

THIS AGREEMENT dated as of the 18th. day of September, 2000

BETWEEN

**THE CORPORATION OF THE TOWN OF PELHAM
(herein after referred to as the Town)**

AND

**GLOBAL ELECTION SYSTEMS INC.
(herein after referred to as GES)**

Recitals

- a) GES is the owner of election equipment and operating software, and is the supplier of services in respect of such election equipment and software, all of which is described in Schedules "A" and "B" attached to this agreement.
- b) The Town desires to rent from GES and GES has agreed to rent to and deliver to the Town the election equipment and operating software, and to supply the services in respect of the said election equipment and software as described in Schedules "A" and "B" attached to this agreement.

NOW THEREFORE in consideration of the rents, covenants and conditions herein to be paid, observed and performed by the parties, the receipt and sufficiency of which are acknowledged, the Town and GES hereto mutually covenant and agree as follows:

1. Article One: "Equipment" Defined

GES agrees to rent and deliver to the Town at Town of Pelham, 20 Pelham Town Square, Fonthill, Ontario, (hereinafter referred to as, "Town") and the Town agrees to rent from GES the election equipment and software described in Schedules "A" and "B", in the quantities set out in Schedule "A", (hereinafter referred to as, the "Equipment", including any software or hardware upgrades as at the date of reference), subject to the terms and conditions of this agreement, and in reliance on the representations, warranties and conditions set forth in this agreement.

2. Article Two: Term of Agreement

Subject to Articles 4 and 6, the term (the "Term") of this agreement shall run from the date of execution hereof until January 31, 2001.

3. Article Three: Rent Payments

The total rent payable for the Equipment pursuant to this agreement is **\$8,883.75** (Canadian Funds including GST and PST), which shall be payable by the Town as follows:

- a) a deposit of \$2,883.75 payable upon execution of this agreement by both parties to be followed within seven (7) days by delivery to the Town of:
 - i) one (1) Accu-Vote Tabulator, complete with carrying case if requested, Memory Cards, internal modems, and
- b) the balance of \$6,000 rent due within seven (7) days of the Town's receipt of the additional two (2) Accu-Vote Tabulators (as described in Schedule "A").

4. **Article Four: Grant and Exercise of Option to Purchase Equipment**
GES grants to the Town an option to purchase the Equipment described in Schedule "A", including any software or hardware upgrades. Notwithstanding the Term set out in Article 2, this option may be exercised at any point up to June 30, 2001. The Town shall provide GES with sixty (60) days' written notice of its intention to purchase the Equipment. The closing shall take place within sixty (60) days after the date of the exercise of option, and the balance of the purchase price paid. GES agrees to allow a credit of \$6,000 towards that purchase. On closing, GES shall transfer the Equipment to the Town as against full payment of the purchase price, free from any encumbrances, liens or other charges. Title to the Equipment shall also pass upon closing to the Town.
5. **Article Five: Delivery of Equipment to the Town**
GES will arrange for the shipping and transportation of the Equipment to the Town from McKinney, Texas. GES shall be responsible to pay customs duties if any. The Town shall assume responsibility for all other costs associated with transporting the Equipment to the Town. GES agrees that all Equipment shall be delivered to the Town no later than September 15, 2000.
6. **Article Six: Return of Equipment to GES**
The Equipment shall be returned to GES, at the expense of the Town, by the Town at such location as mutually agreed upon by both the Town and GES. In the event of a re-count, the Town will retain any necessary equipment (as determined by the Town) until such time as the re-count has been completed and any appeal periods have expired at a cost to the Town of \$350.00 per month per Accu-Vote. The Equipment shall then be returned to GES by the Town within 30 days of expiration of final completion of re-count process and the Term of this agreement shall be extended as required. GES shall carry out an inspection of the Equipment upon its return and shall repair and restore the Equipment to the condition in which it was prior to shipping, reasonable wear and tear excepted. The Town shall reimburse GES for the cost of any repairs which GES and the Town mutually determine is necessary. Damage to the Accu-Vote Units caused during transport will at all times be the responsibility of the transporter.
7. **Article Seven: Representations and Warranties of GES**
GES represents and warrants that it is the owner of the Equipment and has the right to rent same to the Town. GES represents and warrants further that the Equipment delivered pursuant to this agreement shall be in proper working condition and free from any defects in design, operation or fitness for purpose of use during the Term of this agreement. Upon delivery, GES represents and warrants that the Equipment shall be free and clear of all liens, encumbrances, charges, or rights of others and that GES is exclusively entitled to possess and dispose of same, subject to the terms and conditions of this agreement. GES agrees to save the Town harmless against any/all copyright or patent of invention or intellectual property infringement claims, damages and costs arising from the Town's use of GES Equipment.
8. **Article Eight: Representations and Warranties of the Town**
The Town acknowledges that ownership and title to the Equipment shall remain vested in GES throughout the Term of this agreement and that the Town shall have no right, title or interest in the Equipment other than the right to maintain possession and use of the Equipment as provided for in this agreement subject to the terms and conditions of this agreement.

9. Article Nine: Use of Equipment

The Equipment shall be maintained and used by the Town for the exclusive purpose of conducting the 2000 Municipal Elections and shall not be utilized by any municipality outside of the Town. The Town shall cause the Equipment to be installed, maintained and operated prudently at all times by competent, qualified and trained personnel (including Town staff) for business purposes only. The installation, maintenance and operation of the Equipment shall be at all times in compliance with GES's requirements, the terms and conditions of this agreement and all applicable laws and regulations.

10. Article Ten: Equipment Training by GES

GES agrees to assist in the DRO Accu-Vote training sessions at the Town.

11. Article Eleven: GES Administrative Support Services

With respect to the Equipment described in Schedule "A", GES represents and warrants that GES shall provide administrative support services for the Term of this agreement which, without limitation, shall include:

- (A) voter education campaign assistance;
- (B) ballot lay out assistance;
- (C) liaison assistance with the ballot printer, to be selected by the Town;
- (D) assistance in developing Advance vote ballot processing and tabulation procedures;
- (E) assistance in developing election day strategies for troubleshooting;

12. Article Twelve: Limitations

Neither Global nor any manufacturer or software provider for this system shall in any event be liable for special, indirect, incidental or consequential damages, including but not limited to lost income, lost revenue, or lost profit, whether such damages were foreseeable or not at the time this contract was entered into, and whether or not such damages arise out of a breach of warranty, breach of contract, negligence, strict liability or other theory of liability.

