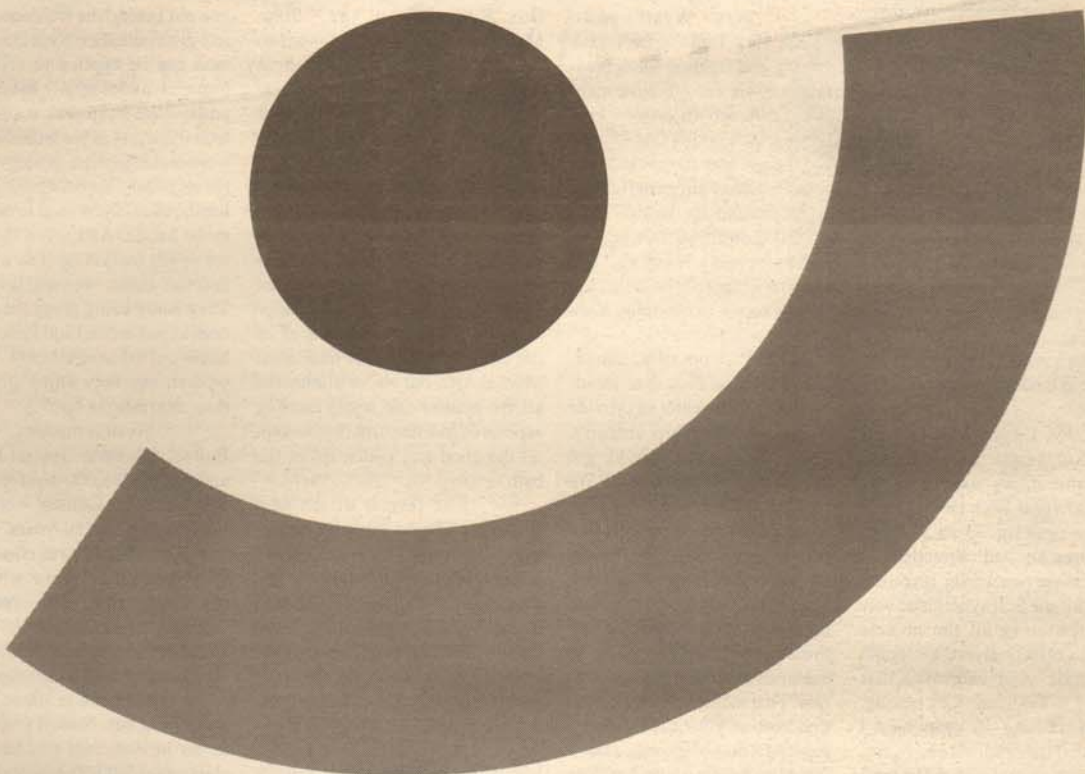
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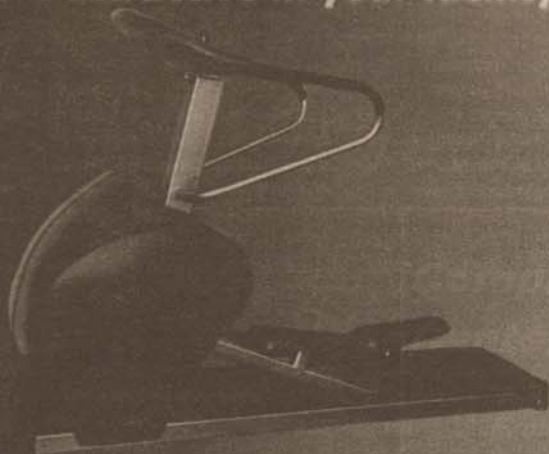


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RICK SLAUGHTER - F.I.R.S.T. AGAIN!

By Preston Fields

At the age of 14 Rick was a whiz kid at badminton and ranked #1 in the State of Tennessee in tennis. The following years were pretty well mapped out. Graduate from David Lipscomb High School and then play tennis for his father who happened to be the men's tennis coach at David Lipscomb University in Nashville, TN.

