

AMENDMENT ONE TO THE AGREEMENT WITH
PLEASANT CARE CORPORATION OF MILLBRAE
dba EMMANUEL RESIDENTIAL OF MILLBRAE

THIS AMENDMENT, entered into this _____ day of _____, 2004, by and between the COUNTY OF SAN MATEO (hereinafter called "County") and Pleasant Care Corporation of Millbrae dba Emmanuel Residential of Millbrae (hereinafter called "Contractor"),

W I T N E S E T H:

WHEREAS, on September 25, 2001, the parties hereto entered into an agreement (hereinafter referred to as the "Original Agreement") for the furnishing of certain services by Contractor to County as set forth in that Original Agreement; and

WHEREAS, it is now the mutual desire and intent of the parties hereto to amend and clarify that Original Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED between the parties that the Original Agreement is amended as follows:

1. Paragraph 4. Hold Harmless is hereby deleted and replaced with the following:

4. Hold Harmless

Contractor shall indemnify and save harmless County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor, or (B) damage to any property of any kind whatsoever and to whomsoever belonging, or (C) any failure to withhold and/or pay to the government income and/or employment taxes from earnings under this Agreement, or (D) any sanctions, penalties or claims of damages resulting from Contractor's failure to comply

with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, or (E) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct. The duty of Contractor to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

2. Paragraph 10. Compliance with Applicable Laws is hereby deleted and replaced with the following:

10. Compliance with Applicable Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable federal, state, county, and municipal laws, including, but not limited to, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto and incorporated by reference herein as Attachment I, which prohibits discrimination on the basis of handicap in programs and activities receiving any federal or county financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations,

including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations.

In the event of a conflict between the terms of this Agreement and state, federal, county or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

3. Schedule B is hereby deleted and replaced with the Schedule B attached hereto.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that:

1. These amendments are hereby incorporated and made a part of the Original Agreement and subject to all provisions therein.
2. All provisions of the Original Agreement, including all references to audit and fiscal management requirements unless otherwise amended hereinabove, shall be binding on all the parties hereto.
3. All provisions of the Original Agreement, including all monitoring and evaluation requirements, shall be applicable to all amendments herein.

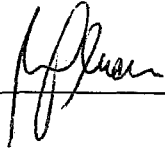
NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES that the Agreement with Contractor be amended accordingly.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives,
have affixed their hand on the day and year first above written.

COUNTY OF SAN MATEO

PLEASANT CARE CORPORATION
OF MILLBRAE dba EMMANUEL
RESIDENTIAL OF MILLBRAE

By: _____
Mark Church, President
Board of Supervisors

By:  _____

Date: _____

Date: 2/25/04 _____

ATTEST:

By: _____
Clerk of Said Board

Date: _____

SCHEDULE B

PLEASANT CARE CORPORATION dba EMMANUEL RESIDENTIAL OF MILLBRAE: 2001-2004

PAYMENTS SCHEDULE

In full consideration of the services provided by Contractor pursuant to this Agreement, County shall pay Contractor in the manner described below, except that any and all payments shall be subject to the conditions contained in this Agreement.

1. County shall pay Contractor for up to a maximum of twenty (20) beds per month according to the following rates of payment:
 - a. The rate of payment for a step down client referred by County to Contractor shall be ONE HUNDRED DOLLARS (\$100) per month for the first (1st) year of the contract term, July 1, 2001 through June 30, 2002.
 - b. The rate of payment for an augmented client referred by County to Contractor shall be THREE HUNDRED SEVENTY-FIVE DOLLARS (\$375) per month for the first (1st) year of the contract term, July 1, 2001 through June 30, 2002.
 - c. After the first (1st) year, a cost of living adjustment (COLA), if any, may be negotiated annually. Any COLA negotiated would be based on bay area rate of inflation, current SSI rates, and available County financial resources.
2. Payment for temporary absences shall be made according to the following state policies as outlined in Department of Mental Health Letter 86-01:
 - a. Payment for temporary absence in the supplemental services program and for life support services in residential care facilities is limited to seven (7) days per month. Such payment is allowable only under all of the following conditions:
 - 1) the absence is consistent with the client's service and treatment plans;
 - 2) the absence is necessary for the client's progress or maintenance at this level of care;
 - 3) the absence is planned, or anticipated; and
 - 4) the absence, as well as the purpose(s) of the absence, are documented.

- b. Payment for temporary absence for purposes of acute hospital or acute non-hospital (psychiatric health facility) treatment, or for treatment in other facilities which meet Title 9 staffing standards (Section 663), except as provided in section II, paragraph 2(a) above, is limited to ten (10) days per month. Payment is allowable if such treatment is necessary for the client to return to this level of care, i.e., in a residential care facility, and if the purpose(s) is documented.
3. Notwithstanding the method set forth herein for determining amounts due Contractor in consideration of services provided, in no event shall County pay or be obligated to pay to Contractor more than the sum of ONE HUNDRED THIRTY-SIX THOUSAND NINE HUNDRED SEVENTY-ONE DOLLARS (\$136,971) for services. This amount reflects the maximum allowable for the contract term. It is understood that the monthly amounts may vary, and that client eligibility for this program may change throughout the course of the year.
4. Payment by County to Contractor shall be monthly. Contractor shall bill County on or before the tenth (10th) working day of each month for the preceding month.
5. Claims shall be on forms provided, in the format prescribed by County. All claims shall clearly reflect and, in reasonable detail, give information regarding the services for which claim is made.
6. In the event Contractor claims or receives payment from County for a service, reimbursement for which is later disallowed by County or the State of California or the United States Government, then Contractor shall promptly refund the disallowed amount to County upon request, or, at its option, County may offset the amount disallowed from any payment due or become due to Contractor under this Agreement or any other agreement.
7. With prior approval of the Mental Health Director or her designee, if Contractor provides transportation for clients in Contractor's automobile, County shall pay Contractor a lump sum payment of TWO HUNDRED TWENTY-FIVE DOLLARS (\$225) annually not to exceed SIX HUNDRED SEVENTY-FIVE DOLLARS (\$675) over the term of the agreement for insurance cost incurred. Such payment will be for the purpose of helping to defray Contractor's expense in obtaining personal automobile liability insurance at the limits required by County. Up-to-date proof of insurance must be received and approved by County before payment will be made.