13. Article Thirteen: Provision of Technical Support Professional and Field Support Professional - November 13, 2000

GES will provide a seasoned field support professional to assist with field operations on Election Day. In the event of a recount, GES agrees to provide a seasoned technical support professional who is fully knowledgeable with GEMS to work on site during the recount.

14. Article Fourteen: Certification of Equipment

GES represents and warrants that the Equipment shall be delivered to the Town in proper working condition and free from any defects in design, operation or fitness for purpose of use. If the Equipment is delivered to the Town in such condition, the Town shall certify to GES in writing that the Equipment is in proper working order within thirty (30) days of delivery. In the event, however, that the Town determines that the Equipment was not delivered in good working order, GES agrees to rectify the problem within five (5) days of written notice by the Town to GES. Within thirty (30) days of the rectification of the problem to the satisfaction of the Town, the Town shall certify to GES in writing that the Equipment is in proper working order.

15. Article Fifteen: Equipment at Risk of Town

Following certification that the Equipment is in proper working condition and free from any defects in design, operation or fitness for purpose, the Equipment shall be at the risk of the Town until the Equipment is returned to and received by GES, save and except for damage caused during transportation which will be the responsibility of the transporter. The Town agrees not to make any alterations, additions or improvements to the Equipment while in possession of the Town. No loss or damage to the Equipment or any part thereof caused by the Town shall affect or impair the obligations of the Town which shall continue in full force and effect, subject to Articles 18 and 20.

16. Article Sixteen: Access and Inspection of Equipment

GES, its employees and specifically authorized agents shall at all reasonable times have access to the Equipment for the purpose of inspecting or testing it upon providing forty-eight (48) hours' notice to the Town.

17. Article Seventeen: Insurance

The Town's usual all risks personal property and liability insurance shall automatically cover all GES Equipment while in the Town's possession as if the Equipment were owned by the Town.

18. Article Eighteen: Events of Default

The occurrence or happening of any one or more of the following events shall constitute an Event of Default under this agreement:

- a) default in the payment of rent or other charge payable by the Town under this agreement for a period of fifteen (15) consecutive days after written notice is given by GES to the Town specifying such default;
- b) default in the observation or performance of any other term, covenant or condition of this agreement for a period of fifteen (15) consecutive days after written notice is given by either party to the other specifying such default;
- c) any representation or warranty made by GES which is incorrect at any time in any material respect, or any report, notice or other writing which is furnished by GES to the Town under this agreement, and is untrue in any material respect;
- d) any representation or warranty made by the Town, or any report, notice or other writing furnished by the Town to GES under this agreement which is untrue in any material respect;
- e) any act by the Town which reduces the value or usefulness of the Equipment, including failure to maintain or repair the Equipment as required;
- f) the subjection of the Equipment to any lien, levy, charge or encumbrance, while such equipment is within the control of the Town;
- g) the subjection of the Equipment to any virus, time bomb or computer hook upon delivery to the Town, if within the control of GES;
- h) the Town failing to return all of the Equipment to GES as required by Article 6. at the Town's cost, expense and risk.

19. Article Nineteen: GES Remedies Upon Default by Town

If the Town causes an Event of Default, GES may at its option do any or all of the following:

- a) enter upon the premises where such Equipment is located and take immediate possession thereof, whether it is affixed to realty or not, and remove the same, without order of the court and without liability by GES for or by reason of such entry and taking of possession, and GES may then sell, lease or otherwise dispose of the same for such consideration and upon such terms and conditions as GES may reasonably deem fit;
- b) in the name of an irrevocably appointed agent and attorney for the Town appointed by GES and without terminating or being deemed to have terminated this agreement take possession of the Equipment and proceed to rent the Equipment to any other person, firm or corporation on such terms and conditions, for such rental and for such period of time as GES may deem fit and receive such rental and hold the same and apply the same against any monies expressed to be payable from time to time by the Town;
- c) terminate the agreement by written notice to the Town and retain the deposit, if any, paid by the Town under subparagraph 3(a) of this agreement;
- d) terminate the agreement and, by written notice to the Town specifying a payment date not earlier than ten (10) days after the date of such notice, require the Town to pay to GES on the date specified in such notice,
 - i) arrears of rent as of the date of the Term's expiry date.
 - ii) as a genuine pre-estimate of liquidated damages for loss of a bargain and not as a penalty, the aggregate of all unpaid amounts yet to become due as rent or otherwise under this lease; and
 - iii) GES's actual or estimated cost and expenses (as applicable) of re-possessing, shipping, holding and repairing the Equipment including GES's legal disbursements and fees, as specified in GES's written notice to the Town.

20. Article Twenty: Town Remedies Upon Default by GES

If GES causes an Event of Default, the Town may at its option do any or all of the following:

- 1) terminate the rental agreement by providing written notice to GES and retaining any further monies owing by the Town to GES, if any, under subparagraph 3(b) of this agreement;
- 2) require GES to pay the Town, as a genuine pre-estimate of liquidated damages for loss of bargain, the aggregate monetary value of services lost to the Town as a result of the occurrence of default by GES; and
- 3) require GES to pay the Town's actual or estimated cost and expenses (as applicable) of shipping, holding and repairing the Equipment or of remedying the default, including the Town's legal disbursements and fees, together with interest payment thereon, as specified in the Town's written notice to GES.
- 4) Without restricting the generality of the foregoing, in the event that GES causes an Event of Default related to its obligation to meet the technical support requirements set out in Articles 12 and 13 of this agreement, the Town may require GES to reimburse the Town for all costs associated with retaining an outside service that is required as a result of GES's default.

For purposes of this section, the Town shall be subrogated to the extent of such payment to all rights, remedies and priorities of the payee of the amount paid by the Town to remedy such default.

