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10 Attorneys for Petitioners and Plaintiffs ALLEN COLEMAN, SUELLYN ELLERBE, DAN  
11 GROSZKRUGER, TERRY HOWELL, ONDREA LABELLA, DOREEN SANDERSON,  
12 and ROBERT WARDWELL

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

14 **FOR THE COUNTY OF SAN DIEGO - NORTH COUNTY BRANCH**

15 ALLEN COLEMAN,  
16 SUELLYN ELLERBE,  
17 DAN GROSZKRUGER,  
18 TERRY HOWELL,  
19 ONDREA LABELLA,  
20 DOREEN SANDERSON, and  
21 ROBERT WARDWELL,

22 Petitioners and Plaintiffs,

23 v.

24 KATHLEEN STERLING,  
25 ROSEMARIE RENO,  
26 CHARLENE ANDERSON,  
27 GEORGE COULTER,  
28 LARRY ANDERSON,  
29 TRI-CITY HEALTHCARE DISTRICT, and  
30 Does 1 through 100, inclusive,

31 Respondents and Defendants.

Case No.

37-2009-00057348-CU-WT-NC

**COMPLAINT AND PETITION FOR  
WRIT OF MANDATE (C.C.P. §1094.5  
OR § 1085):** (1) WRONGFUL  
TERMINATION (BREACH OF  
EMPLOYMENT CONTRACT), (2)  
WRONGFUL TERMINATION IN  
VIOLATION OF PUBLIC POLICY, (3)  
BREACH OF IMPLIED COVENANT OF  
GOOD FAITH AND FAIR DEALING; (4)  
WRIT OF MANDATE; (5)  
DECLARATORY RELIEF, C.C.P. § 526;  
(6) DEFAMATION PER SE; (7) DENIAL  
OF LIBERTY INTEREST AND  
PROPERTY WITHOUT DUE PROCESS,  
42 U.S.C. § 1983 ; (8) LABOR CODE §  
1102; (9) LABOR CODE § 1102.5; AND  
(10) INTENTIONAL INFLICTION OF  
EMOTIONAL DISTRESS

**Request for Jury Trial**

32 **PARTIES**

33 1. Petitioner and Plaintiff ALLEN COLEMAN was at all times mentioned herein an  
34 individual and a resident of the County of San Diego, State of California. (Pursuant to Code of  
35 Civil Procedure section 1063, "Plaintiff" is used hereinafter to mean both "Petitioner" and  
36 "Plaintiff.")

37 2. Plaintiff SUELLYN ELLERBE was at all times mentioned herein an individual

1 and a resident of the County of San Diego, State of California.

2 3. Plaintiff DAN GROSZKRUGER was at all times mentioned herein an individual  
3 and a resident of the County of San Diego, State of California.

4 4. Plaintiff TERRY HOWELL was at all times mentioned herein an individual and  
5 a resident of the County of San Diego, State of California.

6 5. Plaintiff ONDREA LABELLA was at all times mentioned herein an individual and  
7 a resident of the County of San Diego, State of California.

8 6. Plaintiff DOREEN SANDERSON was at all times mentioned herein an individual  
9 and a resident of the County of San Diego, State of California.

10 7. Plaintiff ROBERT WARDWELL was at all times mentioned herein an individual  
11 and a resident of the County of San Diego, State of California.

12 8. Plaintiffs are informed and believe that Respondent and Defendant TRI-CITY  
13 HEALTHCARE DISTRICT ("District") is a local government agency formed and incorporated  
14 pursuant to California's Local Health Care District Law, California Health & Safety Code,  
15 section 32000 et. seq. (Pursuant to Code of Civil Procedure § 1063, "Defendant" is used  
16 hereinafter to mean both "Respondent" and "Defendant.")

17 9. As explained in this Complaint, Plaintiffs Coleman, Ellerbe, Groszkruger, Howell,  
18 Labella, Sanderson, Wardwell (collectively the "Healthcare Executives") were all senior  
19 executives employed by the District until the Defendants wrongfully terminated them on April  
20 23, 2009.

21 10. Defendant KATHLEEN STERLING is a member of the Board of Directors of the  
22 District and an individual residing in the State of California.

23 11. Defendant ROSEMARIE RENO is a member of the Board of Directors of the  
24 District and an individual residing in the State of California.

25 12. Defendant GEORGE COULTER is a member of the Board of Directors of the  
26 District and an individual residing in the State of California.

27 13. Defendant CHARLENE ANDERSON is a member of the Board of Directors of  
28 the District and an individual residing in the State of California.

1           14. Defendants Sterling, Reno, Coulter and Charlene Anderson are collectively  
2 referred to in this Complaint as the "Sterling Faction."

3           15. Defendant LARRY ANDERSON, an individual, is the Chief Executive Officer  
4 of the District and the Healthcare Executives are informed and believe that he resides in the State  
5 of California.

6           16. The Healthcare Executives are ignorant of the true names and capacities of the  
7 defendants sued herein as Does 1 through 100, inclusive, and therefore sue these defendants by  
8 fictitious names pursuant to Code of Civil Procedure section 474. The Healthcare Executives  
9 will amend this complaint to allege the true names and capacities of Does 1 through 100 when  
10 ascertained. The Healthcare Executives are informed and believe that these fictitiously named  
11 defendants are responsible, in some manner, for the events and happenings set forth in this  
12 Complaint and that they proximately caused injury and damages to the Healthcare Executives  
13 as alleged in this complaint.

14           17. The Healthcare Executives are informed and believe that, at all relevant times,  
15 Defendant Larry Anderson is or was the employee, agent or representative of the District and  
16 at all times acted within the course and scope of that relationship, and acted with the permission,  
17 approval, consent and/or ratification of the District and its Board of Directors.

18           18. Plaintiffs are informed and believe that at all relevant times the Sterling Faction  
19 acted as the agents or representatives of the District and at all times acted within the course and  
20 scope of that relationship and acted with the permission, approval, consent and/or ratification  
21 of the District.

22           19. Jurisdiction in this matter is proper as all parties are citizens of California, the  
23 District is a public agency formed and existing pursuant to the laws of the State of California,  
24 and the amount in controversy exceeds the jurisdictional minimum of this court.

25           20. On March 25, 2009, as Amended on May 6, 2009, the Healthcare Executives gave  
26 the District notice of all of the tort claims stated in this Complaint as required pursuant to the  
27 California Tort Claims Act, Government Code sections 900, et seq. On May 12, 2009, the  
28 District rejected all of the Healthcare Executives' tort claims.

21. The Healthcare Executives have exhausted all of administrative remedies applicable to challenge the District's termination of their employment because the District has established no administrative procedures, did not notify the Healthcare Executives of any applicable procedures and did not notify the Healthcare Executives of their rights to challenge their termination via writ of mandate.