Seventeen years old and dating the prom queen on June 22, 1979, his life changed forever. On his way home after dropping his date off, Rick lost control of his car first striking a mailbox, then a tree - flipping three or four times over a driveway. Eventually Rick's car settled in a creek with the car on top of him instantly paralyzing him from the waist down. Was the fu-

ture of this top athlete now over?

Awhile after the accident Rick was introduced to wheelchair basketball and through the basketball program he was introduced to a new sport for people in wheelchairs—wheelchair tennis! With the help of many people and refocused goals, Rick became ranked #2 in the world in singles and #1 in the world in doubles in this challenging new sport. But after 20-plus years of competitive tennis Rick began to look for a new challenge and began to focus his energy towards racquetball. Rick rose to the top of this racquet sport recapturing a competitive fire like he used to have with tennis. Soon he became ranked #1 in the world for Wheelchair Racquetball athletes and was featured in such magazines as Total Racquetball and

Fitness.

During this time Rick began to notice small children and young adults with physical disabilities in lightweight sports wheelchairs. Knowing how athletics helped him achieve his goals even though he now achieved them sitting down he began to wonder if these kids had any type of organized sports to play. The astonishing answer was no. There were no sports available for them in the Nashville, TN. area. These kids were resigned to watching or keeping score.

Rick knew the feeling of setting goals, working hard towards those goals and the gratification he received achieving those goals with athletics paving the way. And he now wanted to share his experience with these physical disabled future athletes. Rick's new goal became a wheelchair sports program to introduce kids to all different types of

sports they could play from their chair, to afford them the same opportunity all 'able-bodied' children have, to provide a place for them to play with their peers, compete, excel, and have a sense of belonging.

Introducing F.I.R.S.T. — Functional Independence thru Recreation, Sports, and Teaching. F.I.R.S.T. was created to ensure significant recreation, socialization, education, competition, and special skill development for children with physical disabilities. Through early intervention of sports and recreation, F.I.R.S.T. can build self-esteem and self-confidence. Children with disabilities need to learn success and failure and develop confidence at an early age. Sheltering kids from an adverse environment slows social development and limits their potential; but involvement in sports allows children to learn important social skills, assertiveness, independence and teamwork. F.I.R.S.T.

will teach them to deal with adversity. The program is under way and growing. New children are showing up weekly learning to play sports they never thought possible.

The competitive fire is again burning and with the help of many people, Rick Slaughter will make his F.I.R.S.T. Program #1 but he needs your help. The cost of ultralight custom sports wheelchairs, basketballs, tennis racquets, tennis balls and hoppers, track wheelchairs, transportation to various sports camps, tournaments and track meets are just some of the expenses incurred by this 501 C-3 non-profit wheelchair sports program. "There have been many people gracious enough to help me realize my dreams and achieve my goals, and it is now time for me to give to others in that same fashion", says Rick. To learn how you can help or to receive more information you may reach Rick Slaughter, F.I.R.S.T. Program Director at 615-973-5372 or by writing to: F.I.R.S.T., 1111 Brookmeade Drive, Nashville, TN. 37204.

Club Insider

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...Blair Speech

continued from page 16

(IIEH), which is sponsored by Technogym. In this role, he provides commentary as to the significance of new research on exercise and health. "Dr. Blair has made an invaluable contribution not only to the health club industry, but also to world health," said John McCarthy, "He turned national attention to the necessity of living physically active lives, a fact that will give tremendous horsepower to the industry wide campaign of having 40 Million U.S. health club members by the year 2010."

The IHRSA Convention and Trade Show will offer more than 100 speakers and a variety of small and large-group educational and networking opportunities. The Trade Show, the largest specialty fitness show in the industry, will feature more than 300 companies in 1000+ booths, for registration and exhibition information, call 800-228-4772 (U.S. and Canada) or 617-951-0055.