21. Article Twenty-One: Rights and Remedies Cumulative

All rights and remedies provided are cumulative, are not intended to be exclusive and are in addition to any other right or remedy previously referred to or otherwise available to either party at law or in equity. Any one or more of the party's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy the party may have or may have exercised. The Town expressly agrees that the remedies contained in this agreement are commercially reasonable in the circumstances.

22. Article Twenty-Two: Interest Payments

Should the Town fail to pay any part of the rent or any other sum required to be paid to GES by the Town on the due date thereof, the Town shall pay to GES, on demand, interest at the rate of 12 % per annum upon such monies due and unpaid until such payments are paid.

23. Article Twenty-Three: Severability

If any term, covenant or condition of this agreement or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this agreement, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this agreement shall be valid and enforced to the fullest extent permitted by law.

24. Article Twenty-Four: Force Majeure

Performance under this agreement by either party shall be excused in whole or in part in the event such performance is prevented or delayed by any cause whatsoever beyond the reasonable control of such party save for lack of financial means, provided that performance shall be resumed within a reasonable time after such cause has been removed; and provided further, that no party shall be required against its will to settle any labour dispute.

25. Article Twenty-Five: Written Notice

All notices, consents, approvals, statements, authorizations, documents or other communications required or permitted to be given under this agreement shall be in writing, and shall be delivered personally, sent by fax or similar transmitted message, or mailed by registered mail, postage prepaid, to the said parties at the respective addresses or fax numbers set forth hereunder, namely:

To GES at:

Global Election Systems Inc.
1200 West 73rd Avenue, Suite 350
Vancouver, British Columbia
V6P 6G5
Attention: Greg Forsythe
FAX: (604) 261-9226

To the Town at:

Town of Pelham
P.O. Box 400
20 Pelham Town Square
Fonthill, Ontario
L0S 1E0
Attention: Cheryl Miclette
FAX: (905) 892-5055

or at such other address or fax number as the party to whom such notice, consent, approval, statement, authorization, document or other communication is to be given, may designate by notice in writing so given to the other party hereto as provided herein.

26. Article Twenty-Six: Receipt of Notice

Any notice, consent, approval, statement, authorization, document or other communication given as provided herein shall:

- 1) in the case of personal delivery, be deemed to have been received on the day of delivery, if a business day, or if not a business day, on the business day next following the day of delivery;
- 2) in the case of fax or similar form of transmitted message, be deemed to have been received on the next business day following transmissions; and
- 3) in the case of delivery by registered mail, be deemed to have been received on the fifth (5th) business day following the date of mailing.

For purposes of this agreement, a business day shall be inclusive of the days Monday through Friday, save and except for statutory holidays.

27. Article Twenty-Seven: Miscellaneous

This agreement shall be binding on and enure to the benefit of the parties and their respective successors and permitted assigns. Time is of the essence with respect to this agreement and each and all of its provisions. This agreement shall be governed according to the laws of the Province of Ontario and the laws of Canada where applicable therein. The Town acknowledges having received a true copy of this agreement. All parties have required that this agreement be drawn up in English. No amendments to this agreement shall in any way be valid unless signed by authorized officers of both GES and the Town.

28. Article Twenty-Eight: Change of Address

GES shall promptly notify the Town in writing, if GES changes its name or address.

29. Article Twenty-Nine: Waiver

No waiver by either party of any default by the other party shall constitute a waiver of any other default by such party.

30. Article Thirty: Entire Agreement

This agreement, consisting of the foregoing and Schedule "A", and any amendments hereto set forth and GES's Standard Software License Agreement terms attached hereto as Schedule "B" together constitute the entire agreement between GES and the Town, and is binding on the successors, administrators, executors and assigns of the parties.

No other agreements or understandings shall be binding on either party hereto, unless specifically set forth in this agreement.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed as of the day and year first above written.

THE CORPORATION OF THE TOWN OF PELHAM


Mayor, Ralph Beamer


Clerk, Cheryl Miclette

GLOBAL ELECTION SYSTEMS, INC.

Canadian Sales, Greg Forsythe

President, Robert J. Urosevich

Schedule "A"
The Equipment

Qty	Description	Rental	Total
3	Accu-Votes, complete with 14.4k baud modems, 12 volt gel-cell batteries, and ribbons.	\$2,000	\$6,000.00
3	Black nylon carrying cases with accessory pockets.	75.00	225.00
6	32K Memory Cards	250	1,500.00
	Subtotal		7,725.00
		PST 8%	618.00
		GST 7%	540.75
	TOTAL		\$8,883.75

Notes to pricing

1. The Accu-Vote optical scan tabulators currently sell for \$6,995. The Town has an option to credit the \$2,000 rental towards the selling price for a net cost of \$4,995. This option will be available until June 30, 2001. The carrying cases will also be credited towards the purchase.
2. A third party lease is available to lease the balance at a monthly cost of \$92.50 per Accu-Vote for 72 months with a purchase option after the last payment of \$10.
3. A trained Global representative will be in the area November 13, 2000.
4. Global representative will be on-site for DRO training.
5. Global will create an election database specific to the Town to include wards and polls, enter candidate names, design and layout the ballots, liaison with your printer, at a cost of \$2,500 per election.
6. An Election Starter Kit is available at a cost of \$995. The Starter Kit contains samples of the various items required for the election. These items may also be purchased individually from the supply list.

Schedule "B"
The Election Tabulation Computer System Contract Between
Global Elections Systems Inc. and the Town of Pelham

CONFIDENTIAL

TRADE SECRET INFORMATION: NOT FOR PUBLIC DISCLOSURE

**GLOBAL APPLICATION SOFTWARE
LICENSE AGREEMENT**

SUB LICENCE

GLOBAL hereby agrees to grant to Customer (and Customer hereby accepts, subject to terms and conditions contained in this Agreement and the attached exhibits) a non-exclusive, non-transferable license to Use the Software Product specified for a period of twenty (20) years subject to the terms and conditions herein. Third party or sub contractor license is not included nor governed by these terms and conditions. In consideration for this license, Customer shall pay Global a license fee as set forth. The license to Use the Software Product hereby granted to Customer is conditional upon payment of the license fees, yearly Software Support fees and other charges contemplated by this Agreement as they fall due from time to time.