22. Venue in this matter is proper within the San Diego County Superior Court as a substantial part of the acts and omissions giving rise to the Healthcare Executives' claims occurred within the County of San Diego, State of California. Additionally, venue in this matter is proper within the San Diego Superior Court because the employment contracts and relationships at issue in this complaint were entered into and performed in the County of San Diego, State of California. The injuries and damages sustained by the Healthcare Executives occurred in the County of San Diego, State of California. The conduct of the Defendants occurred and directly impacted the Healthcare Executives within the County of San Diego, State of California.

## FACTUAL ALLEGATIONS

Plaintiffs are informed and believe and therefore allege as follows:

23. Defendant Sterling has a long history as an oft-censured member of the District Board of Directors whose actions have harmed the District, the public and District Employees. The Sterling Faction, a newly-constituted majority of the Board of Directors of the District, formulated and executed a campaign of retaliation against the Healthcare Executives in retribution for the Hospital Executives' past efforts to protect the public and the District from Sterling's ongoing abuses and malfeasance of Defendant Board Member Kathleen Sterling. Over the years, the Healthcare Executives were required to act in conformance with Board orders and instructions from then CEO Art Gonzalez to protect the District, District employees and the general public from the abuses of Defendant Sterling as outlined below.

24. The District is a public agency, a hospital district with the primary purpose of providing hospital services and health care in areas where hospital facilities are inadequate. The Board of Directors is comprised of seven people elected at large from within the District's

1 territory.

2 25. Defendant Sterling was first elected to the District Board in 1998 for a four  
3 year-term. News reports document Sterling's ongoing abusive, disruptive and harmful conduct  
4 as a Board Member. In a July 2001 Editorial, The San Diego Union Tribune referred to  
5 Defendant Sterling as "A Cancer on the Board of Tri-City Hospital District."

6 26. During her first Board term, Defendant Sterling was twice censured by the  
7 unanimous vote of the other six Board members. On October 31, 2000, by unanimous  
8 resolution, The District Board censured Director Sterling's conduct with a finding in which the  
9 Board, "expresses the strongest possible disapproval and disavowal thereof."

10 27. Defendant Sterling was censured by the October 31, 2000 resolution as a result of,  
11 among other things, findings regarding the following conduct:

12 A. Intimidating, harassing and aggressively confronting District  
13 employees at the workplace.

14 B. In the presence of District employees, making unsupported  
15 allegations against Directors and employees, accusing various  
16 Directors and employees of collusion, conspiracy and other illegal  
17 or unethical acts without offering any foundation for those  
18 allegations.

19 C. Taking up excessive amounts of work time of District employees  
20 with conversations unrelated to the particular employee's job duties.  
21 Employees have stated that they are intimidated by Director  
22 Sterling's behavior in light of her position on the Board and  
23 therefore do not feel comfortable ending these conversations.

24 D. Employees feel Director Sterling's requests often included veiled  
25 threats against their jobs.

26 28. The October 31, 2000 resolution expressly prohibited Defendant Sterling from  
27 contacting any District Employee other than the District CEO "while in the workplace, during  
28 work hours, or while otherwise acting in the course and scope of their employment." The

1 resolution directed all District employees "immediately to report to the President/CEO or his/her  
2 designee any contact or attempted contact by Director Sterling." Further, the resolution charged  
3 the District CEO, "to continue to monitor the conduct of Director Sterling related to employees  
4 of the District, and to report as necessary to this Board."

5 29. The District Board charged then-District CEO Arthur Gonzalez with monitoring  
6 and policing Defendant Sterling to protect District Employees, the same CEO the Sterling  
7 Faction improperly placed on administrative leave in December 2008 along with his team, the  
8 Healthcare Executive plaintiffs in this case. The Healthcare Executives are informed and believe  
9 the Sterling Faction and Defendant District placed former CEO Gonzalez on leave and then, in  
10 concert with Defendant Larry Anderson, fired all of the Healthcare Executives in retribution for  
11 their past roles protecting the District, its employees and the public from Defendant Sterling's  
12 abuses.

13 30. On March 29, 2001, the District Board did again censure Defendant Sterling. This  
14 time, the censure was made as a result of, among other things, the following conduct engaged  
15 in by Defendant Sterling:

- 16 A. Attending standing committee meetings of the District Board of  
17 which Defendant Sterling was not a member and publicly speaking,  
18 which the District Board found "potentially jeopardized the  
19 District's compliance with the Brown Act."  
20 B. Threatening another District Board Member.  
21 C. Contacting a potential District contractor on her own and  
22 conducting an unauthorized interview, "... in a manner which the  
23 candidate considered to be inappropriate in length and in level of  
24 aggressiveness" and which did not comply with the requirements of  
25 the Brown Act.

26 31. The District Board ordered that Defendant Sterling, "... is not authorized to  
27 represent, take action, or speak for or on behalf of either the Board of the District under any  
28 circumstances or with any person, agency, or entity, including but not limited to employees and

1 independent contractors of the District, and candidates and applicants for employment or  
2 appointment to positions by the District." The District Board again designated former District  
3 CEO Gonzalez to enforce its resolution. The Healthcare Executives are informed and believe  
4 that the Sterling Faction considered the Healthcare Executives to be aligned with former District  
5 CEO Gonzalez and that the Sterling Faction and the other Defendants undertook their wrongful  
6 job actions against the Healthcare Executives alleged in this Complaint to retaliate against  
7 former CEO Gonzalez for his efforts to protect the District, its employees and the public from  
8 Defendant Sterling's abuses.

9 32. In 2002, the District Board voted to hire private security guards to attend District  
10 Board and Board Committee meetings. Media reports state that the Board hired the security  
11 detail out of fear of Defendant Sterling. The added cost to the District, according to media  
12 reports, was over \$3600 a year.

13 33. In 2002, the Medical Executive Committee at Tri-City Medical Center took the  
14 unprecedented step of recommending that Defendant Sterling not be re-elected to the Board.  
15 Tri-City's chief of medical staff was quoted in the San Diego Union Tribune as saying, "The  
16 MEC has never taken a position about candidates in the past, but the situation requires  
17 unprecedented action. We have concluded that Kathleen Sterling is an ineffective member of  
18 the board of directors and has not used her position for the betterment of the hospital or  
19 community."

20 34. Defendant Sterling did not serve on the Board from 2002-2004 but was re-elected  
21 for a second term in 2004.

22 35. In April 2007, the news media reported that Defendant Sterling had accused  
23 District administrators of mis-handling Medi-Cal and Medicare funds. News reports cited State  
24 Department of Health and Human Services sources as absolutely rejecting Defendant Sterling's  
25 allegations. The Healthcare Executives are informed and believe that Plaintiff Robert Wardwell,  
26 District Chief Financial Officer, angered Defendant Sterling when he was quoted in an April  
27 2007 San Diego Union Tribune article as saying, "Sterling doesn't understand credit balances"  
28 and are informed and believe that the Defendants retaliated against Plaintiff Wardwell by placing

1 him on administrative leave and wrongfully terminating his employment as alleged in this  
2 Complaint. Sterling was also angered at Plaintiff Labella because Labella attempted to enforce  
3 collection of an unpaid hospital bill incurred by Defendant Sterling in the course of receiving  
4 treatment at the hospital.

