

LIFE TIME FITNESS INC
Form 8-K
August 25, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 21, 2008

Life Time Fitness, Inc.

(Exact name of Registrant as specified in its charter)

Minnesota

(State or other jurisdiction
of incorporation)

001-32230

(Commission File Number)

41-1689746

(IRS Employer
Identification No.)

**2902 Corporate Place
Chanhassen, Minnesota**

(Address of principal executive offices)

55317

(Zip Code)

Registrant's telephone number, including area code **(952) 947-0000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On August 21, 2008, Life Time Fitness, Inc. (the Company) and LTF Real Estate Company, Inc. (LTF Real Estate), a wholly owned subsidiary of the Company, entered into a Purchase and Sale Agreement (the Purchase Agreement) with Senior Housing Properties Trust (the Purchaser) providing for the sale by the Company and LTF Real Estate of certain properties to Purchaser in a sale-leaseback transaction. The properties are located in Alpharetta, Georgia, Allen, Texas, Omaha, Nebraska and Romeoville, Illinois (the Properties), and were sold to Purchaser for \$100 million. The Company and LTF Real Estate expect to use the proceeds from the sale to partially pay down the Company's revolving credit facility, which will result in a corresponding reduction in interest expense and increase in the revolver's availability to fund future growth.

Pursuant to the terms of a Lease Agreement (the Lease) between LTF Real Estate and SNH LTF Properties LLC (SNH), LTF Real Estate will lease the Properties from SNH. The lease has a total term of 50 years, including an initial term of 20 years and six consecutive renewal terms of five years each. Renewal options may only be exercised for all the Properties combined, and must be exercised no less than 12 months before the lease term ends. The initial rent will be approximately \$9.1 million per year, increased after every fifth year during the initial term and the first two renewal options, if exercised, by an amount equal to 10% of the rent paid in the calendar year immediately before the effective date of the rent increase. During the last four renewal terms, rent will be the greater of (i) 110% of the rent paid in the calendar month immediately before the renewal term commences or (ii) fair market rent, as mutually agreed by the parties or determined by a mutually agreed upon independent third party appraiser. The lease is a triple net lease requiring LTF Real Estate to maintain the Properties and to pay all operating expenses including real estate taxes and insurance for the benefit of Purchaser. Pursuant to the terms of a Guaranty Agreement, the Company has guaranteed LTF Real Estate's obligations under the Lease. The Company, or a substitute guarantor, must maintain a tangible net worth of at least \$200 million.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth in Item 1.01 above is incorporated in this Item 2.03 by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIFE TIME FITNESS, INC.

Date: August 25, 2008

By /s/ Michael R. Robinson
Michael R. Robinson
Executive Vice President and Chief Financial
Officer