IHRSA Raises Goal to 100 Million Members by 2010- Purpose is to Improve Worldwide Health

(Orlando, FL) At a meeting here of the International Health, Racquet & Sportsclub Association's (IHRSA's) Board of Directors, it was decided to raise the target goal for the number of U.S. health club members in the year 2010 -from 40 million to 50

million, and to match the 50 million outside the U.S. for a total of 100 million health club members worldwide. "We began thinking about the target goal prior to learning that there were 22.5 million U.S. health club members in 1997," said John McCarthy, Executive Director of IHRSA. "In light of this, the members of the IHRSA Board decided that 40 million was not a challenging enough number."

In addition to creating millions more health club members, the plan is expected to inspire an equal number of people to begin exercising on their own, according to Mr. McCarthy. "The achievement of this goal is not only good for the health club industry, but also for the health of individuals worldwide," said Mr. McCarthy, who noted the parallel goal for the industry outside the U.S.

A plan to reach the target goal of 100 million is now being developed by IHRSA and the Fitness Products Council (FPC). Each organization is contributing \$25,000 and staff time to research, develop and disseminate a program that will raise to 50 million the number of Americans and 50 million the number of individuals outside the U.S. who belong to taxpaying clubs, a survey of IHRSA and FPC members last month found that members believe the four greatest opportunities to grow membership are in: 1) increasing retention; 2) focusing on the aging population- 3) providing sales and service training; and 4) to promoting the benefits of exercise. The initiative will officially be launched at IHRSA's Annual Convention and Trade Show in San Diego, California, March 24-27, 1999.



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New Year's Resolution Members; Do You Want to Keep Them?

By Rande LaDue

There is an ongoing joke in the club I work out at every year in January/February when we 'regulars' see all the new, out-of-shape members come in. They take a few free training sessions with an instructor, then they are left to themselves to wander around with their clipboards wondering which machine is which, much less daring to take an aerobics, cycling or "light weight lifting" class; all requiring a good deal of coordination. We say to each other, "Don't worry, they'll be gone in a few weeks." That's probably about the average lifespan of the typical new member who is intimidated, does not receive personalized attention and has not seen any results from their workouts.

But, what if you had a group exercise program lead by an instructor which all beginners started with for the first 4-6 weeks

of their membership? What if everyone had a positive experience from day #1? What if this program was fun, safe, easy to do and did not require any skill or coordination? What if there was no muscle soreness the next day? What if this program produced great results quickly? What if this program took as little as a half-hour, 3 days a week? What if the group camaraderie of the program inspired them to bring in their friends? What if this program made an excellent transition into Personal Training? You would have PACE: The Group Exercise for Every Body™. As we all know, group exercise is one of the hottest trends in the country (it's like group Personal Training). PACE places among the top of all other group exercise programs in the following categories: Safety. No fixed load, no "negative" resistance. No joint stress, no skill or coordination necessary. Fun. We are

talking beginners here. A hardcore cycling or step class may be more fun to the advanced, but if someone can't do it, it's not fun. If someone can do it, it's even more fun; we have had athletes tell us that PACE was their best work out ever. Flexibility. PACE can be and is used with the following groups: Seniors, kids, busy executives, the overweight, women-only, hardcore athletes, etc. Motivation. What could be more motivating for a former couch potato than to be able to keep up with the group using his/her own "pace"? Knowing the instructor has been ACE Certified to teach PACE and is moving around among the group, getting the most from everyone is very inspiring. What if this program could be sold as a separate PACE Weight Management Program™ for as much as \$399 for 12 weeks with an incentive to convert into a general population membership after they've gotten results and feel better about themselves? You would have a new

profit center within your club!

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...Capitol Report

continued from page 4

ceeded in educating a majority of the members of the Senate Appropriations Committee about the extent of unfair competition in the fitness industry, seven of the Senators who signed the letter do not sit on that committee.

It is likely that this issue will be raised in Congress again next year. IHRSA will do all it can to educate lawmakers about this problem. However, if you are faced with a tax-exempt competitor, you can do your part by making sure that all of your elected officials know about your situation.