5 36. The Service Employees International Union, the California Nurses Association and  
6 the International Brotherhood of Electrical Workers contributed \$50,000 to the campaigns of the  
7 Sterling Faction. All four were elected November 4, 2008.

8 37. The Healthcare Executives are informed and believe that the Sterling Faction was  
9 of the belief that the Healthcare Executives and former CEO Gonzalez were politically opposed  
10 to expansion of union power and influence in the management of the District.

11 38. The Healthcare Executives are informed and believe that as soon as elected, the  
12 Sterling Faction set out to exact revenge against the Healthcare Executives and then-CEO  
13 Gonzalez who had worked for so many years to protect the District and the public from  
14 Defendant Sterling's abuses and that the Sterling Faction set out to exact retribution for the  
15 Healthcare Executives' perceived anti-union political beliefs. Even before the elections were  
16 certified, the union-backed Sterling Faction began meeting as a group to plot the ouster of the  
17 Healthcare Executives and former CEO Gonzalez. Without the knowledge of the other Board  
18 members, the Sterling Faction met to plan to oust Healthcare Executives and then CEO  
19 Gonzalez, all in violation of California's Open Meeting Laws. Prior to December 18, 2008, a  
20 decision had been made to appoint Michael Williams as interim District CEO, and to oust CEO  
21 Gonzalez and the Healthcare Executives.

22 39. The Sterling Faction scheduled a special meeting of the Board for December 18,  
23 2008. The Sterling Faction chose this date was because they were aware that District CEO  
24 Gonzalez was not in San Diego at the time and that at least one of the Board members was also  
25 out of state. The Sterling Faction took all of these actions in secret, without the knowledge of  
26 the other Board members in an absolute violation of California's open meeting laws,  
27 Government Code sections 54950 et seq.

28 40. The Sterling Faction set the December 18, 2008 special meeting with the specific

1 intent to begin the process of removing the Healthcare Executives in violation of the Healthcare  
2 Executives' employment contracts, important public policy and with the specific and  
3 well-planned intent to defame the business reputations of the Healthcare Executives and to cause  
4 them extreme emotional distress. The Healthcare Executives are informed and believe  
5 Defendants did this to retaliate against the Healthcare Executives who had acted in the past to  
6 protect the public from the harmful acts of Defendant Sterling, who participated in the  
7 investigation of Sterling which lead to the aforementioned censures, and/or who were affiliated  
8 with other District executives who acted to resist the harmful acts of Defendant Sterling, and  
9 who were perceived to hold anti-union political beliefs and/or to have taken anti-union actions.

10 41. The Healthcare Executives are informed and believe the December 18, 2008  
11 special meeting was conducted in violation of the Brown Act, Government Code sections 54950  
12 et. seq. because, among other things, the meeting's notice nowhere revealed that the Sterling  
13 Faction planned to discuss or take any employment-related action regarding any District  
14 employee even though the Sterling Faction had carefully plotted for months to place CEO  
15 Gonzalez and the Healthcare Executives on administrative leave and to fire them.

16 42. The Healthcare Executives have filed a separate Petition for Writ of Mandate  
17 against the District and the Sterling Faction in this Court related to the December 18, 2008  
18 special meeting, entitled: Sanderson v. Tri-City Healthcare District Board of Directors, San  
19 Diego Superior Court Case No. 37 2009 00051962 CU WM NC alleging violations of the Brown  
20 Act, Government Code sections 54950 et. seq.

21 43. During their closed-session meeting on December 18, 2008, the Sterling Faction  
22 installed their own, pre-selected lawyers, retained Mr. Williams as a new Chief Executive  
23 Officer, and ordered him to place District CEO Art Gonzalez on administrative leave. The  
24 Sterling Faction also ordered Mr. Williams at this time to place all of the Healthcare Executives  
25 on administrative leave pending termination.

26 44. Mr. Williams immediately obeyed his orders and placed the Healthcare Executives  
27 on administrative leave pending an investigation of their employment status. Specifically, Mr.  
28 Williams provided a notice of administrative leave dated December 18, 2008 to all of the

1 Healthcare Executives other than Mr. Groszkruger. He provided Mr. Groszkruger the same  
2 notice on December 19, 2008, and a second time on December 24, 2008.

3 45. No job-related complaints or issues existed as to any of the Healthcare Executives  
4 prior to the Sterling Faction's December 2008 special meeting and, as explained below, none  
5 were articulated for another three months during which time the Defendants attempted to concoct  
6 justifications to fire each of the Healthcare Executives.

7 46. At the very time that the Sterling Faction placed the District's entire executive team  
8 on leave, the media reported results of an independent audit conducted by the Office of  
9 Statewide Hospital Planning and Development showing that "Tri-City had completed one of its  
10 most successful financial years in recent history." The reality is that the Healthcare Executives  
11 were doing an excellent job running the District and the Sterling Faction fired them in retaliation  
12 for the years of work undertaken to protect the District, District employees and the public from  
13 Defendant Sterling's abuses and in retribution for their perceived anti-union political beliefs and  
14 actions.

15 47. The Healthcare Executives are informed and believe that shortly after the  
16 December 2008 special meeting, the District did replace Mr. Williams with a new interim CEO,  
17 Defendant Larry Anderson.

18 48. The Notices of Administrative Leave all stated that the reason the Healthcare  
19 Executives were placed on leave was to investigate "inadequate job performance." Each of the  
20 letters also stated that the investigation would be undertaken and resolved as quickly as possible.

21 49. On February 10, 2009, the Healthcare Executives were advised that an  
22 "independent and impartial investigation into the circumstances surrounding the decision of the  
23 Tri-City Hospital Board of Directors to place certain employees on paid leave" was being  
24 commenced. In fact, the investigation was neither "independent" nor "impartial" and was a  
25 complete sham.

26 50. On March 10, 2009, and prior to the conclusion of the sham investigation, the  
27 Healthcare Executives were advised that the Tri-City Board had determined that none of them  
28 would be returning to Tri-City Hospital.

1           51. On April 7, 2009, the Healthcare Executives were given notice of "potential  
2 termination." The reasons set forth in each of the notices were specious. Each notice identified  
3 a few accusations of alleged misconduct, although no evidence of that wrongdoing was  
4 identified. The Notice of Potential Termination stated, "From January 23, 2009 to April 1, 2009,  
5 a detailed investigation was conducted by third party firms. As part of that investigation, over  
6 fifty witnesses were identified, including you, and hundreds of documents were reviewed."  
7 However, not one witness or witness statement was ever revealed to the Healthcare Executives  
8 to which any Healthcare Executive could respond.

