

17

(d) If the District fails to give notice to the City of its intention to exercise its option to renew this lease for an additional three-year period on or before June 30 of the third year of three-year period, the City shall give written notice to the District as provided - Article 12 of the Sale and Purchase Agreement and the District shall be granted an additional thirty days from June 30 to exercise its option to renew the lease.

(e) If the City does not give notice as set forth in (d) above then it shall be presumed that the District and the City have agreed that the District has exercised its option to extend the lease for an additional three-year period.

ARTICLE 4

THE USE OF THE AUDITORIUM FACILITIES

4.01 The District shall have priority use of the auditorium for a period of ten days during the school term as set forth above on the condition that the District shall give the City notice as provided in Article 12 of the Sales and Purchase Agreement of the ten days it intends to use the auditorium on or before June 30 of each year.

ARTICLE 5

USE OF THE GYMNASIUM, SHOWERS

LOCKERS AND TENNIS COURTS

5.01 The District shall have the right to use the gymnasium, showers, lockers, and tennis courts of the Pier Avenue School for two consecutive hours during the school day and during the school term as defined in 2.02.

5.02 In addition to the use set forth immediately above, the District shall have the right to use the facilities, set forth in this paragraph, ten additional days per year at times other than school days and hours.

5.03 The District shall give the City notice of the dates and hours it desires to use the facilities on or before June 30 of each year.

ARTICLE 6

ARBITRATION

6.01 If there is any controversy, dispute or disputes that arise as to the District's right to use or its use of the property, said conflict, dispute or disputes shall be submitted to arbitration as provided in the Arbitration Agreement.

6.02 The procedure set forth in the Arbitration Agreement will be followed in addition to the following guidelines which the arbitrators shall use as factors in making their decision:

(a) The City's refusal to grant the usage set forth herein shall not be arbitrary or capricious.

(b) The City's refusal to grant usage to the District upon consolidation of the District may be permitted if such usage will not be of direct and substantial benefit to students residing in the City of Hermosa Beach.

ARTICLE 7

TERMINATION

7.01 If the Pier Avenue School facilities are substantially destroyed, the City shall not be under a duty to restore or refurbish the destroyed facilities. However, the City shall be under a duty to use