

**Re: Notification of Required Compliance - Ord. No. 1110-NS
Municipal Code Sections 5-22.01 - 5-22.10 Health Clubs**

In order to reduce public concerns about loss of refund for persons who prepay health club membership fees on more than a one-month basis, the Thousand Oaks City Council adopted Ordinance No. 1110-NS which became effective on July 18, 1991. This Ordinance regulates how health clubs offer memberships, and in certain circumstances, requires financial guarantee bonds assuring payment of refunds to club members.

This notification requires you to comply with Municipal Code Sections and sub-sections 5-22.01 - 5-22.10 prior to receipt of a business license certificate. If you meet the criteria for exemption established under Section 5-22.04, please complete and submit an Exemption Application. If you are exempt according to Section 5-22.04(d), the following statement or a similarly worded statement **must** be included in or attached to your membership application:

I understand that there is a possible risk of loss of prepaid membership fees in the event of early closure of this health club; I also understand that possible refund benefits may be received from other health club providers in the City who provide bonds or letters of credit as required under City Ordinance No. 1110-NS.

Applicant's Signature _____ Date _____

Applicant's Printed Name _____

Cash deposits, bonds (signatures for surety bond must be notarized), and letters of credit must be submitted to the City of Thousand Oaks, Business Tax Division, 2100 Thousand Oaks Boulevard, Thousand Oaks CA 91362.

Questions concerning this notification may be directed to the City Attorney, (805) 449-2170.

Attachment

**APPLICATION FOR EXEMPTION - Business License Attachment
Municipal Code Section 5-22.04 - Health Clubs**

Business Name (DBA): _____

Corporate Name: _____ Phone # _____

Business Address: _____

Owner's Name: _____ Title: _____

Please **initial** the following sub-section(s) that apply to your business:

___ **(a)** My health club is a nonprofit organization eligible for a tax exemption pursuant to California Revenue and Taxation Code Section 23701(d);

___ **(b)** My health club does not and will not allow prepayment of more than one month's service fee or membership charge and charges all members or consumers on a monthly fee basis only. However, a one-time charge as an initiation fee in an amount no greater than three (3) times the amount of the monthly fee may be charged.

Upon receipt of an exemption pursuant to this subsection, I shall annually file, concurrent with my business license renewal, a copy of the membership options and/or membership contract form;

___ **(c)** My health club **(1)** has been in the business of providing health club services continuously during the three-year period immediately prior to this application; **(2)** has unsecured and unencumbered assets in excess of \$500,000.00; and **(3)** hereby warrants and obligates to the City that:

- (i)** Any subsequent sale of the business; or
- (ii)** Any transfer (or sale) of the equipment to a new tenant or owner of the building used by the health club, which equipment is left in place, shall be conditioned upon the health club either providing membership prepayment fee refunds to the consumers, or requiring the successor of such business or transferred assets to honor, in full, the terms and conditions of all existing health club contracts.

Upon receipt of an exemption pursuant to this subsection, I shall annually file, concurrent with my business license renewal, a statement certifying that the applicant continues to maintain unsecured and unencumbered assets in excess of \$500,000, or a cash deposit.

Application for Exemption - Health Clubs

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____ (d) My health club (1) has provided health club services within the City continuously during the three-year period immediately prior to this application; (2) at all times will offer the option of paying a membership fee on a monthly basis with a one-time initiation fee in an amount no greater than three (3) times that monthly fee; (3) shall, for any prepaid membership in excess of one month, obtain a signed acknowledgment of the member as to the risks of early closure of the health club and the possible refund benefits from other health club providers as required under this ordinance; and (4) I obligate and warrant to the City:

- (i) That any subsequent sale of the business; or
- (ii) Any transfer (or sale) of the equipment to a new tenant or owner of the building used by the health club, which equipment is left in place, shall be conditioned upon the health club either providing membership prepayment fee refunds to the consumers, or requiring the successor of such business or transferred assets to honor in full the terms and conditions of all existing health club contracts.

I swear under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. I further acknowledge, agree and abide by all terms and conditions imposed by the City in granting this exemption. I further acknowledge that I have authority to execute this application on behalf of the health club.

 Owner's Signature

 Date

 Owner's Printed Name

Control # _____

License # _____

For Office Use Only
 City Attorney Office Review and Approval:

 City Attorney Staff Signature

 Date