9           52. The Defendants also refused to provide the Healthcare Executives copies of an  
10 alleged employment investigation report upon which the Defendants relied when firing them.  
11 Defendants also notified the Healthcare Executives that the Defendants had reviewed volumes  
12 of documents but the Defendants could not determine whether such documents had been  
13 provided to the Healthcare Executives or whether the Defendants had relied upon such  
14 documents, whether produced or not.

15           53. On April 23, 2009, notices of termination were hand-delivered to each of the  
16 Healthcare Executives. The Defendants purported to fire each Healthcare Executive for cause,  
17 although the Termination Letters did not identify any truthful evidence of wrongdoing or any  
18 evidence sufficient to warrant termination. By so doing, the Defendants breached each  
19 Healthcare Executives' employment agreement, breached the covenant of good faith and fair  
20 dealing implicit in each employment agreement, intentionally inflicted extreme emotional  
21 distress upon each Healthcare Executive, violated their Due Process rights and violated the  
22 California Labor Code.

23           54. The termination letter did not identify any right to appeal the termination or  
24 indicate that the Healthcare Executives could appeal the terminations via writ of mandate  
25 pursuant to Code of Civil Procedure § 1094.5. No other procedure existed to appeal the  
26 terminations administratively.

27           55. Between December 18, 2008, and the present, Defendants engaged in a campaign  
28 to defame Healthcare Executives. In comments to the media, the Sterling Faction directly

1 impugned the reputations and professional conduct of the Healthcare Executives. Shortly after  
2 December 18, 2008, Defendant Coulter stated, "Some things don't seem ethical and not even  
3 legal." Defendant Reno justified the action that was taken as being necessary "to secure the  
4 District's assets and records . . ." Reno also stated that she hired Michael Williams "to conduct  
5 a forensic investigation into District finances and operations." Reno later stated that, "The action  
6 the Board has taken . . . is about protecting District and the assets of the hospital . . ."

7 56. After the Healthcare Executives had been terminated, Reno stated, "I do know that  
8 the letters of termination went out, for cause."

9 57. Defendants continue to impugn the reputations of Healthcare Executives.  
10 Healthcare Executives are informed that the "confidential investigation" which has still not been  
11 shared with Healthcare Executives, has been shared with other employees of Tri-City Healthcare  
12 District, and that said investigation contains the false statements impugning the character and  
13 professional reputations of Plaintiffs.

14 I.

15 **FIRST CAUSE OF ACTION FOR WRONGFUL TERMINATION**  
16 **(BREACH OF EMPLOYMENT CONTRACT)**

17 **By All Healthcare Executives**  
**Against The District Defendant**

18 58. Healthcare Executives incorporate by reference the allegations contained in  
19 paragraphs 1 through 57 of this Complaint as though set forth as part of this First Cause of  
20 Action.

21 59. Plaintiff Healthcare Executive Allen Coleman served as District Vice President  
22 of Business Development pursuant to an August 2, 1999, written employment agreement. A true  
23 and correct copy of the Coleman employment agreement is attached hereto at Exhibit "A".

24 60. Plaintiff Healthcare Executive Robert Wardwell served as District Vice President  
25 and Chief Financial Officer pursuant to a May 7, 1999 written employment agreement. A true  
26 and correct copy of the Wardwell employment agreement is attached hereto at Exhibit "B".

27 61. Plaintiff Healthcare Executive Doreen Sanderson served as District Vice President,  
28 Human Resources pursuant to a February 24, 2006, written employment agreement. A true and

1 correct copy of the Sanderson employment agreement is attached hereto at Exhibit "C".

2 62. Plaintiff Healthcare Executive Suellyn Ellerbe served as District Vice President,  
3 Chief Operating Officer/Chief Nurse Executive pursuant to a May 19, 2005, written employment  
4 agreement. A true and correct copy of the Ellerbe employment agreement is attached hereto at  
5 Exhibit "D".

6 63. Plaintiff Healthcare Executive Terry Howell served as District Vice President,  
7 Performance Improvement pursuant to a July 1, 2006, written employment agreement. A true  
8 and correct copy of the Howell employment agreement is attached hereto at Exhibit "E".

9 64. Plaintiff Healthcare Executive Ondrea Labella served as District Director of  
10 Patient Accounting pursuant to a written employment agreement letter dated May 1, 2000. A  
11 true and correct copy of the Labella employment agreement letter is attached hereto at Exhibit  
12 "F". The letter agreement, combined with District policies and procedures, as well as all  
13 assurances provided to Ms. Labella throughout her employment, created an implied in fact  
14 contract not to terminate without good cause.

15 65. Plaintiff Healthcare Executive Daniel Groszkruger served as District Director of  
16 Legal Services subject to a written employment agreement dated September 1, 2004. A true and  
17 correct copy of the Groszkruger employment agreement letter is attached hereto at Exhibit "G".  
18 The letter agreement, combined with District policies and procedures, as well as all assurances  
19 provided to Mr. Groszkruger throughout his employment, created an implied in fact contract not  
20 to terminate without good cause.

21 66. On April 23, 2009, Defendant Larry Anderson issued letters of termination to each  
22 of the Healthcare Executives on behalf of the District. The termination letters uniformly state  
23 that each of the Healthcare Executives was immediately terminated for cause and that each was  
24 entitled solely to unpaid, earned salary.

25 67. Not one of the allegations identified in the April 23, 2009 letters is true or, if true,  
26 amounts to cause sufficiently egregious to warrant termination.

27 68. The District has breached the employment contracts of each of the Healthcare  
28 Executives as the Healthcare Executives were terminated without cause and as a pretext in

1 retaliation for the past efforts of Healthcare Executives to protect the District, by either  
2 participating in the investigation concerning Defendant Sterling and/or being affiliated with  
3 individuals who did participate in said investigations, in making known to the District Board the  
4 abuses of Defendant Sterling which could have caused harm and injury to the District, and/or  
5 in retaliation for the perceived anti-union political beliefs and actions of the Healthcare  
6 Executives. The terminations, therefore, were made in violation of strong public policies.

7 69. The District has breached the employment contracts of each of the Healthcare  
8 Executives because, as a matter of fact and law, the Healthcare Executives were terminated  
9 without cause and the District has refused to honor its contractual obligations to pay severance  
10 benefits.

11 70. As a direct, foreseeable, and proximate result of Defendants' conduct resulting in  
12 the District's breach of contract, each of the Healthcare Executives has lost income, employment,  
13 and career opportunities and has suffered other economic loss, the precise amount of which will  
14 be proved at trial.

## 15 II.

### 16 SECOND CAUSE OF ACTION 17 WRONGFUL TERMINATION IN VIOLATION OF PUBLIC POLICY 18 By all Healthcare Executive Plaintiffs Against The District Defendant

19 71. Plaintiff Healthcare Executives incorporate by reference the allegations contained  
20 in paragraphs 1 through 70 of this Complaint as though set forth as part of this Second Cause  
21 of Action.

22 72. Plaintiff Healthcare Executive Allen Coleman served as District Vice President  
23 of Business Development pursuant to an August 2, 1999, written employment agreement. A true  
24 and correct copy of the Coleman employment agreement is attached hereto at Exhibit "A".