Customer shall Use the Software Product only for Customer's internal business purposes. Customer shall not act as a service bureau for third parties in its Use of the Software Product or otherwise make the software available to the third parties. Customer shall use the Software Product solely on a single computer model or on the single network of specified computer models for which the License was ordered. When acquired for use on a local area network of multiple computers, user may install and Use Software Product on the type of computer specified and the number of computers for which the product was ordered. Each of the computers must be part of the single network.

Customer may not modify and/or enhance the Software Product, without prior written approval from GLOBAL and subject to the terms and conditions herein. In the event Customer obtains approval to modify and/or enhance the Software Product, Customer shall provide GLOBAL with the source code for the modifications and /or enhancements.

Customer may make up to one additional copy of the Software Product for archival and/or testing purposes at the Site. Customer shall not otherwise copy the Software Product.

This agreement is personal to Customer and Customer shall not assign, part with or sub-let any interest in it or grant any right under it to any third party without prior written approval of GLOBAL.

Software Product consists of proprietor products developed by GLOBAL which are and shall remain the exclusive property of GLOBAL, and Customer shall have no right, title or interest therein, except as expressly set forth in this Agreement. Any modification of a Software Product by or on behalf of Customer will not affect the fees nor the restrictions and obligations placed upon Customer by GLOBAL.

Firmware consists of software programs written specially to reside on ROM (Read Only Memory) chips installed on the motherboard within the Accu-Vote Tabulator. The Firmware consists of two (2) chips labeled by version number "A" and "B".

Global may provide the Customer with unsolicited error corrections or changes to the software and/or firmware which GLOBAL determines are necessary for proper operation of its APPLICATION SOFTWARE, and Customer shall incorporate these corrections or changes into the System:

- a) at the earliest convenience upon receipt from GLOBAL and allow for proper testing; and
- b) prior to the conduct of the next municipal election.

To assist GLOBAL in the protection of its proprietary rights, Customer shall permit representatives of GLOBAL to inspect (at all reasonable times during normal business hours) the location and computer hardware upon which the Software Product is being used or kept, and Customer's records of use of the Software Product and any copies thereof. GLOBAL will use all reasonable efforts to minimize disruption to the normal business activities of Customer.

DELIVERY AND INSTALLATION

The Software Product will be delivered to Customer and installed by GLOBAL. Risk of loss or damage to the Software Product shall pass to Customer upon delivery of the software except for loss or damage caused by GLOBAL's acts or omissions.

WARRANTY AND LIMITATION OF LIABILITY

GLOBAL shall not be responsible for any failure of the Software Product to perform in substantial conformance with the functional criteria if the failure results from (i) Customer's negligence, (ii) Customer's modification or other change of the Software Product, (iii) failure of data supplied by Customer to conform to applicable formats, (iv) failures or errors by Customer's operator, or (v) any other cause not attributable to failure of the Software Product to conform to its functional criteria. SOFTWARE PRODUCT IS LICENSED ON AN "AS IS" BASIS.

IN NO EVENT SHALL GLOBAL BE LIABLE TO THE CUSTOMER FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING LOSS OF PROFITS ARISING OUT OF OR RELATING TO GLOBAL's PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT.

Customer acknowledges that the Software Product and Confidential Information, as well all related trade secrets, copyrights, patents or their proprietary rights are and shall remain the exclusive property of GLOBAL. Customer shall not acquire any right or title to or interest in said property by virtue of its execution or performance of this Agreement except as specified herein. Customer shall not copyright, patent, or attempt to copyright or patent any portion of said property, and customer shall reproduce all copyright notices and other statements of propriety rights contained in the Licensed Product or on all copies of the Licensed Product made by Customer.

Customer acknowledges that the Software Product and Confidential Information consist of confidential and trade secret information developed or acquired by GLOBAL which is not in the public domain. Customer shall not remove confidentiality, copyright or similar notices or legends from the Software Product or related manuals or documentation and such implement such safeguards and control as may be necessary to protect against unauthorized uses or disclosures of the Confidential Information.

Customer may disclose the Confidential Information to its employees, officers or director only to the extent that such disclosures are required for the use and execution of the Software Product. Customer shall take steps to ensure that the aforementioned persons acknowledge and comply with the confidentiality provisions of this Agreement. Customer shall not disclose the Confidential Information to any other individual or legal entity without the prior written approval of GLOBAL.

Customer acknowledges that any translation, modification, adaptation or derivation of the Software Product and all improvements or developments thereof, including all related modules or software customizations created by or for Customer (collectively, the "Modifications") shall be owned exclusively by GLOBAL. Customer shall have for the duration of its license of the Software Product, a royalty-free license to Use the Modifications created by it, subject to the terms and conditions of this Agreement. Customer hereby conveys and assigns to GLOBAL all of its ownership rights, including all intellectual property rights, in the Modifications and disclaims any intention to assert any such rights that may be deemed to enjoy the Modification. If, despite this express intention, Customer hereby agrees that (i) it has elected not to require that any Modification bear its name or symbol, and (ii) any change in the Modifications which GLOBAL may develop in the normal course of its business shall not be deemed to adversely affect Customer's rights. In any event, Customer shall execute or cause any relevant third party, including Customer's employees, to execute such instruments as shall be required to perfect or assign full ownership of the Modifications in or to GLOBAL and promptly shall attach a confidentiality notice and copyright legend to the same identifying GLOBAL as the exclusive owner.

If any employee, officer or director of Customer or any sub-contractor to Customer violates any provision of this section 4, or if any third party obtains any Software Product or Confidential Information through Customer without GLOBAL's authorization then Customer shall take, at their own expense, all actions that may be required to remedy such violation or recover such Software Product or Confidential Information and prevent such employee, officer, director or third party from using or disseminating such Software Product or Confidential Information, including, but not limited to, legal actions for seizure and injunctive relief. If, in the opinion of GLOBAL, Customer fails to take such actions in a timely and adequate manner, GLOBAL may take such actions in its own name at the expense of the Customer.