YMCA by the Numbers

1997 Revenue: \$2.85 Billion*
 (15.6% increase from 1996)

Sources of Income:
 Program Services — 44.21%
 Earned Income — 25.46%
 Public Support — 17.27%
 Government — 8.71%
 Investment — 3.38%
 Other — 0.97%

*Includes national office and 2,227 YMCAs in the U.S.A.

[Source: The Nonprofit Times, November 1998]

Congress Passes Music Licensing Act

For the first time in 22 years, Congress has reformed the Federal music copyright law. Senate Bill 505, also known as the Fairness in Music Licensing Act of 1998, passed both the House and the Senate on October 7. President Clinton is expected to sign the bill into law.

The bill makes the following changes to existing law:

* It gives businesses more recourse to challenge a copyright fee. Instead of being required to travel to New York City to settle rate disputes, the bill allows challenges to be heard in 12 circuit courts, giving club owners more avenues to dispute copyright fees.

* It expands the current "homestyle exemption" from licensing fees for radio and television music. As long as no direct charge is made to hear the copyrighted transmission, clubs with less than 2,000 square feet of space are exempt from licensing fees. Larger clubs may also be exempt if they use limited equipment. Specifically, "any audio transmission if through no more than 6 loudspeakers, of which not more than 4 loudspeakers are located in any one room or adjoining space" is exempt from fees.

This bill represents an important, hard fought victory for health clubs and other small businesses. This legislation prevailed despite intense lobbying in Congress by the three major copyright organizations and the music industry.

Not surprisingly, BMI and ASCAP expressed "deep disappointment and outrage" in a joint press release following the bill's passage.

Panel Delays Tax-Exempt Hospital Fitness Center

(Palos Heights, IL) IHRSA members won an important victory on October 1 when the Illinois Health Facilities Planning Board voted its "intent to deny" the certificate of need for the Palos Community Hospital's proposed \$14.5 million, 80,000 square-foot fitness center.

In August, the Planning Board tabled the hospital's initial request for a certificate of need amid concern that the proposed tax-exempt fitness center would compete unfairly with commercial health clubs.

For IHRSA member Mike O'Donnell, co-owner of the Riviera Country Club, the Board's action brings him one step closer to victory. As reported in the September issue of Fair Game, O'Donnell and other area club operators are pressuring the hospital to operate the fitness center on a taxpaying basis.

O'Donnell submitted a petition to the Planning Board signed by more than 700 residents that opposed granting special tax breaks for the hospital fitness center.

Although the tax-exempt issue did not come up at the October meeting, planning board members questioned hospital officials as to the availability of the fitness center to the financially disadvantaged.

"Not nailing down [the number of scholarships] is a little bit uncomfortable for me," said Board member Fred Benjamin. He asked, "Are you going to have a hundred scholarship participants at a [free or] reduced rate, or are you going to have a thousand? And out of how many total members?"

The "intent to deny" ruling allows Palos Community Hospital officials to appear before the Planning Board once more before a final vote is taken. The final vote could come during the Board's November 19 meeting. Watch Capitol Report for future developments.

This Just In: Congress Passes Budget Bill Which Includes Fair Competition Language

The budget bill passed by Congress last Thursday includes language instructing the IRS to report on tax-exempt university & hospital fitness centers. IHRSA encourages you to contact your Congressperson and U.S.

Senators to thank them for voting for this important language. And don't forget to vote on Tuesday, November 3!

Assessors Oppose Tax Breaks for Hospital Fitness Centers

(Indiana) Two county tax assessors have sided with IHRSA and the taxpaying health club industry by opposing property tax exemptions for two fitness centers owned by hospitals. North Township Assessor John Matonovich said he opposes a tax exemption for Fitness Pointe, a new upscale health club being developed by the Community Hospital of Munster.