25 73. Plaintiff Healthcare Executive Robert Wardwell served as District Vice President  
26 and Chief Financial Officer pursuant to a May 7, 1999 written employment agreement. A true  
27 and correct copy of the Wardwell employment agreement is attached hereto at Exhibit "B".

28 74. Plaintiff Healthcare Executive Doreen Sanderson served as District Vice President,  
Human Resources pursuant to a February 24, 2006, written employment agreement. A true and

1 correct copy of the Sanderson employment agreement is attached hereto at Exhibit "C".

2 75. Plaintiff Healthcare Executive Suellyn Ellerbe served as District Vice President,  
3 Chief Operating Officer/Chief Nurse Executive pursuant to a May 19, 2005, written employment  
4 agreement. A true and correct copy of the Ellerbe employment agreement is attached hereto at  
5 Exhibit "D".

6 76. Plaintiff Healthcare Executive Terry Howell served as District Vice President,  
7 Performance Improvement pursuant to a July 1, 2006, written employment agreement. A true  
8 and correct copy of the Howell employment agreement is attached hereto at Exhibit "E".

9 77. Plaintiff Healthcare Executive Ondrea Labella served as District Director of  
10 Patient Accounting pursuant to a written employment agreement letter dated May 1, 2000. A  
11 true and correct copy of the Labella employment agreement letter is attached hereto at Exhibit  
12 "F". The letter agreement, combined with District policies and procedures, as well as all  
13 assurances provided to Ms. Labella throughout her employment, created an implied in fact  
14 contract not to terminate without good cause.

15 78. Plaintiff Healthcare Executive Daniel Groszkruger served as District Director of  
16 Legal Services subject to a written letter agreement dated September 1, 2004. A true and correct  
17 copy of the Groszkruger employment agreement letter is attached hereto at Exhibit "G". The  
18 letter agreement, combined with District policies and procedures, as well as all assurances  
19 provided to Mr. Groszkruger throughout his employment, created an implied in fact contract not  
20 to terminate without good cause.

21 79. On April 23, 2009, Defendant Larry Anderson issued letters of termination to each  
22 of the Healthcare Executives on behalf of the District. The termination letters uniformly state  
23 that each of the Healthcare Executives was immediately terminated for cause and that each was  
24 entitled solely to unpaid, earned salary.

25 80. Not one of the allegations identified in the April 23, 2009 letters is true or, if true,  
26 amounts to cause sufficiently egregious to warrant termination.

27 81. The District has breached the employment contracts of each of the Healthcare  
28 Executives as the Healthcare Executives were terminated without cause and as a pretext in

1 retaliation for the past efforts of Healthcare Executives to protect the District, by either  
2 participating in the investigation concerning Defendant Sterling and/or being affiliated with  
3 individuals who did participate in said investigations, in making known to the District Board the  
4 abuses of Defendant Sterling which could have caused harm and injury to the District, and/or  
5 in retaliation for the perceived anti-union political beliefs and actions of the Healthcare  
6 Executives and therefore the terminations were made in violation of strong public policies.  
7 Those public policies include federal and state due process protections as explained by the  
8 California Supreme Court in *Skelly v. State Personnel Bd.* (1975) 15 Cal.3d 194, California  
9 Labor Code section 1102 which prohibits employment actions related to an employee's political  
10 beliefs and Labor Code section 1102.5 which prevents termination where an employee takes  
11 action to cause his or her public employer from violating a state law as fully documented in this  
12 complaint and petition.

13 82. The District has breached the employment contracts of each of the Healthcare  
14 Executives because, as a matter of fact and law, the Healthcare Executives were terminated  
15 without cause and the District has refused to honor its contractual obligations to pay severance  
16 benefits.

17 83. As a direct, foreseeable, and proximate result of Defendants' conduct resulting in  
18 the District's breach of contract, each of the Healthcare Executives has lost income, employment,  
19 and career opportunities and has suffered other economic loss, the precise amount of which will  
20 be proved at trial.

### 21 III.

#### 22 THIRD CAUSE OF ACTION 23 BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING 24 By all Healthcare Executive Plaintiffs Against The District Defendant

25 84. Plaintiff Healthcare Executives incorporate by reference the allegations contained  
26 in paragraphs 1 through 83 of this Complaint as though set forth as part of this Third Cause of  
27 Action.

28 85. Healthcare Executive Plaintiffs Allen Coleman, Suellyn Ellerbe, Terry Howell,  
Doreen Sanderson and Bob Wardwell were employed by the District pursuant to identical form

1 written agreements. [See Exhibits A to E.] These written employment agreements, together  
2 with the District's written administrative and employment policies and procedures, constitute the  
3 employment agreements between Mr. Coleman, Ms. Ellerbe, Mr. Howell, Ms. Sanderson and  
4 Mr. Wardwell and the District.

5 86. Healthcare Executive Plaintiffs Ondrea Labella and Dan Groszkruger were  
6 employed by the District pursuant to letter agreements. [See Exhibits F & G.] The letter  
7 agreements, together with the District's written administrative and employment policies and  
8 procedures, constitute the employment agreements between Ms. Labella and Mr. Groszkruger  
9 and the District.

10 87. Every contract, including the employment agreements alleged above between each  
11 of these Healthcare Executives and the District, contains an implied covenant of good faith and  
12 fair dealing.

13 88. The Defendants, via letters dated April 23, 2009 from Defendant Larry Anderson,  
14 made false allegations of wrongdoing to fabricate reasons to terminate the Healthcare Executives  
15 for cause when no cause existed.

16 89. The Healthcare Executives are informed and believe that the true reasons  
17 Defendants fired them was, among other reasons, to retaliate for the past efforts of the  
18 Healthcare Executives to protect the District and the public from the negative effects of abusive,  
19 disruptive and harmful conduct engaged in by Defendant Sterling and to avoid paying severance  
20 benefits to Healthcare Executives in accordance with their agreements and/or in retaliation for  
21 the perceived anti-union political beliefs and actions of the Healthcare Executives. The  
22 Defendants breached the covenant of good faith and fair dealing implicit in each employment  
23 agreement with the Healthcare Executives by terminating their employment based on pre-textual  
24 grounds.

25 90. The Healthcare Executives are informed and believe that Defendant Larry  
26 Anderson acted in concert with the Sterling Faction and the District Board and in the course and  
27 scope of his employment by the District. For this reason, the District is responsible for the  
28 breach of the implied covenant of good faith and fair dealing implicit in each employment

1 contract with each Healthcare Executive.

2 91. As a proximate result of the District's breach of the covenant of good faith and fair  
3 dealing implicit the Healthcare Executive's employment agreements, each Healthcare Executive  
4 has suffered significant economic loss in the form of lost wages and future earnings, all to the  
5 Healthcare Executives' economic detriment, the precise amount of which will be proven at trial.