The confidentiality provisions of this section 4, shall survive the termination of this Agreement.

MARKS

Customer acknowledges that the Marks are and shall remain the exclusive property of GLOBAL.

Customer shall not acquire any right, title or interest in or to the Marks by Virtue of this Agreement.

Customer shall not contest the proprietary rights of GLOBAL or directly or indirectly register any trademark, service mark, or trade name.

GLOBAL ELECTIONS SYSTEMS, INC. employee, dealer, or agent is authorized to make any modification or addition to this warranty.

IN WITNESS WHEREOF, the Parties have executed this Agreement as indicated below.

GLOBAL ELECTION SYSTEMS, INC.

TOWN OF PELHAM

By:

By: 

Name: _____

Name: Cheryl Miclette

Title:

Title: Clerk

Date: _____

Date: September 18, 2000

Address for Notice

Global Election Systems, Inc.
1200 West 73rd Avenue, Suite 350
Vancouver, BC
V6P 6G5

Address for Notice

Town of Pelham
P.O. Box 400
20 Pelham Town Square
Fonthill, Ontario L0S 1E0

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(herein after referred to as the Town)

AND

GLOBAL ELECTION SYSTEMS INC.
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GES will arrange for the shipping and transportation of the Equipment to the Town from McKinney, Texas. GES shall be responsible to pay customs duties if any. The Town shall assume responsibility for all other costs associated with transporting the Equipment to the Town. GES agrees that all Equipment shall be delivered to the Town no later than September 15, 2000.
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The Equipment shall be returned to GES, at the expense of the Town, by the Town at such location as mutually agreed upon by both the Town and GES. In the event of a re-count, the Town will retain any necessary equipment (as determined by the Town) until such time as the re-count has been completed and any appeal periods have expired at a cost to the Town of \$350.00 per month per Accu-Vote. The Equipment shall then be returned to GES by the Town within 30 days of expiration of final completion of re-count process and the Term of this agreement shall be extended as required. GES shall carry out an inspection of the Equipment upon its return and shall repair and restore the Equipment to the condition in which it was prior to shipping, reasonable wear and tear excepted. The Town shall reimburse GES for the cost of any repairs which GES and the Town mutually determine is necessary. Damage to the Accu-Vote Units caused during transport will at all times be the responsibility of the transporter.
- 7. Article Seven: Representations and Warranties of GES**
GES represents and warrants that it is the owner of the Equipment and has the right to rent same to the Town. GES represents and warrants further that the Equipment delivered pursuant to this agreement shall be in proper working condition and free from any defects in design, operation or fitness for purpose of use during the Term of this agreement. Upon delivery, GES represents and warrants that the Equipment shall be free and clear of all liens, encumbrances, charges, or rights of others and that GES is exclusively entitled to possess and dispose of same, subject to the terms and conditions of this agreement. GES agrees to save the Town harmless against any/all copyright or patent of invention or intellectual property infringement claims, damages and costs arising from the Town's use of GES Equipment.
- 8. Article Eight: Representations and Warranties of the Town**
The Town acknowledges that ownership and title to the Equipment shall remain vested in GES throughout the Term of this agreement and that the Town shall have no right, title or interest in the Equipment other than the right to maintain possession and use of the Equipment as provided for in this agreement subject to the terms and conditions of this agreement.

9. Article Nine: Use of Equipment

The Equipment shall be maintained and used by the Town for the exclusive purpose of conducting the 2000 Municipal Elections and shall not be utilized by any municipality outside of the Town. The Town shall cause the Equipment to be installed, maintained and operated prudently at all times by competent, qualified and trained personnel (including Town staff) for business purposes only. The installation, maintenance and operation of the Equipment shall be at all times in compliance with GES's requirements, the terms and conditions of this agreement and all applicable laws and regulations.

10. Article Ten: Equipment Training by GES

GES agrees to assist in the DRO Accu-Vote training sessions at the Town.

11. Article Eleven: GES Administrative Support Services

With respect to the Equipment described in Schedule "A", GES represents and warrants that GES shall provide administrative support services for the Term of this agreement which, without limitation, shall include:

- (A) voter education campaign assistance;
- (B) ballot lay out assistance;
- (C) liaison assistance with the ballot printer, to be selected by the Town;
- (D) assistance in developing Advance vote ballot processing and tabulation procedures;
- (E) assistance in developing election day strategies for troubleshooting;

12. Article Twelve: Limitations

Neither Global nor any manufacturer or software provider for this system shall in any event be liable for special, indirect, incidental or consequential damages, including but not limited to lost income, lost revenue, or lost profit, whether such damages were foreseeable or not at the time this contract was entered into, and whether or not such damages arise out of a breach of warranty, breach of contract, negligence, strict liability or other theory of liability.

13. Article Thirteen: Provision of Technical Support Professional and Field Support Professional - November 13, 2000

GES will provide a seasoned field support professional to assist with field operations on Election Day. In the event of a recount, GES agrees to provide a seasoned technical support professional who is fully knowledgeable with GEMS to work on site during the recount.

14. Article Fourteen: Certification of Equipment

GES represents and warrants that the Equipment shall be delivered to the Town in proper working condition and free from any defects in design, operation or fitness for purpose of use. If the Equipment is delivered to the Town in such condition, the Town shall certify to GES in writing that the Equipment is in proper working order within thirty (30) days of delivery. In the event, however, that the Town determines that the Equipment was not delivered in good working order, GES agrees to rectify the problem within five (5) days of written notice by the Town to GES. Within thirty (30) days of the rectification of the problem to the satisfaction of the Town, the Town shall certify to GES in writing that the Equipment is in proper working order.

15. Article Fifteen: Equipment at Risk of Town

Following certification that the Equipment is in proper working condition and free from any defects in design, operation or fitness for purpose, the Equipment shall be at the risk of the Town until the Equipment is returned to and received by GES, save and except for damage caused during transportation which will be the responsibility of the transporter. The Town agrees not to make any alterations, additions or improvements to the Equipment while in possession of the Town. No loss or damage to the Equipment or any part thereof caused by the Town shall affect or impair the obligations of the Town which shall continue in full force and effect, subject to Articles 18 and 20.

