

## MANAGEMENT AGREEMENT

THIS AGREEMENT, dated as of July 1, 2003 by and between Administrative Systems, Inc., d/b/a ASI, a business located at 414 Plaza Drive, Suit 209, Westmont, IL 60559, (herein "Manager") and Independent Medical Distributors Association, a not for profit corporation, incorporated in the Commonwealth of Pennsylvania with its address at Kramer & Kramer, LLP, 1077 Rydal Road, Suite 100, Rydal, PA 19046.

### WITNESSETH:

**IT IS AGREED**, by and between the parties, as follows:

1. **APPOINTMENT:** Client hereby retains Manager to provide services needed to manage operations of Client. Manager accepts this appointment and agrees to provide those services enumerated in Exhibit A, attached hereto and made part hereof, in consideration for Client's agreement to pay fees and costs as specified in Exhibit B, attached hereto and made part hereof. Manager's compensation may be reviewed and modified by mutual agreement, evidenced by a resolution approved by the Client's Board of Directors.
2. **MANAGEMENT SERVICES:** Manager shall provide all Management Services enumerated in Exhibit A. In the event the Client requests Manager to perform additional services, it will also agree by confirming in writing with Manager as to the fees to be paid for such additional services. Manager represents that, based on its extensive experience in managing trade associations, those items specified in Exhibit A include all services generally required for the day-to-day operations of a trade association such as that of Client.
3. **COMPENSATION:** Client shall pay Manager compensation as set forth in Exhibit B, made part hereof, and expenses with compensation due on the first day of each month during which this Agreement, and any extension of this Agreement, is in effect.
4. **EXPENSES:** Client will reimburse Manager for all association expenses incurred by Manager on behalf of the Client. Typical operating expenses include, but are not limited to those items listed in Exhibit B - Additional Charges. All operating expenses incurred on behalf of Client with respect to telephone, postage, printing, and other materials will be paid directly from the Client's financial checking account.
5. **CLIENT'S POLICIES:** Client's operating policies shall be established by its Board of Directors. Client shall advise Manager of such policies in writing and Manager's management services shall conform to those policies so long as they are reasonable and lawful.

6. **BONDING FEES:** Client shall pay all bonding fees that may be required of Manager or any of its employees.

7. **REPRESENTATION:** Manager is authorized, subject to the approved Client budget and annual plan, to acquire on Client's behalf and for its benefit, goods and services. Any resulting agreements and/or contracts are the responsibility of Client.

8. **TERM:** This Agreement shall begin on July 1, 2003 and shall continue in full force and effect until December 31, 2006. This Agreement will automatically renew for successive one-year terms upon annual review of the Scope of Services and fees unless either party advises the other in writing of its intention not to renew. Notice to revise or terminate this Agreement, by either party, must be provided in writing 90 days prior to the expiration of the contract. Manager will be entitled to receive compensation in full until this contract or any renewal thereof is at an end, unless termination is for cause.

9. **NOTIFICATION:** All notices required by this contract shall be in writing and sent by fax, e-mail or certified mail to Manager's office at the address set forth above and to the Client by fax, e-mail or certified mail to the office of the President of Client and to the office of the general counsel of Client, the address of the Client's President and the general counsel of the Association shall be their most recent address listed in the records of the Association. Manager, Client and Client's general counsel may, at any time, give notice of a change of address by notices provided herein.

10. **PERSONNEL:** Neither party to this Agreement shall attempt to hire or actually hire any employee of the other during the term of the contract or for one year after the contract ends. If either party hires an employee of the other during this time, one year's salary must be paid to the other party.

11. **RELATIONSHIP WITH ASSOCIATION COUNSEL:** So long as Client has a general counsel, Manager will have counsel review all contracts and other matters that could involve litigation or potential litigation before they are signed or disseminated. All contracts are to be executed and signed by ASI.

Manager is authorized to negotiate contracts and services on behalf of Client as prescribed in Client's budget and Strategic Plan. No commissions or other compensation will be paid to manager or any other third party without prior approval of the Board of Directors.

