

**LEASE AGREEMENT
SPECIAL TERMS AND CONDITIONS**

I. PARTIES: THIS LEASE AGREEMENT is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and Copiers NW, Inc., a Washington corporation (hereinafter referred to as "Lessee").

Section II. PREMISES.

- A) The City hereby leases to the Lessee and the Lessee hereby leases from the City that property commonly known as 620 Aurora, Seattle, Washington, covering approximately 5,148 square feet of office space and outdoor space for approximately 16 parking stalls, and designated as area "A" on exhibit A and legally described as follows:

Lots 4 & 5, and the north 52 feet of lots 3 & 6 of block 3, Eden Addition as recorded in Volume 1, page 61.5, records of King County, Washington;

all subject to the terms and conditions of this Lease. (Such property shall be referred to in this Lease as the "Premises").

- B) Lessee shall have the option during the term of this lease to improve, at their own expense, subject to Lessor approval, and expand into the vacant lot commonly known as 605 Dexter Avenue North at no additional rent expense and this area shall become part of the "Premises" and subject to the terms and conditions of this Lease.

III. USE/PURPOSE: The Premises may be used only for the following uses and purposes: office, retail, conference, storage space and parking.

IV. TERM: The term of this Lease begins April 1, 2005, and continues through March 31, 2008.

V. RENT: In consideration of this Lease, the Lessee shall pay to the City, as rent, the following monthly sum: One Thousand Eight Hundred and Forty Dollars and no/00 Dollars (\$1,840.00). Rent shall be paid in advance, on or before the first of each month. Rent pricing shall remain fixed for the term of this agreement.

VI. LEASEHOLD EXCISE TAX: In addition to the monthly rent, the Lessee shall pay to the City, the applicable Leasehold Excise Tax which, as of the commencement date, is Two Hundred Thirty-six and 25/100 Dollars, but is subject to change.

VII. INSURANCE: INSURANCE: Lessee shall secure and maintain, at no expense to City, a policy or policies of insurance as enumerated below. Evidence of such insurance, shall be delivered to the address set forth below. Said policies shall include:

A) A policy of **Commercial General Liability Insurance**, written on an insurance industry standard occurrence form (CG 00 01) or equivalent, including all the usual coverages known as:

- Premises/Operations Liability
- Products/Completed Operations
- Personal/Advertising Injury
- Contractual Liability
- Independent Contractors Liability
- Stop Gap/Employers Contingent Liability
- Liquor Liability/Host Liquor Liability (as applicable)
- Fire Damage Legal Liability

- Elevator & Hoist Liability

Such policy (ies) must provide the following minimum limit:

Bodily Injury and Property Damage -

\$ 2,000,000	General Aggregate
\$ 2,000,000	Products & Completed Operations Aggregate
\$ 1,000,000	Personal & Advertising Injury
\$ 1,000,000	Each Occurrence
\$ 100,000	Fire Damage

Stop Gap Employers Liability

\$ 1,000,000	Each Accident
\$ 1,000,000	Disease - Policy Limit
\$ 1,000,000	Disease - Each Employee

Any deductible or self-insured retention must be disclosed and is subject to approval by the City's Risk Manager. The cost of any claim payments falling within the deductible shall be the responsibility of the Lessee.

- B) A policy of **Business Automobile Liability**, including coverage for owned, non-owned, leased or hired vehicles written on an insurance industry standard form (CA 00 01) or equivalent.

Such policy (ies) must provide the following minimum limit:

Bodily Injury and Property Damage -
\$ 1,000,000 per accident

- C) A policy of **Worker's Compensation**. As respects Workers' Compensation insurance in the state of Washington, the Lessee shall secure its liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington. If the Lessee is qualified as a self-insurer in accordance with Chapter 51.14 of the Revised Code of Washington, Lessee shall so certify by providing a copy of the state Certificate of Self-Insurance, and setting forth the limits of any policy of excess insurance covering its employees.
- D) A policy of **Property Insurance** covering Lessee's furniture, fixtures, equipment and inventory and all improvements that it has made or makes to the Premises in an amount equal to replacement cost thereof, against (a) loss from the perils of fire, and other risks of direct physical loss, not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (CP 10 30), (b) Loss or damage from water damage, or sprinkler systems now or hereafter installed in on the premises; (c) Loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage; (d) Business Interruption or Extra Expense, with sufficient coverage to provide for the payment of rent and other fixed costs during any interruption of Lessee's business because of fire or other cause.
- E) **Additional Insured and Changes of Coverage and Limits:** Additional Insured
- Such insurance, as provided under items A, B and D above, shall be endorsed to include the City, its officers, elected officials, employees, agents and volunteers as additional insured, and shall not be reduced or canceled without forty-five (45) days prior written notice to the City. In addition, Lessee's insurance shall be primary, as respects the City, and any other insurance maintained by the City shall be excess and not contributing insurance with the Lessee's insurance.
- F) **Coverage &/or limits** may be altered or increased as necessary, to reflect type of or exposure to risk. The City shall have the right to periodically review the appropriateness of such limits in view of inflation and/or changing industry conditions and to require an increase in such limits upon ninety (90) days

prior written notice.

G) **Evidence of Insurance:** The following documents must be provided as evidence of insurance coverage:

- A copy of the policy's declarations pages, showing the Insuring Company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements.
- A copy of the endorsement naming The City as an Additional Insured, showing the policy number, and signed by an authorized representative of the insurance company on Form CG2026 (ISO) or equivalent.
- A copy of the "Endorsements Form List" to the policy or policies showing endorsements issued on the policy, and including any company-specific or manuscript endorsements.
- A copy of an endorsement stating that the coverages provided by this policy to the City or any other named insured shall not be terminated, reduced or otherwise materially changed without providing at least forty-five (45) days prior written notice to the City.
- A copy of A "Separation of Insureds" or "Severability of Interests" clause, indicating essentially that - except with respect to the limits of insurance, and any rights or duties specifically assigned to the first named insured, this insurance applies as if each named insured were the only named insured, and separately to each insured against whom claim is made or suit is brought (Commercial General Liability & Business Automobile Liability Insurance).

H) All policies shall be subject to approval by the City's Risk Manager as to company (must be rated A-: VII or higher in the A.M. Best's Key Rating Guide and licensed to do business in the State of Washington or issued as a surplus line by a Washington Surplus lines broker), form and coverage, and primary to all other insurance.

I) If Lessee fails to maintain such insurance, City may do so, and Lessee shall reimburse City for the full expense thereof upon demand. Lessee shall not keep or use in or about the Premises any article that is prohibited by City's insurance policy. Lessee shall pay immediately any increase in City's premiums for insurance during the term of this Lease that results from Lessee's use of the Premises.

J) **Waiver of Subrogation.** Neither City nor Lessee shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or tangible personal property of the other occurring in or about the Premises or Building, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees, if such loss or damage is covered by insurance benefiting the party suffering such loss or damage or was required under the terms of this Lease to be covered by insurance procured by the party suffering the loss.

K) **Self-Insurance:** Should Lessee be self-insured, under items A or B above, a letter from the Corporate Risk Manager, or appropriate Finance Officer, is acceptable - stipulating if actuarially funded and fund limits; plus any excess declaration pages to meet the contract requirements. Further, this letter should advise how Lessee would protect and defend the City of Seattle as an Additional Insured in their Self-Insured layer, and include claims handling directions in the event of a claim.

VIII. UTILITIES AND SERVICES: The City shall provide the following utilities and services to the building:
None.

X. AGREEMENT CONTENTS: This Lease consists of these Special Terms and Conditions as well as the General Terms and Conditions hereto attached. It embodies the entire agreement of the parties hereto. There are no other understandings or agreements, written or oral, between the parties relating to the subject matter of this Lease.

XI. EFFECTUATION OF AGREEMENT: In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director at the address set forth below, accompanied by any required policy of insurance, and (2) signed by the Director pursuant to Ordinance authority.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures below:

LESSOR, THE CITY OF SEATTLE

LESSEE, Copiers NW, Inc.