16. Article Sixteen: Access and Inspection of Equipment

GES, its employees and specifically authorized agents shall at all reasonable times have access to the Equipment for the purpose of inspecting or testing it upon providing forty-eight (48) hours' notice to the Town.

17. Article Seventeen: Insurance

The Town's usual all risks personal property and liability insurance shall automatically cover all GES Equipment while in the Town's possession as if the Equipment were owned by the Town.

18. Article Eighteen: Events of Default

The occurrence or happening of any one or more of the following events shall constitute an Event of Default under this agreement:

- a) default in the payment of rent or other charge payable by the Town under this agreement for a period of fifteen (15) consecutive days after written notice is given by GES to the Town specifying such default;
- b) default in the observation or performance of any other term, covenant or condition of this agreement for a period of fifteen (15) consecutive days after written notice is given by either party to the other specifying such default;
- c) any representation or warranty made by GES which is incorrect at any time in any material respect, or any report, notice or other writing which is furnished by GES to the Town under this agreement, and is untrue in any material respect;
- d) any representation or warranty made by the Town, or any report, notice or other writing furnished by the Town to GES under this agreement which is untrue in any material respect;
- e) any act by the Town which reduces the value or usefulness of the Equipment, including failure to maintain or repair the Equipment as required;
- f) the subjection of the Equipment to any lien, levy, charge or encumbrance, while such equipment is within the control of the Town;
- g) the subjection of the Equipment to any virus, time bomb or computer hook upon delivery to the Town, if within the control of GES;
- h) the Town failing to return all of the Equipment to GES as required by Article 6. at the Town's cost, expense and risk.

19. Article Nineteen: GES Remedies Upon Default by Town

If the Town causes an Event of Default, GES may at its option do any or all of the following:

- a) enter upon the premises where such Equipment is located and take immediate possession thereof, whether it is affixed to realty or not, and remove the same, without order of the court and without liability by GES for or by reason of such entry and taking of possession, and GES may then sell, lease or otherwise dispose of the same for such consideration and upon such terms and conditions as GES may reasonably deem fit;
- b) in the name of an irrevocably appointed agent and attorney for the Town appointed by GES and without terminating or being deemed to have terminated this agreement take possession of the Equipment and proceed to rent the Equipment to any other person, firm or corporation on such terms and conditions, for such rental and for such period of time as GES may deem fit and receive such rental and hold the same and apply the same against any monies expressed to be payable from time to time by the Town;
- c) terminate the agreement by written notice to the Town and retain the deposit, if any, paid by the Town under subparagraph 3(a) of this agreement;
- d) terminate the agreement and, by written notice to the Town specifying a payment date not earlier than ten (10) days after the date of such notice, require the Town to pay to GES on the date specified in such notice,
 - i) arrears of rent as of the date of the Term's expiry date.
 - ii) as a genuine pre-estimate of liquidated damages for loss of a bargain and not as a penalty, the aggregate of all unpaid amounts yet to become due as rent or otherwise under this lease; and
 - iii) GES's actual or estimated cost and expenses (as applicable) of repossessing, shipping, holding and repairing the Equipment including GES's legal disbursements and fees, as specified in GES's written notice to the Town.

20. Article Twenty: Town Remedies Upon Default by GES

If GES causes an Event of Default, the Town may at its option do any or all of the following:

- 1) terminate the rental agreement by providing written notice to GES and retaining any further monies owing by the Town to GES, if any, under subparagraph 3(b) of this agreement;
- 2) require GES to pay the Town, as a genuine pre-estimate of liquidated damages for loss of bargain, the aggregate monetary value of services lost to the Town as a result of the occurrence of default by GES; and
- 3) require GES to pay the Town's actual or estimated cost and expenses (as applicable) of shipping, holding and repairing the Equipment or of remedying the default, including the Town's legal disbursements and fees, together with interest payment thereon, as specified in the Town's written notice to GES.
- 4) Without restricting the generality of the foregoing, in the event that GES causes an Event of Default related to its obligation to meet the technical support requirements set out in Articles 12 and 13 of this agreement, the Town may require GES to reimburse the Town for all costs associated with retaining an outside service that is required as a result of GES's default.

For purposes of this section, the Town shall be subrogated to the extent of such payment to all rights, remedies and priorities of the payee of the amount paid by the Town to remedy such default.

21. Article Twenty-One: Rights and Remedies Cumulative

All rights and remedies provided are cumulative, are not intended to be exclusive and are in addition to any other right or remedy previously referred to or otherwise available to either party at law or in equity. Any one or more of the party's rights and remedies may from time to time be exercised independently or in combination and without prejudice to any other right or remedy the party may have or may have exercised. The Town expressly agrees that the remedies contained in this agreement are commercially reasonable in the circumstances.

22. Article Twenty-Two: Interest Payments

Should the Town fail to pay any part of the rent or any other sum required to be paid to GES by the Town on the due date thereof, the Town shall pay to GES, on demand, interest at the rate of 12 % per annum upon such monies due and unpaid until such payments are paid.

23. Article Twenty-Three: Severability

If any term, covenant or condition of this agreement or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this agreement, or the application of such term, covenant or condition to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this agreement shall be valid and enforced to the fullest extent permitted by law.

24. Article Twenty-Four: Force Majeure

Performance under this agreement by either party shall be excused in whole or in part in the event such performance is prevented or delayed by any cause whatsoever beyond the reasonable control of such party save for lack of financial means, provided that performance shall be resumed within a reasonable time after such cause has been removed; and provided further, that no party shall be required against its will to settle any labour dispute.