12. **INFORMATION & CHARGES:** All computer data and paper records prepared by Manager specifically for Client or prepared or provided by Client, its officers, directors, members, or agents, along with supplies purchased by Client are the property of Client. Other data and records, including the operations of Manager, along with all other supplies and property, shall remain the property of Manager.

Upon termination of this contract, all Client property will be returned to Client and all outstanding Manager bills will be paid by Client.

Computer data will be placed on disks compatible with an IBM format in an ASCII file - data fields will be documented on paper - a hard copy will be provided of all data. Manager may retain a copy of Client data and records for archival purposes. Any expenses incurred during the transfer process from Manager will be billed separately.

13. **INDEMNIFICATION:** Client shall indemnify and hold harmless Manager, its officers, directors, employees and agents for and against all liabilities related to any and all claims and causes of action by third parties, including but not limited to judgments, verdicts, settlements, fines, court costs, and reasonable attorneys' fees, resulting from any act or omission of Client, its officers, directors, members, or agents, or any act or omission of Manager, its officers, directors, employees, or agents acting within the scope of their authority on behalf of Client.

Manager shall indemnify and hold harmless Client, its officers, directors, members and agents for and against all liabilities related to any and all claims and causes of action by third parties, including but not limited to judgments, verdicts, settlements, fines, court costs, and reasonable attorneys' fees, resulting from any act or omission of Manager, its officers, directors, employees, or agents, that are outside the scope of their authority to act on behalf of Client.

14. **CONFIDENTIALITY:** Manager agrees that with respect to any and all materials, reports, correspondence, or other documents that have been stamped or otherwise identified as confidential matters by Client's Executive Committee ("the Confidential Materials"), Manager shall not disclose, distribute or publish such Confidential Materials to any third party, unless otherwise requested by a duly authorized member of Client's Executive Committee.

15. **TERMINATION FOR CAUSE:** This Agreement may be terminated for cause for the following reasons only:

- (a) In the event that either party hereto shall commit an act of bankruptcy, file a voluntary petition for bankruptcy, be declared bankrupt in an involuntary proceeding, file for a plan under any Bankruptcy Act, place its affairs in the hands of a receiver, enter into a composition for the benefit of creditors, or perform any other act based upon or due to its inadequate credit position, then the other party to this Agreement may terminate this Agreement immediately by written notice of termination to the other party.

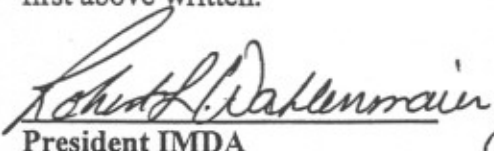
- (b) Should either party be in material breach of its obligations and responsibilities under this Agreement including, but not limited to failure to perform services provided for in Exhibit A in a competent or timely manner, failure to comply with the requirements of paragraph 5 hereof, failure to respond effectively and promptly to the reasonable requests of the Officers, Directors, and Members of Client, failure to use its best efforts to support the aims and continued viability of Client, or failure to properly account for and document the income and expenses of the Client, then the other party may terminate this Agreement by giving thirty (30) days advance written notice of termination to the other party specifying the material breach upon which the termination is based. However, after receiving such notice the party receiving same shall have thirty (30) days to cure the alleged breach. If such breach is cured, to the satisfaction of Client, this Agreement shall continue in full force and effect.

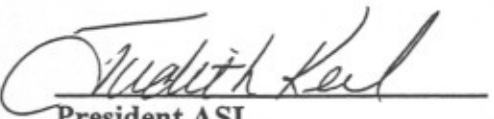
16. **PROHIBITION OF ASSIGNMENT** Manager will provide qualified staff at all times and will keep Client apprised of staff changes should they occur.

17. **ENTIRE AGREEMENT:** This Agreement and its two Exhibits constitute the entire contract between the parties. No modifications of its terms or conditions shall be binding on either party unless made in writing and signed by both parties. This Agreement supercedes and cancels any and all previous contracts, arrangements, or understandings that may have existed or may exist between the parties. There are no understandings, representations or warranties of any kind expressed or implied between the parties that are not expressly set forth herein.