6 IV.

7 **FOURTH CAUSE OF ACTION FOR WRIT OF MANDATE**  
8 **PURSUANT TO C.C.P. § 1094.5 OR § 1085**

9 **By all Healthcare Executive Plaintiffs**  
10 **As Against the District Respondent**

11 92. Plaintiff Healthcare Executives incorporate by reference the allegations contained  
12 in paragraphs 1 through 91 of this Complaint as though set forth as part of this Fourth Cause of  
13 Action.

14 93. Each of the Healthcare Executives worked for District, a public entity under State  
15 law, pursuant to written employment agreements and written employment procedures and  
16 policies adopted by the Defendant District. [See Exhibits A - G.] The employees were promised  
17 continued employment with the Defendant District on an ongoing basis and thus had a protected  
18 property interest in their continued employment.

19 94. As explained by the California Supreme Court in *Skelly v. State Personnel Bd.*  
20 (1975) 15 Cal.3d 194, the District and all Defendants were required to provide due process  
21 before depriving the Healthcare Executives of their property interest of theirs rights to continued  
22 employment. At a minimum, required due process included an explanation of the reasons for  
23 the employment action, a copy of the charges and materials upon which the action would be  
24 based and a meaningful opportunity to respond to the charges.

25 95. The District violated each of the Healthcare Executives' due process rights by  
26 placing each Healthcare Executive on administrative leave in December 2008 without any notice  
27 or explanation and because no explanation, evidence or hearing was ever provided for these  
28 actions and because the District continued the adverse employment actions against each  
Healthcare Executive for three more months to and through April 23, 2009 when the District  
terminated the Healthcare Executives without due process.

96. On April 23, 2009, the District fired each Healthcare Executive without providing the materials, facts and evidence upon which their contracts were terminated, without having provided timely notice of the allegations of employment wrongdoing and without an opportunity to meaningfully respond to the charges against them – all violations of the Healthcare Executives’ due process rights.

97. At no time prior to the April 23, 2009 terminations, did the District identify the evidence upon which the administrative leaves or the terminations were based. For example, even though the District asserted it conducted interviews of over 50 individuals to investigate each Healthcare Executive, the District refused to and did never identify these witnesses or the alleged statements attributed to these witnesses or upon which alleged witness interviews the Defendants relied when placing the Healthcare Executives on leave and when terminating them.

98. The District provided no additional administrative procedure to challenge the termination of any Healthcare Executive, thus, the Healthcare Executives are left with the remedy of a writ of mandate to challenge the District's terminations which were all made without required due process and as a pretext in retaliation for the past efforts of Healthcare Executives to protect the District, by either participating in the investigation concerning Defendant Sterling and/or being affiliated with individuals who did participate in said investigations, in making known to the District Board the abuses of Defendant Sterling which could have caused harm and injury to the District, and/or in retaliation for the perceived anti-union political beliefs and actions of the Healthcare Executives.

V.

**FIFTH CAUSE OF ACTION  
DECLARATORY RELIEF PURSUANT TO C.C.P. § 526  
By all Healthcare Executive Plaintiffs  
As Against the District Respondent**

99. Plaintiff Healthcare Executives incorporate by reference the allegations contained in paragraphs 1 through 98 of this Complaint as though set forth as part of this Fifth Cause of Action.

100. An actual controversy exists between the Healthcare Executives and the District as to whether the District's terminations were proper.

101. The Healthcare Executives contend their terminations were made without proper due process and as a pretext in retaliation for the past efforts of Healthcare Executives to protect the District, by either participating in the investigation concerning Defendant Sterling and/or being affiliated with individuals who did participate in said investigations, in making known to the District Board the abuses of Defendant Sterling which could have caused harm and injury to the District, and/or in retaliation for the perceived anti-union political beliefs and actions of the Healthcare Executives. The Healthcare Executives are informed and believe that the District disputes these contentions.

102. The Healthcare Executives request a judicial determination that the District improperly terminated the Healthcare Executives without proper due process and as a pretext in retaliation for the past efforts of Healthcare Executives to protect the District, by either participating in the investigation concerning Defendant Sterling and/or being affiliated with individuals who did participate in said investigations, in making known to the District Board the abuses of Defendant Sterling which could have caused harm and injury to the District, and/or in retaliation for the perceived anti-union political beliefs and actions of the Healthcare Executives and that as a result, the District's terminations are null and void.

103. This determination is necessary and proper as a component of the elements of the Healthcare Executives' other causes of action set forth in this Complaint and Petition.

## VI.

**SIXTH CAUSE OF ACTION FOR DEFAMATION PER SE**  
**By all Healthcare Executive Plaintiffs**  
**As Against All Defendants**

104. Plaintiff Healthcare Executives incorporate by reference the allegations contained in paragraphs 1 through 103 of this Complaint as though set forth as part of this Sixth Cause of Action.

105. Between December 18, 2008, and the present, Defendants engaged in a campaign to defame Healthcare Executives. In comments to the media, the Sterling Faction directly impugned the reputations and professional conduct of Healthcare Executives. Shortly after December 18, 2008, Defendant Coulter stated, “Some things don’t seem ethical and not even

1 legal.” Defendant Reno justified the action that was taken as being necessary “to secure the  
2 District’s assets and records . . .” Reno also stated that she hired Michael Williams “to conduct  
3 a forensic investigation into District finances and operations.” Reno later stated that, “The action  
4 the Board has taken . . . is about protecting District and the assets of the hospital . . .”

5 106. After the Healthcare Executives had been terminated, Reno stated, “I do know that  
6 the letters of termination went out, for cause.”

7 107. During the pendency of the sham investigation, Defendant Anderson told  
8 employees of the hospital that none of the Healthcare Executives would be returning.

9 108. Defendants continue to impugn the reputations of Healthcare Executives. The  
10 Healthcare Executives are informed that the “confidential investigation” and/or the alleged  
11 findings which have still not been shared with the Healthcare Executives, have been shared with  
12 other employees of Tri-City Healthcare District by Defendant Larry Anderson, and that said  
13 investigation or statements concerning the investigation contain the false statements impugning  
14 the character and professional reputations of the Healthcare Executives.

15 109. All of the statements outlined above were published by Defendant s or their agents.

16 110. None of the above-referenced defamatory publications by Defendants are true.

17 111. The above defamatory statements were and are reasonably understood as assertions  
18 of fact and not as opinions. Each of these false defamatory publications were negligently,  
19 recklessly, intentionally, fraudulently, and/or oppressively published in a manner equaling  
20 malice and abuse of any alleged privilege that may exist. Each of the statements, as well as  
21 Defendants’ non-verbal conduct of District agents, directly impugned the professional  
22 reputations of Healthcare Executives and therefore constitute defamation per se.

23 112. The above defamatory statements and the above non-verbal conduct were  
24 reasonably understood to be about the Healthcare Executives and were reasonably understood  
25 to mean that each of the Healthcare Executives had committed either a crime or was otherwise  
26 damaging to their professional reputations.