25. Article Twenty-Five: Written Notice

All notices, consents, approvals, statements, authorizations, documents or other communications required or permitted to be given under this agreement shall be in writing, and shall be delivered personally, sent by fax or similar transmitted message, or mailed by registered mail, postage prepaid, to the said parties at the respective addresses or fax numbers set forth hereunder, namely:

To GES at:

Global Election Systems Inc.
1200 West 73rd Avenue, Suite 350
Vancouver, British Columbia
V6P 6G5
Attention: Greg Forsythe
FAX: (604) 261-9226

To the Town at:

Town of Pelham
P.O. Box 400
20 Pelham Town Square
Fonthill, Ontario
L0S 1E0
Attention: Cheryl Mickle
FAX: (905) 892-5055

or at such other address or fax number as the party to whom such notice, consent, approval, statement, authorization, document or other communication is to be given, may designate by notice in writing so given to the other party hereto as provided herein.

26. Article Twenty-Six: Receipt of Notice

Any notice, consent, approval, statement, authorization, document or other communication given as provided herein shall:

- 1) in the case of personal delivery, be deemed to have been received on the day of delivery, if a business day, or if not a business day, on the business day next following the day of delivery;
- 2) in the case of fax or similar form of transmitted message, be deemed to have been received on the next business day following transmissions; and
- 3) in the case of delivery by registered mail, be deemed to have been received on the fifth (5th) business day following the date of mailing.

For purposes of this agreement, a business day shall be inclusive of the days Monday through Friday, save and except for statutory holidays.

27. Article Twenty-Seven: Miscellaneous

This agreement shall be binding on and enure to the benefit of the parties and their respective successors and permitted assigns. Time is of the essence with respect to this agreement and each and all of its provisions. This agreement shall be governed according to the laws of the Province of Ontario and the laws of Canada where applicable therein. The Town acknowledges having received a true copy of this agreement. All parties have required that this agreement be drawn up in English. No amendments to this agreement shall in any way be valid unless signed by authorized officers of both GES and the Town.

28. Article Twenty-Eight: Change of Address

GES shall promptly notify the Town in writing, if GES changes its name or address.

29. Article Twenty-Nine: Waiver

No waiver by either party of any default by the other party shall constitute a waiver of any other default by such party.

30. Article Thirty: Entire Agreement

This agreement, consisting of the foregoing and Schedule "A", and any amendments hereto set forth and GES's Standard Software License Agreement terms attached hereto as Schedule "B" together constitute the entire agreement between GES and the Town, and is binding on the successors, administrators, executors and assigns of the parties.


No other agreements or understandings shall be binding on either party hereto, unless specifically set forth in this agreement.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed as of the day and year first above written.

THE CORPORATION OF THE TOWN OF PELHAM




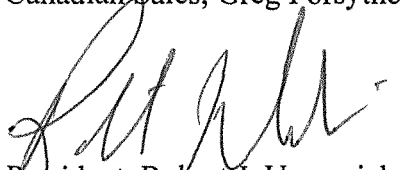
Mayor, Ralph Beamer



Clerk, Cheryl Miclette

GLOBAL ELECTION SYSTEMS, INC.


Canadian Sales, Greg Forsythe


President, Robert J. Urosevich

Schedule "A"
The Equipment

Qty	Description	Rental	Total
3	Accu-Votes, complete with 14.4k baud modems, 12 volt gel-cell batteries, and ribbons.	\$2,000	\$6,000.00
3	Black nylon carrying cases with accessory pockets.	75.00	225.00
6	32K Memory Cards	250	1,500.00
	Subtotal		7,725.00
		PST 8%	618.00
		GST 7%	540.75
	TOTAL		\$8,883.75

Notes to pricing

1. The Accu-Vote optical scan tabulators currently sell for \$6,995. The Town has an option to credit the \$2,000 rental towards the selling price for a net cost of \$4,995. This option will be available until June 30, 2001. The carrying cases will also be credited towards the purchase.
2. A third party lease is available to lease the balance at a monthly cost of \$92.50 per Accu-Vote for 72 months with a purchase option after the last payment of \$10.
3. A trained Global representative will be in the area November 13, 2000.
4. Global representative will be on-site for DRO training.
5. Global will create an election database specific to the Town to include wards and polls, enter candidate names, design and layout the ballots, liaison with your printer, at a cost of \$2,500 per election.
6. An Election Starter Kit is available at a cost of \$995. The Starter Kit contains samples of the various items required for the election. These items may also be purchased individually from the supply list.

Schedule "B"
The Election Tabulation Computer System Contract Between
Global Elections Systems Inc. and the Town of Pelham

CONFIDENTIAL

TRADE SECRET INFORMATION: NOT FOR PUBLIC DISCLOSURE

**GLOBAL APPLICATION SOFTWARE
LICENSE AGREEMENT**

SUB LICENCE

GLOBAL hereby agrees to grant to Customer (and Customer hereby accepts, subject to terms and conditions contained in this Agreement and the attached exhibits) a non-exclusive, non-transferable license to Use the Software Product specified for a period of twenty (20) years subject to the terms and conditions herein. Third party or sub contractor license is not included nor governed by these terms and conditions. In consideration for this license, Customer shall pay Global a license fee as set forth. The license to Use the Software Product hereby granted to Customer is conditional upon payment of the license fees, yearly Software Support fees and other charges contemplated by this Agreement as they fall due from time to time.

Customer shall Use the Software Product only for Customer's internal business purposes. Customer shall not act as a service bureau for third parties in its Use of the Software Product or otherwise make the software available to the third parties. Customer shall use the Software Product solely on a single computer model or on the single network of specified computer models for which the License was ordered. When acquired for use on a local area network of multiple computers, user may install and Use Software Product on the type of computer specified and the number of computers for which the product was ordered. Each of the computers must be part of the single network.

Customer may not modify and/or enhance the Software Product, without prior written approval from GLOBAL and subject to the terms and conditions herein. In the event Customer obtains approval to modify and/or enhance the Software Product, Customer shall provide GLOBAL with the source code for the modifications and /or enhancements.

Customer may make up to one additional copy of the Software Product for archival and/or testing purposes at the Site. Customer shall not otherwise copy the Software Product.

This agreement is personal to Customer and Customer shall not assign, part with or sub-let any interest in it or grant any right under it to any third party without prior written approval of GLOBAL.

