

**FIRST AMENDMENT
TO
PERCENTAGE OPERATING AGREEMENT
BY AND BETWEEN
THE CITY OF SAN DIEGO
AND
SOUTHERN CALIFORNIA FITNESS, INC.**

This First Amendment is made as of September 17, 1999 by and between SOUTHERN CALIFORNIA FITNESS, INC., a California corporation, ("Operator") and THE CITY OF SAN DIEGO ("City") and is to that certain Percentage Operating Agreement dated August 15, 1995 (the "Operating Agreement") for the premises commonly known as the Carmel Mountain Swimming Pool.

RECITALS

Pursuant to that certain Asset Purchase Agreement ("Asset Purchase Agreement") by and between Operator as seller and Club One, Inc., a Delaware corporation, ("Successor Operator") as buyer, Operator assigned its interest in the Operating Agreement to Successor Operator and the City consented to such assignment.

The City and the Successor Operator desire to amend the Operating Agreement as follows. (All initially capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Lease.)

NOW, THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Sale of Operator's Stock as an Assignment. The following shall be inserted at the beginning of the second grammatical paragraph of Section 4.2: "Unless Operator is a publicly traded company,".
2. Control by Specified Individuals or Entities. The first grammatical paragraph of 4.5 is hereby deleted in its entirety. The following shall be inserted to the beginning of the second grammatical paragraph of 4.5: "Unless Operator is a publicly traded company,". Throughout the second grammatical paragraph of Section 4.25, insert "Operator" in lieu of "said corporation" wherever it appears.
3. No Further Modification. Except as specifically modified herein, the Operating Agreement remains unmodified and in full force and effect. This Amendment may be executed in counterparts, and such counterparts shall constitute but one original of

the Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Operating Agreement as of the date and year first above written.

CITY :

THE CITY OF SAN DIEGO

Jon E. Vickus
9-17-99, City Manager

Approved as to form and legality:

Prescilla Dugard
9-20-99, City Attorney
PRESCILLA DUGARD, DCA

SUCCESSOR OPERATOR:

CLUB ONE, INC.,
a Delaware corporation

John V. S.

RECEIVED
CITY OF SAN DIEGO
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REAL ESTATE ASSETS DEPT.