27 113. Each of these publications by Defendants was made with knowledge that no facts  
28 were substantiated and they were obviously false statements. Defendants published these

1 statements willingly and knowing them to be false and unsubstantiated.

2 114. Defendant's publications identified above were made with malice, hatred and ill  
3 will towards the Healthcare Executives, with the intent to injure them, their good name, their  
4 reputation, employment, and employability in the future.

5 115. Defendants, and each of them, published these statements not with an intent to  
6 protect any interest protected by any privilege but with negligence, recklessness, and/or an intent  
7 to injure Healthcare Executives and destroy their reputation. Alternatively, Defendants'  
8 despicable conduct was carried out in conscious disregard of the rights of the Healthcare  
9 Executives. The Sterling Faction's conduct was carried out by Defendant Larry Anderson, the  
10 Sterling Faction and other officers, directors and employees and the District had advance  
11 knowledge of the unfitness of these decision-makers and continued to authorize such conduct  
12 in conscious disregard of the Healthcare Executives' rights and/or authorized and/or ratified such  
13 conduct. No privilege, therefore, existed to protect any of the Defendants from liability for any  
14 of their defamatory publications or re-publications. Because Defendants made their publications  
15 with hatred, ill will and with the intent to injure, the Healthcare Executives are entitled to an  
16 award of punitive damages.

17 116. As a proximate result of the publications and re-publications of these defamatory  
18 statements by Defendant, Healthcare Executives have suffered injury to their personal, business,  
19 and professional reputation including suffering embarrassment, humiliation, and significant  
20 economic loss in the form of lost wages and future earnings, all to the Healthcare Executives'  
21 economic and non-economic detriment, and in an amount that exceeds \$1,000,000 individually,  
22 the precise amount of which will be proven at trial.

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VII.

**SEVENTH CAUSE OF ACTION PURSUANT TO 42 U.S.C. SECTION 1983  
VIOLATION OF FOURTEENTH AMENDMENT TO U.S. CONSTITUTION  
DEPRIVATIONS OF LIBERTY AND PROPERTY INTERESTS  
WITHOUT DUE PROCESS**

**By each Healthcare Executive Plaintiff  
Against all Defendants**

117. The Healthcare Executives incorporate by reference the allegations contained in paragraphs 1 through 116 of this Complaint as though set forth as part of this Seventh Cause of Action.

118. The Federal Civil Rights Act under which the Healthcare Executives bring this suit was enacted by Congress to enforce the Fourteenth Amendment to the United States Constitution. The Fourteenth Amendment provides that: "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

119. Section 1983, the federal civil rights statute under which the Healthcare Executives sue, provides that a person may seek relief in this court by way of damages against any person or persons who, under color of any state law or custom, subjects that person to the deprivation of any rights, privileges, or immunities secured or protected by the Constitution or laws of the United States.

120. The Healthcare Executives claim that each member of the Sterling Faction and Defendant Larry Anderson violated Section 1983 of Title 42 of the United States Code. Specifically, The Healthcare Executives claim the Defendants, all operating under color of State law and authority, violated the Fourteenth Amendment by promulgating, ratifying and or enacting the following customs or policies: (1) that, while employed by the District, each Healthcare Executive was placed on a three-month administrative leave without due process; (2) that the Defendants terminated the employment of the Healthcare Executives without required due process; and (3) that without proper due process, the Defendants deprived each Healthcare Executive of his or her liberty interest in the ability to engage in the common occupations of life, and to his or her good name and reputation for honesty and integrity.

1           121. Each of the Healthcare Executive Plaintiffs worked for Defendant District, a public  
2 entity under State law, pursuant to written employment agreements and written employment  
3 procedures and policies adopted by the Defendant District. [See Exhibits A - G.] The  
4 employees were promised continued employment with the Defendant District on an ongoing  
5 basis.

6           122. Defendants were required to provide due process before depriving the Healthcare  
7 Executives of their property interest of their rights to continued employment. As a minimum,  
8 required due process included an explanation of the reasons for the employment action, a copy  
9 of the charges and materials upon which the action would be based and a meaningful opportunity  
10 to respond to the charges.

11           123. Defendants, except for Defendant Larry Anderson, violated each of the Healthcare  
12 Executives' due process rights by placing each Healthcare Executive on administrative leave in  
13 December 2008 without any notice or explanation and because no explanation, evidence or  
14 hearing was ever provided for these actions and because all of the Defendants continued the  
15 adverse employment actions against each Healthcare Executive for three more months to and  
16 through April 23, 2009.

17           124. On April 23, 2009, all of the Defendants again violated each of the Healthcare  
18 Executives' due process rights by terminating the Healthcare Executives without due process.  
19 Defendants fired each Healthcare Executive without providing the materials, facts and evidence  
20 upon which their contracts were terminated, without having provided timely notice of the  
21 allegations of employment wrongdoing and without an opportunity to meaningful respond to the  
22 charges against them.

23           125. At no time prior to the April 23, 2009 terminations did any Defendant identify the  
24 evidence upon which the administrative leaves or the terminations were based. For example,  
25 even though Defendants asserted they conducted interviews of over 50 individuals to investigate  
26 each Healthcare Executive, the Defendants refused to and did never identify these witnesses or  
27 the alleged statements attributed to these witnesses or upon which alleged witness interviews the  
28 Defendants relied when placing the Healthcare Executives on leave and when terminating them.

1       126. Each member of the Sterling Faction did act in his or her individual capacity to  
2 plan for and arrange the improper administrative leave actions taken against the Healthcare  
3 Executives in December 2008. Each member of the Sterling Faction joined by Defendant Larry  
4 Anderson did act in his or her individual capacity to maintain the improper administrative leave  
5 actions through April 23, 2009 and then wrongfully terminate the Healthcare Executives on  
6 April 23, 2009 in violation of Healthcare Executives' due process rights.

7       127. Each member of the Sterling Faction and Defendant Larry Anderson acted under  
8 the color of State law when they terminated the employment of each Healthcare Executive in a  
9 manner that did seriously damage their standing and association in the community and/or  
10 imposed a stigma or disability that has foreclosed the Healthcare Executives' freedom to take  
11 advantage of other employment opportunities in the form or charges of dishonesty and other  
12 inappropriate behavior.

13       128. All of the Defendants' allegations are false and were all manufactured by the  
14 Sterling Faction and Defendant Larry Anderson to intentionally harm and damage the business  
15 reputations of each Healthcare Executive via allegations of dishonesty and/or immorality.

16       129. The Sterling Faction and Defendant Larry Anderson never presented Healthcare  
17 Executives with alleged evidence purportedly supporting their false allegations. The Sterling  
18 Faction and Defendant Larry Anderson never provided the Healthcare Executives a  
19 legally-sufficient opportunity for a hearing to dispute the false allegations in a manner sufficient  
20 to protect liberty interests possessed by each Healthcare Executive.