This Agreement is governed by the laws of the State of Illinois. Any legal proceeding brought to enforce the terms of this Agreement or to seek a remedy for breach of this Agreement shall be brought to State or federal court in the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date first above written.

  
President IMDA      Date

  
President ASI      June 24, 2003  
Date

## Exhibit A

### BASIC DUTIES OF MANAGER

1. General Office
  - a. Provide phone presence for the association (8:00 a.m. – 5:00 p.m. Monday thru Friday)
  - b. Fax capability
  - c. Voice mail capability
  - d. E-mail capability
  - e. Maintain supply of association official materials (stationery, mailed materials, etc.)
2. Management Company Facilities
  - a. Minimal storage requirements, clerical materials only
  - b. No meeting space required
3. Inventory of office supplies and records only
4. Board Meetings
  - a. Attend board meetings: two (2) per year in person, 10 others for one (1) hour by teleconference; One (1) at annual conference, one (1) mid-year at site of convenience
  - b. Prepare BOD information packets prior to physical meetings with agenda and distribute to Board members in advance of meeting
  - c. Responsible for minutes and distribution to Board members
5. Financial Management Services
  - a. Quarterly financial reports compared to budgets (spreadsheet format typically)
  - b. Income and expense responsibility
  - c. Manage financial accounts
  - d. Budget preparation
  - e. Manage investments and bank accounts of the association
  - f. Credit card processing for VISA, MC and AMEX
  - g. Prepare necessary tax returns or coordinate with Association's accountants to provide necessary information for tax returns as Association requests
  - h. Prepare for external audit by hired accounting firm
  - i. File annual reports and the 990 Federal Tax Report as prepared by auditor

6. Membership Committee Support Services

- a. Maintain databases of members and prospective members
- b. Manage member renewal cycle
- c. Oversee preparation and publication of annual membership directory
- d. Participate actively in the recruitment of new members in order to grow membership base; advise Board on recruitment strategies

7. Publication Support Services

- a. Support the work of the present communications director (a contract supplier) in facilitating the monthly newsletter which is sent via email in PDF format, after a contracted graphics specialist has set the design
- b. Interaction with the current webmaster around needed updates to the association's website
- c. Coordinate publication of occasional other informational pieces on matters of importance to members

8. Miscellaneous Functions

- a. Interface with association service suppliers, namely, legal counsel, communications director, insurance consultant, and webmaster
- b. Interface with association officers and board members

9. Conference Management Services

- a. Site selection
- b. Contract negotiations
- c. Develop conference timetable
- d. Conference resume
- e. Onsite staff
- f. Brochure development
- g. Marketing and promotion
- h. Budget development and financial management
- i. Registration processing
- j. VIP management
- k. F & B selection
- l. Exhibits management

## EXHIBIT B

### COMPENSATION TO MANAGER

#### Management Fee:

The management fee for the period July 1, 2003 to December 31, 2003 will be at the rate of \$50,000 per year, plus payment of fifty (50%) percent of dues paid to IMDA within that time period by new members of IMDA (i.e. those joining after July 1, 2003) and monies received within that time period from new sources of revenue initiated by ASI. The management fee for the first full year, from January 1, 2004 to December 31, 2004, is \$50,000, plus fifty (50%) percent of IMDA's increase, if any, in its net worth as it stood on December 31, 2003 and its net worth as it stands on December 31, 2004.

#### Additional Charges:

Additional hours of service beyond those outlined in the Scope of Services will be billed at \$65 per hour.

|                                        |                                           |
|----------------------------------------|-------------------------------------------|
| • Transition                           | \$ 3,500 ( <i>one-time charge</i> )       |
| • Copies                               | \$ 0.09 each                              |
| • Faxes                                | \$ 0.75 each                              |
| • Web Development                      | \$75 per hour                             |
| • Web Maintenance                      | \$65 per hour                             |
| • Website Hosting                      | \$35 per month                            |
| • Installation of Dedicated Phone Line | Cost                                      |
| • Travel & Accommodations              | Cost                                      |
| • Out-of-Pocket                        | Cost                                      |
| • Service Charge                       | 1.5% per month - invoices past<br>30 days |