Software Product consists of proprietor products developed by GLOBAL which are and shall remain the exclusive property of GLOBAL, and Customer shall have no right, title or interest therein, except as expressly set forth in this Agreement. Any modification of a Software Product by or on behalf of Customer will not affect the fees nor the restrictions and obligations placed upon Customer by GLOBAL.

Firmware consists of software programs written specially to reside on ROM (Read Only Memory) chips installed on the motherboard within the Accu-Vote Tabulator. The Firmware consists of two (2) chips labeled by version number "A" and "B".

Global may provide the Customer with unsolicited error corrections or changes to the software and/or firmware which GLOBAL determines are necessary for proper operation of its APPLICATION SOFTWARE, and Customer shall incorporate these corrections or changes into the System:

- a) at the earliest convenience upon receipt from GLOBAL and allow for proper testing; and
- b) prior to the conduct of the next municipal election.

To assist GLOBAL in the protection of its proprietary rights, Customer shall permit representatives of GLOBAL to inspect (at all reasonable times during normal business hours) the location and computer hardware upon which the Software Product is being used or kept, and Customer's records of use of the Software Product and any copies thereof. GLOBAL will use all reasonable efforts to minimize disruption to the normal business activities of Customer.

DELIVERY AND INSTALLATION

The Software Product will be delivered to Customer and installed by GLOBAL. Risk of loss or damage to the Software Product shall pass to Customer upon delivery of the software except for loss or damage caused by GLOBAL's acts or omissions.

WARRANTY AND LIMITATION OF LIABILITY

GLOBAL shall not be responsible for any failure of the Software Product to perform in substantial conformance with the functional criteria if the failure results from (i) Customer's negligence, (ii) Customer's modification or other change of the Software Product, (iii) failure of data supplied by Customer to conform to applicable formats, (iv) failures or errors by Customer's operator, or (v) any other cause not attributable to failure of the Software Product to conform to its functional criteria. SOFTWARE PRODUCT IS LICENSED ON AN "AS IS" BASIS.

IN NO EVENT SHALL GLOBAL BE LIABLE TO THE CUSTOMER FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING LOSS OF PROFITS ARISING OUT OF OR RELATING TO GLOBAL's PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT.

Customer acknowledges that the Software Product and Confidential Information, as well all related trade secrets, copyrights, patents or their proprietary rights are and shall remain the exclusive property of GLOBAL. Customer shall not acquire any right or title to or interest in said property by virtue of its execution or performance of this Agreement except as specified herein. Customer shall not copyright, patent, or attempt to copyright or patent any portion of said property, and customer shall reproduce all copyright notices and other statements of propriety rights contained in the Licensed Product or on all copies of the Licensed Product made by Customer.

Customer acknowledges that the Software Product and Confidential Information consist of confidential and trade secret information developed or acquired by GLOBAL which is not in the public domain. Customer shall not remove confidentiality, copyright or similar notices or legends from the Software Product or related manuals or documentation and such implement such safeguards and control as may be necessary to protect against unauthorized uses or disclosures of the Confidential Information.

Customer may disclose the Confidential Information to its employees, officers or director only to the extent that such disclosures are required for the use and execution of the Software Product. Customer shall take steps to ensure that the aforementioned persons acknowledge and comply with the confidentiality provisions of this Agreement. Customer shall not disclose the Confidential Information to any other individual or legal entity without the prior written approval of GLOBAL.

Customer acknowledges that any translation, modification, adaptation or derivation of the Software Product and all improvements or developments thereof, including all related modules or software customizations created by or for Customer (collectively, the "Modifications") shall be owned exclusively by GLOBAL. Customer shall have for the duration of its license of the Software Product, a royalty-free license to Use the Modifications created by it, subject to the terms and conditions of this Agreement. Customer hereby conveys and assigns to GLOBAL all of its ownership rights, including all intellectual property rights, in the Modifications and disclaims any intention to assert any such rights that may be deemed to enjoy the Modification. If, despite this express intention, Customer hereby agrees that (i) it has elected not to require that any Modification bear its name or symbol, and (ii) any change in the Modifications which GLOBAL may develop in the normal course of its business shall not be deemed to adversely affect Customer's rights. In any event, Customer shall execute or cause any relevant third party, including Customer's employees, to execute such instruments as shall be required to perfect or assign full ownership of the Modifications in or to GLOBAL and promptly shall attach a confidentiality notice and copyright legend to the same identifying GLOBAL as the exclusive owner.

If any employee, officer or director of Customer or any sub-contractor to Customer violates any provision of this section 4, or if any third party obtains any Software Product or Confidential Information through Customer without GLOBAL's authorization then Customer shall take, at their own expense, all actions that may be required to remedy such violation or recover such Software Product or Confidential Information and prevent such employee, officer, director or third party from using or disseminating such Software Product or Confidential Information, including, but not limited to, legal actions for seizure and injunctive relief. If, in the opinion of GLOBAL, Customer fails to take such actions in a timely and adequate manner, GLOBAL may take such actions in its own name at the expense of the Customer.

The confidentiality provisions of this section 4, shall survive the termination of this Agreement.

MARKS

Customer acknowledges that the Marks are and shall remain the exclusive property of GLOBAL.

Customer shall not acquire any right, title or interest in or to the Marks by Virtue of this Agreement.

Customer shall not contest the proprietary rights of GLOBAL or directly or indirectly register any trademark, service mark, or trade name.

GLOBAL ELECTIONS SYSTEMS, INC. employee, dealer, or agent is authorized to make any modification or addition to this warranty.

IN WITNESS WHEREOF, the Parties have executed this Agreement as indicated below.

GLOBAL ELECTION SYSTEMS, INC.

By: 

Name: Robert J. Urosevich

Title: President and COO

Date: _____

TOWN OF PELHAM

By:

Name: Cheryl Miclette

Title: Clerk

Date: September 18, 2000

Address for Notice

Global Election Systems, Inc.
1200 West 73rd Avenue, Suite 350
Vancouver, BC
V6P 6G5

Address for Notice

Town of Pelham
P.O. Box 400
20 Pelham Town Square
Fonthill, Ontario L0S 1E0