In nearby St. John Township, Assessor Hank Adams has come out strongly against any change in the tax status of Omni 41, a for-profit health club and IHRSA member located in Schererville, which was recently purchased by St. Margaret Mercy Healthcare Centers. The Illinois Times has reported that St. Margaret officials may try to make Omni 41 tax-exempt.

With more than \$1 million in net assessed value, Omni 41 is among the top six taxpayers in St. John Township.

"I don't think any health club should be exempt. All this tax-exempt property throws the load of taxes onto other commercial and residential property owners," said Adams. "I'll fight St. Margaret if (See Capitol Report page 28)

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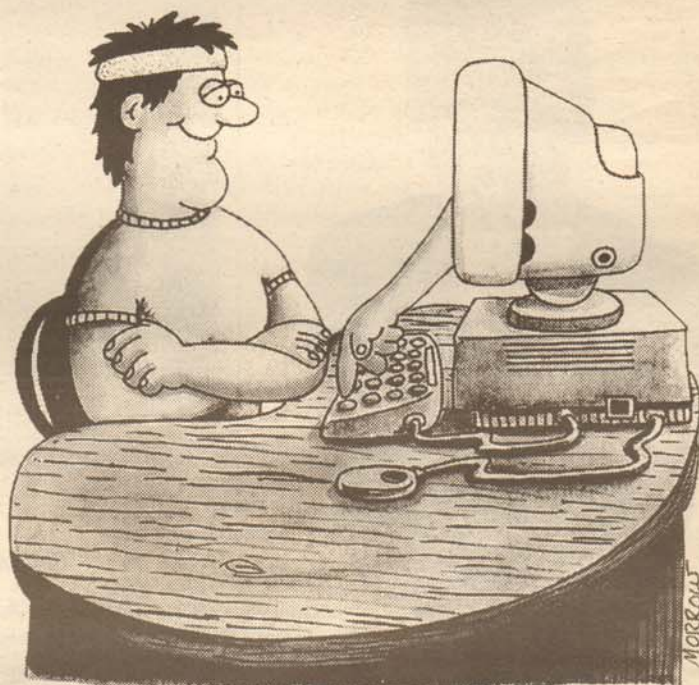
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...Capitol Report

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they try to make Omni tax-exempt. The hospitals simply have too much that is non-taxable right now."

Area club operators agree. "I'm not complaining about paying property taxes. I pay about \$70,000 per year for this club," said Al Krygier, owner of Gator's Health Club in Highland.

"It's hard to compete with someone who is not paying taxes and who is doing exactly what I'm doing. We all have the same machines. They say they do Phase IV cardiac rehab. So do I," Krygier said.

Assessor Matonovich said he would be willing to make the portion of Fitness Pointe that is used for medical purposes tax-exempt as

long as the balance of the facility is taxed.

"They are competing with private business and should have to pay taxes just like other businesses do," he said. The Indiana Hospital Association (IHA) has advised hospitals to pay property taxes on commercial ventures and on those business investments they make that are perceived by the public to be commercial.

IHA attorney John Roender stated, "There should be no confusion as to what is exempt and what is non-exempt. Many hospitals follow that advice but no hospital is required to."

The stakes for local governments are high. If both fitness centers are granted tax-exempt status by the Lake County Board of Review, the two townships collectively would lose \$300,000 per year in property taxes — revenue that is needed in order to pay for schools, libraries, police and fire

protection and other government services.

Ohio Says Hospital Fitness Centers Should be Taxed

A research memorandum obtained by IHRSA from the Ohio Legislative Service Commission clearly states that hospital exercise facilities that are made available to the general public on a paid membership basis are subject to property taxes in Ohio.

The memorandum, dated October 6, 1998, states that exercise equipment and other tangible personal property in a hospital fitness facility is taxable. The memorandum also states, "building materials incorporated into the facility are subject to sales taxes, as are the membership fees, unless the hospital is owned by the state or political subdivision."