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: Pleasant Care Corporation of Millbrae dba Emmanuel Residential of Millbrae
Contact Person: Mary Ann Lucero
Address: 1001 Hemlock Avenue Millbrae, CA 94030
Phone Number: 650-588-1000 Fax Number:

II Employees

Does the Contractor have any employees? [X] Yes ___ No
Does the Contractor provide benefits to spouses of employees? ___ Yes [X] No

If the answer to one or both of the above is no, please skip to Section IV.

III Equal Benefits Compliance (Check one)

- [] Yes, the Contractor complies by offering equal benefits, as defined by Chapter 2.93, to its employees with spouses and its employees with domestic partners.
[] Yes, the Contractor complies by offering a cash equivalent payment to eligible employees in lieu of equal benefits.
[X] No, the Contractor does not comply.
[] The Contractor is under a collective bargaining agreement which began on ___ (date) and expires on ___ (date).

IV Declaration

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this 25th day of January, 2004 at Millbrae, CA (City) (State)

[Signature]
Signature
Administrator
Title

MARY ANN LUCERO
Name (Please Print)

COUNTY OF SAN MATEO

HEALTH SERVICES ADMINISTRATION

MEMORANDUM

DATE: February 18, 2004

TO: Priscilla Morse, Risk Management/Insurance Division

FROM: Liz Kauk, Mental Health Services/PONY #MLH 322

CONTRACTOR: Emmanuel Residential

DO THEY TRAVEL: yes

PERCENT OF TRAVEL TIME:

NUMBER OF EMPLOYEES:

DUTIES (SPECIFIC): See attached

COVERAGE:

Comprehensive General Liability:	\$ 1,000,000
Motor Vehicle Liability:	\$ 1,000,000
Professional Liability:	\$ 1,000,000
Worker's Compensation:	\$ yes

APPROVE  WAIVE _____ MODIFY _____

REMARKS/COMMENTS:


SIGNATURE

Policy Number: ARG12251938-03

Date Entered: 11/4/2003

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/4/2003

PRODUCER LIPPA INSURANCE SERVICES, INC. 2001 LIPPA INSURANCE SERVICES 30100 TOWN CENTER DRIVE SUITE 0212 LAGUNA NIGUEL, CALIFORNIA 92677 (949)376-6311 LIPPA COMMERCIAL		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED EMMANUEL MANOR MILLERAE, PLEASANT CARE CORPORATION, INC. 1001 HERLOCK AVENUE MILLERAE, CA 94030		INSURERS AFFORDING COVERAGE INSURER A: ARGIS INSURANCE COMPANY (USA), INC. INSURER B: INSURER C: INSURER D: INSURER E:	NAIC #

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSTR. NO.	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> PROF. LIABILITY GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	ARG1225193	9/26/2003	9/26/2004	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$ 1,000,000 MED EXP (ANY ONE PERSON) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 1,000,000 PRODUCTS - COMPROP AGG \$ 1,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (EA ACCIDENT) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC \$ AGG \$
	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER				WC STATUTORY LIMITS OTHER \$ EL EACH ACCIDENT \$ EL DISEASE - EA EMPLOYEE \$ EL DISEASE POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

ATTN: MARYANN

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
 DAVID A. LIPPA

D. Lipa
 ACORD CORPORATION 1988

Policy Number: AEG1225193B-03

Date Entered: 11/4/2003

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
 11/4/2003

PRODUCER LIPPA INSURANCE SERVICES, INC.
 E MAIL : LIPPA@ARTLINK.NET
 30700 TOWN CENTER DRIVE, SUITE 0212
 LAGUNA HIGUEL, CALIFORNIA 92677
 (949) 376-6311
 LIPPA COMMERCIAL

INSURED EMMANUEL MANOR MILLBRAS,
 PLEASANT CREEK CORPORATION, INC.
 1001 HENLOCK AVENUE
 MILLBRAE, CA 94030

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURER A: AEGIS INSURANCE COMPANY (USA), INC.
 INSURER B: COLUMBIA INSURANCE COMPANY
 INSURER C: AMERICAN HOME ASSURANCE
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

RISK ADJUSTMENT	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> PROF. LIABILITY GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	AEG1225193-03	9/26/2003	9/26/2004	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 1,000,000 PRODUCTS COMP/OP AGG \$ 1,000,000
B	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$	71APN274144	2/1/2004	2/1/2005	COMBINED SINGLE LIMIT (EA accident) \$ 51,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$ EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
C	<input type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below <input type="checkbox"/> OTHER	WC1241607	4/1/2003	4/1/2004	WC STATUTORY LIMITS \$ OTHER \$ E.L. EACH ACCIDENT \$ 1,500,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

ATTN: MARKANN

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
 DAVID A. LIPPA

[Signature]