By 
Brenda Bauer
Fleets and Facilities Director

By 
Mark Petrie, CEO

Authorizing Ordinance: 104441

City's address for all communications:

Fleets & Facilities Department
Property Management Section
618 Second Avenue, 14th Floor
Seattle, Washington 98104

Lessee's address for all communications:

Copiers NW, Inc.
601 Dexter Ave. N.
Seattle, WA 98109

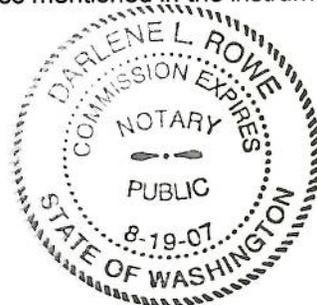
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that **Mark Petrie** is the individual who appeared before me, and said individual acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the **Chief Executive Office of Copiers NW, Inc.**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 3/17/05

[Signature]
(Notary Signature)

DARLENE L. ROWE
(Print Name)



NOTARY PUBLIC in and for the State of Washington, residing at Seattle.

My appointment expires 8-19-07.

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that **Brenda Bauer** is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the **Fleets & Facilities Director** of THE CITY OF SEATTLE to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: March 22 2005

[Signature]
(Notary Signature)

Barbara Brannan
(Print Name)

NOTARY PUBLIC in and for the State of Washington, residing at Seattle.

My appointment expires 6-15-06.

**LEASE AGREEMENT
GENERAL TERMS AND CONDITIONS**

1. **POSSESSION**. In the event of the inability of the City to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither the City nor any of its officers, employees or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable nor shall the term herein specified be in any way extended, but in such event, the Lessee shall not be liable for any rent until such time as the City can deliver possession. In the event the Lessee takes possession of the Premises prior to the commencement date of this Lease, the Lessee and the City shall be bound by all of the provisions and obligations of this Lease during such prior period, including the obligation to pay rent and leasehold excise taxes at the rates stated herein, prorated on a daily basis.

2. **UTILITIES AND SERVICES**. Unless otherwise provided in the Special Terms and Conditions of this Lease, the Lessee shall provide, or shall otherwise pay, before delinquency, all costs for providing, all utilities and other services on or to the Premises including, where applicable, but not limited to elevator service, electricity, gas, water, telephone, sewer, garbage, solid waste, heating, janitorial, security, and grounds maintenance, and shall also pay all charges for utility installations and modifications thereto occasioned by the Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services to any cause whatsoever except the City's negligence. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services.

3. **COMPLIANCE WITH LAW**.

(a) **Applicable Law**: This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

(b) **Licenses, Permits and Taxes**: The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

(c) **Equal Employment Opportunity and Nondiscrimination**. The Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including the Seattle Municipal Code (SMC), notably SMC Ch. 20.44, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

(d) **Permits**: The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certifications of occupancy from the City as may be required and shall deliver a copy of the same to the Director prior to occupying the Premises.

4. **NO SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE**. Notwithstanding any other provision hereof, the Lessee shall not enter into any sublease of the Premises or any portion thereof or any assignment of any interest in this Lease, whether long- or short-term in nature, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein, without obtaining the prior explicit written authorization therefor from the Director.

5. USE AND CARE OF THE PREMISES.

(a) General Condition: The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition; and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the rate of fire insurance thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

(b) Maintenance-Repairs: The Premises have been inspected by both parties and are accepted by Lessee in their existing condition as of the commencement date of this Lease, without reservation except for latent defects or faulty construction of the Premises not discoverable by inspection at the time of taking possession. All normal repairs to roof, walls and foundations and existing utility connections to and from the Premises necessary to maintain the Premises in a tenantable condition shall be done by or under the direction of the City, and at the City's expense, except those caused by the negligence or acts of the Lessee, or the Lessee's officers, employees, agents or invitees, which repairs shall be made at the sole expense of the Lessee. All other maintenance and repairs to the Premises shall be the responsibility and at the sole expense of the Lessee, except that such maintenance and repairs shall be subject to the prior written approval of and shall be undertaken at the direction of the Director.

(c) Alterations: The Lessee shall not make, or cause to be made, any alteration, addition or improvement in the Premises without first obtaining the written consent of the Director for such work. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and shall become the property of the City, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; and (2) in order to correct code-deficiencies; and (3) where such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

(d) Access: The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, cleaning or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, clean, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

(e) Signs: The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement. The City shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises and to show the Premises to prospective tenants during the thirty (30) days prior to the expiration of this Lease.