State Representative David Hartley (D - Springfield) requested the memorandum. In Hartley's district, local residents have raised concerns about a proposal to build a \$9 million hospital fitness center in Springfield.

Last year, IHRSA member Joe Moore joined these vocal residents in opposition to the hospital fitness center. They were able to convince county commissioners to reject the proposal. Despite this, the hospital is once again trying to win approval for its fitness center.

For a copy of the memorandum, contact IHRSA GR.

In other Ohio news, IHRSA and the Ohio Fitness Association, led by Joe Moore, are currently lobbying the state legislature to repeal the sales tax on all fitness memberships. To find out how you can help, call IHRSA.

IHRSA PAC & Election '98 Recap

IHRSA PAC, the health club industry's only political action committee, made its first two contributions in the 1998 election cycle. The recipients were:

Senator Ben Nighthorse Campbell (R-CO): \$500

Representative Anne Northup (R-KY): \$500

Both Senator Campbell and Representative Northup were instrumental in getting Congress to instruct the IRS to report on

unfair competition in the fitness industry by April 1, 1999.

Representative Northup, first elected in 1996, won a tight race November 3rd with 52% of the vote. Senator Campbell won more easily, capturing 62% of the votes cast. Senator Lauch Faircloth (R-NC), who also supported IHRSA's fair competition efforts this summer, lost his seat in an upset to Democrat John Edwards.

Last week, IHRSA informed its members in Colorado, Kentucky and North Carolina that these lawmakers were in close election contests and that each played an important role in ordering the IRS to look into unfair competition.

Two other key players in IHRSA's recent legislative victory — Senator Robert Torricelli (D-NJ) and Senator Herbert Kohl (D-WI) — were not up for re-election yesterday.

106th Congress (1999-2000)

US Senate
Republicans: 55
Democrats: 45

House of Representatives
Republicans: 223
Democrats: 211
Independent: 1

Tax-Exempt Fitness Centers on IRS Agenda

A top IRS official has stated that tax-exempt health clubs are on the IRS agenda for the current fiscal year which began on October 1. Marvin Friedlander, chief of Technical Branch One of the IRS Exempt Organization Division told a group of Washington attorneys at a September 17 meeting that the IRS may restore a more careful application of the standards for community health club facilities.

Friedlander referenced two fitness center rulings issued last year involving tax-exempt hospitals and said that, in retrospect, those rulings may have "confused" the traditional understanding of which fitness activities should be taxable.

In April, IHRSA met with the IRS and submitted a letter of opposition to those two rulings as well as another ruling that dealt with a university fitness center.

Friedlander stated that the IRS is currently working on a new fitness center ruling which would clearly restate the IRS position. He commented that this new ruling would make last year's hospital fitness center ruling "an unpleasant

distant memory."

Unfortunately, there is no way of knowing when the new ruling might occur. However, Friedlander's remarks indicate that the IRS remains concerned about the fitness-related activities of non-profit organizations.

IHRSA Counters YMCA Lobbying

In the wake of intense lobbying by the YMCA, IHRSA hand-delivered a letter to members of the Senate Appropriations Committee urging them to stand by their request that the IRS look into unfair competition in the fitness industry. IHRSA also sent the letter to members of the Appropriations Committee in the House of Representatives and other key lawmakers.

"The YMCA was creating the mistaken impression that the Senate language was a threat to its very existence," said Tom Scanlon, IHRSA's Washington lobbyist. "We had to set the record straight, or the language might have been omitted altogether."

The letter states in part: "Contrary to what has been alleged by some critics, the [Senate] language is not a threat to YMCA's or similar organizations."

"The problem is that the IRS has not, in recent rulings, clearly followed its own precedent or announced any updated standards. As applied by the IRS, the tax-exempt law relating to health club activities has become a muddle."

In the letter, IHRSA explains that the Senate language is needed to require the IRS to give lawmakers and all interested parties a clear understanding of the rules regarding tax-exempt health clubs.