6. DAMAGE OR DESTRUCTION. In the event that the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall have the option to repair or rebuild the Premises. Within forty-eight (48) hours after the happening of any such event, the Lessee shall give the Director notice of such event. The Director shall have sixty (60) days after the Director's receipt of such notification to notify the Lessee, in writing, of the City's intention to repair or rebuild the Premises, or any part so damaged. If the City elects to rebuild or repair the Premises, the City shall prosecute the work of such repairing or rebuilding without unreasonable delay, in accordance with the then-existing City procedures, and during such period the

rent for the Premises shall be abated in the same ratio that the portion of the Premises rendered for the time being unfit for occupancy bears to the whole of the Premises; upon the completion of such rebuilding or repair, the Lessee shall immediately reoccupy the Premises and pay the full rent set forth in this Lease. In the event the building in which the Premises are located is substantially destroyed or damaged even though the Premises are not so damaged or destroyed, and if, in the opinion of the Director, it would not be practical to repair or rebuild the building, then the City shall have the option of terminating this Lease by providing to the Lessee thirty (30) days' prior written notice of termination. The Lessee shall also have the right to declare this Lease terminated, by providing to the City thirty (30) days' prior written notice of such termination, which notice shall be given within sixty (60) days after such damage or destruction. Notwithstanding any other provision of this Lease, no party to this Lease shall be liable in damages to any other party for terminating this Lease in accordance with the provisions of this section, because of the damage or destruction of the Premises or the building in which the Premises forms a part.

7. INTERIM TENANT STATUS/RELOCATION.

(a) The status of the Lessee is only that of an interim tenant; notwithstanding any other provision herein, the term of the Lessee's tenancy is limited by and is subject to the City's declaration of intended use and/or need for the subject property for public purposes.

(b) Under no circumstance shall the Lessee be deemed to be or to have become a "displaced person" as defined and used in State and Federal laws, rules and regulations pertaining to relocation assistance, and no cancellation, termination, or failure to extend the term of this Lease shall qualify the Lessee for any of the benefits under such relocation assistance laws or regulations.

(c) The amount of rental stipulated as consideration for this Lease includes, as a part thereof, full settlement for relocation benefits, if any are to be paid by the City, as a consequence of the Lessee's status as a tenant.

8. NOTICES. Any notice to be given by either party to the other shall be in writing and may either be delivered, personally, or may be deposited in the United States mail, postage prepaid, as either certified or regular mail, addressed as provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

9. RELATIONSHIP. In no event shall the City be construed or held to have become in any way or for any purpose a partner, associate, or joint venturer of the Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

10. DEFINITION OF "DIRECTOR". The term "Director", as used throughout this Lease in regard to permission, warrant, consent, approval, rights, interpretation, and discretionary matters, shall mean the Fleets & Facilities Director or his/her designee except where the granting of approval, consent or permission or the taking of any other official action by any other City official is required by law, ordinance, resolution, rule, or regulation before the Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain any particular right or privilege under this Lease.

11. AMENDMENTS. The parties hereto especially reserve the right to renegotiate and change the provisions of this Lease, from time to time, as may be necessary. No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

12. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this Lease by acceptance of rent. No waiver of default by either party of any of the terms, covenants, and conditions hereof to be performed, kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

13. TERMINATION. In the event that the Lessee defaults in the performance of any of the terms, provisions, covenants, and agreements on the Lessee's part to be kept, observed, and performed, and such default is not corrected within thirty (30) days after the receipt of notice thereof from the City, or such shorter period as the City may determine is reasonable; or if the Lessee shall abandon, desert, vacate, or remove from the Premises; then, in such event, the Director, at his/her option at any time thereafter, may terminate this Lease together with all of the estate, right, and title thereby granted to or vested in the Lessee, and may re-enter said Premises using such force as may be required. Notwithstanding such re-entry by the City and anything to the contrary in this Lease, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this Lease, and such rent shall be immediately due and payable.

The City reserves the right to terminate this Lease prior to the scheduled expiration date in the event (1) the Premises are sold; (2) the Premises are required to resolve traffic problems in the Mercer Corridor, as determined by the City; or (3) the Premises are required by the City for an overriding City purpose, as determined by the City. Notice of said terminations shall be given to Lessee no later than six (6) months prior to the effective termination date. The Lessee shall have no right to damages of any kind or nature whatsoever for any such termination.

14. SURRENDER OF PREMISES. At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term, except for ordinary wear and tear; damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee; and alterations, improvements, and additions made with the approval of the Director unless otherwise agreed as a condition of such approval.

15. BINDING EFFECT. This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

16. INVALIDITY OF PROVISIONS. Should any term, provision, condition or other portion of this Lease be held to be inoperative, invalid, or void, the same shall not affect any other term, provision, condition or other portion of this Lease; and the remainder of this Lease shall be effective as if such term, provision, condition, or portion were not a part hereof.

ref: 620 Aurora – Copiers NW Lease 3

620 Aurora Av N

EXHIBIT A

SCALE: 1/16" = 1'-0"

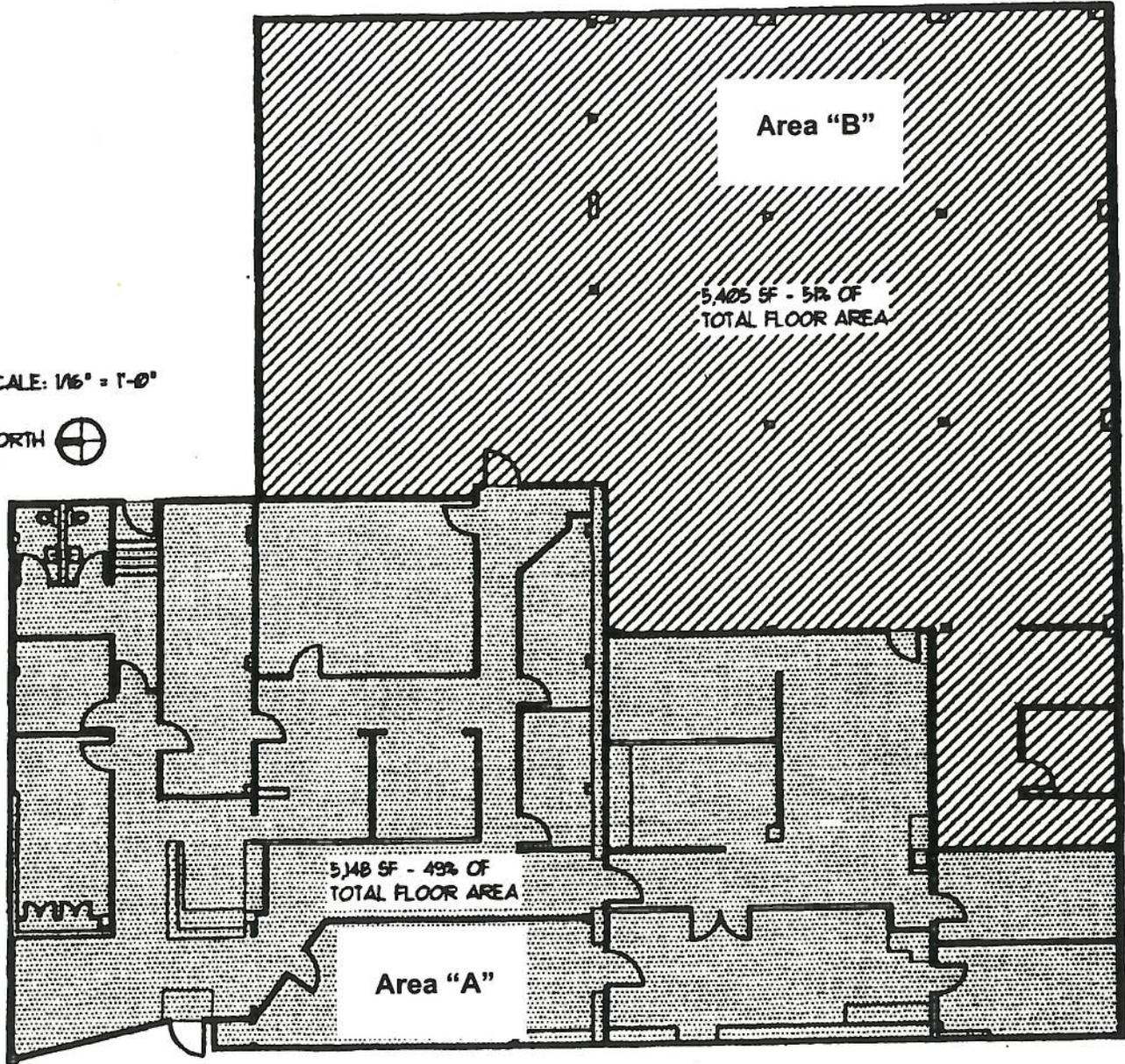


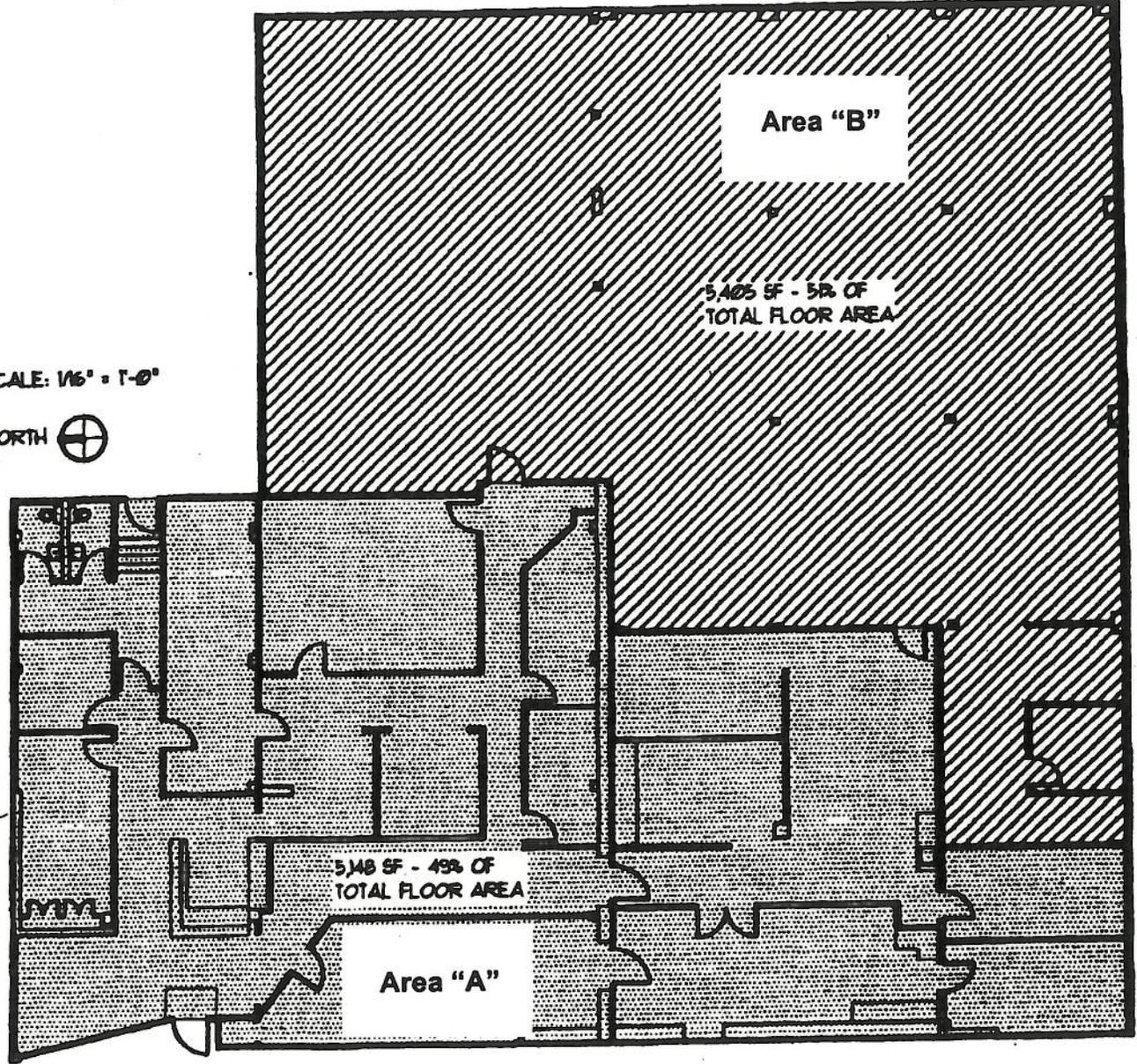
EXHIBIT A

Dexter Av N

SCALE: 1/16" = 1'-0"



Roy Street



Copiers NW Showroom

620 Aurora Av N