Court Trims Long Hair For Men

An Atlanta federal appeals court has ruled that a Blockbuster Entertainment Corporation ban on long hair for male (but not female) employees is not a civil rights violation. Four men had filed gender-bias claims against Blockbuster because they weren't allowed to work until they cut their hair.

Although the Equal Employment Opportunity Commission has insisted that a different hair standard for men is discriminatory, the Wall Street Journal reported that courts have made it "virtually impossible" for employees to win such cases.

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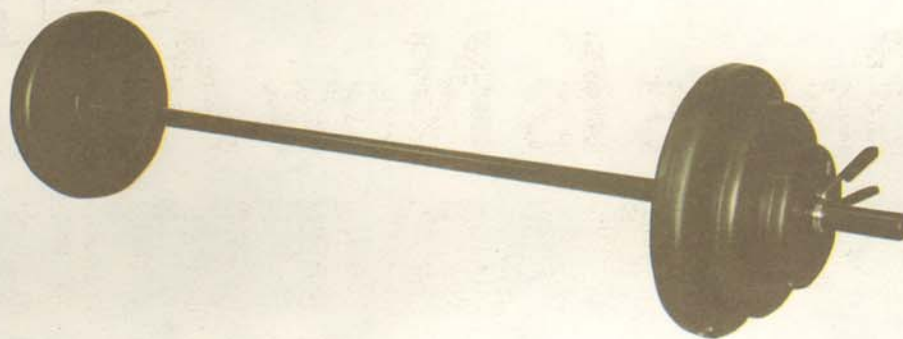
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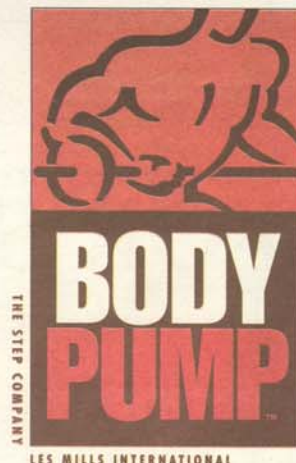
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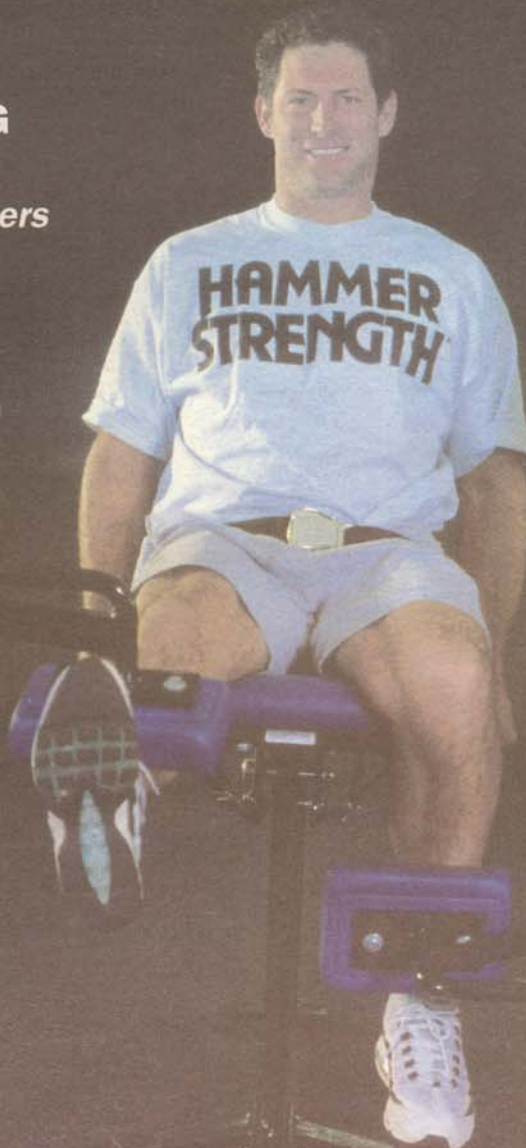
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