21       130. As a proximate result of the false allegations of the Sterling Faction, Defendant  
22 Larry Anderson and the District as a part of the termination of each Healthcare Executive, each  
23 Healthcare Executive has suffered injury to his or her personal, business, and professional  
24 reputation including suffering embarrassment, humiliation, and significant economic loss in the  
25 form of lost wages and future earnings, and the ability to locate a new position all to the  
26 Healthcare Executives' economic detriment, and general damages in an amount to be proven at  
27 trial.

28 ///

131. As a proximate result of the failure of the Sterling Faction, Defendant Larry Anderson and the District to provide the necessary due process before depriving each Healthcare Executive of his or her employment contract, each Healthcare Executive Plaintiff has suffered injury to his or her personal, business, and professional reputation including suffering embarrassment, humiliation, and significant economic loss in the form of lost wages and future earnings, all to the Healthcare Executives' economic detriment, and general damages in an amount in excess of \$1,000,000, according to proof at trial.

VIII.

**EIGHTH CAUSE OF ACTION  
VIOLATION OF LABOR CODE SECTION 1102  
By each Healthcare Executive Plaintiff  
Against the District Defendant**

132. The Healthcare Executives incorporate by reference the allegations contained in paragraphs 1 through 131 of this Complaint as though set forth as part of this Eighth Cause of Action.

133. California Labor Code section 1102 forbids an employer from coercing, influencing or attempting to coerce or influence its employees through or by means of threat of discharge or loss of employment to adopt or follow or refrain from adopting or following any particular course or line of political action or political activity.

134. Labor Code section 1105 authorizes an employee to file an action for damages for violation of Labor Code section 1102.

135. The Sterling Faction was elected to the District Board with the backing of unions to further the political interests of those unions. The Healthcare Executives are informed and believe and on that basis allege that the Sterling Faction believed the Healthcare Executives held anti-union beliefs and engaged in anti-union behavior.

136. The Healthcare Executives are informed and believe and on that basis allege that the District, through the action of the Sterling Faction Board majority, first acted to direct that the Healthcare Executives be placed on leave and then terminated in retribution for adopting political beliefs and/or engaging in anti-union political actions and/or to cause the Healthcare Executives to refrain from further following or adopting anti-union political actions in violation

1 of Labor Code section 1102.

2 137. As a direct, foreseeable, and proximate result of the Defendants' conduct, The  
3 Healthcare Executives have lost income, employment, and career opportunities and have  
4 suffered other economic loss, the precise amount of which will be proved at trial.

5 138. Additionally, as a direct, foreseeable, and proximate result of the Defendants'  
6 outrageous conduct when breaching Labor Code section 1102, each of the Healthcare Executives  
7 has suffered great anxiety, embarrassment, anger, loss of enjoyment of life and severe emotional  
8 distress, the precise amount of which will be proven at trial.

9 139. Defendants breached Labor Code section 1102 maliciously, fraudulently, and  
10 oppressively, and with the wrongful intention of injuring the Healthcare Executives, and acted  
11 with an improper and evil motive amounting to malice. Alternatively, Defendants' despicable  
12 conduct was carried out in conscious disregard of the rights of the Healthcare Executives. The  
13 Defendant's conduct was carried out by Defendant Larry Anderson, the Sterling Faction, the  
14 District Board Members and other officers, directors and employees and the District had advance  
15 knowledge of the unfitness of these decision makers and continued to authorize such conduct  
16 in conscious disregard of the Healthcare Executives' rights and/or authorized and/or ratified such  
17 conduct. As a result of Defendants' conduct, each of the Healthcare Executives is entitled to  
18 recover punitive damages against the Sterling Faction and Anderson.

19 **IX.**

20 **NINTH CAUSE OF ACTION**  
21 **VIOLATION OF LABOR CODE SECTION 1102.5**  
22 **By each Healthcare Executive Plaintiff Against all Defendants**

23 140. The Healthcare Executives incorporate by reference the allegations contained in  
24 paragraphs 1 through 139 of this Complaint as though set forth as part of this Ninth Cause of  
25 Action.

26 141. Labor Code section 1102.5(b) provides, in relevant part, that "No employer shall  
27 retaliate against an employee for disclosing information to a government or law enforcement  
28 agency, where the employee has reasonable cause to believe the information discloses a violation  
of a state or federal statute." Labor Code section 1102.5(e) states that "A report made by an

1 employee of a government agency to his or her employer is a disclosure of information to a  
2 government or law enforcement agency . . . .”

3 142. Labor Code section 1105 authorizes an employee to file an action for damages for  
4 violation of Labor Code section 1102.5.

5 143. Each Healthcare Executive participated in making known to the District Board the  
6 abuses of Defendant Sterling which were or could have caused harm and injury to the District,  
7 District Employees and to the public, such harm which reasonable could be taken as a violation  
8 of State laws such as the Brown Act, Government Code section 54950 et. seq.

9 144. By discharging the Healthcare Executive for taking such action to prevent violation  
10 of State law, The District has violated Labor Code section 1102.5.

11 145. As a direct, foreseeable, and proximate result of Defendants' conduct, The  
12 Healthcare Executives have lost income, employment, and career opportunities and has suffered  
13 other economic loss, the precise amount of which will be proved at trial.

14 146. Additionally, as a direct, foreseeable, and proximate result of Defendants'  
15 outrageous conduct when breaching Labor Code section 1102.5, each of the Healthcare  
16 Executives has suffered great anxiety, embarrassment, anger, loss of enjoyment of life and severe  
17 emotional distress, the precise amount of which will be proven at trial.

18 147. Defendants breached Labor Code section 1102.5 maliciously, fraudulently, and  
19 oppressively, and with the wrongful intention of injuring the Healthcare Executives, and acted  
20 with an improper and evil motive amounting to malice. Alternatively, Defendants' despicable  
21 conduct was carried out in conscious disregard of the rights of the Healthcare Executives. The  
22 Defendant's conduct was carried out by Defendant Larry Anderson, the Sterling Faction, the  
23 District Board Members and other officers, directors and employees and the District had advance  
24 knowledge of the unfitness of these decision makers and continued to authorize such conduct  
25 in conscious disregard of the Healthcare Executives' rights and/or authorized and/or ratified such  
26 conduct. As a result of Defendants' conduct, each of the Healthcare Executives is entitled to  
27 recover punitive damages against the Sterling Faction and Anderson.  
28

1 X.

2 TENTH CAUSE OF ACTION  
3 INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS  
4 By each Healthcare Executive Plaintiff  
5 Against all Defendants

6 148. The Healthcare Executives incorporate by reference the allegations contained in  
7 paragraphs 1 through 147 of this Complaint as though set forth as part of this Tenth Cause of  
8 Action.

9 149. Defendants conduct alleged in this Complaint taken to place the Healthcare  
10 Executives on administrative leave from December 2008 to April 23, 2009 without explanation  
11 or justification and Defendants' termination of each Healthcare Executive for cause upon false  
12 and unsubstantiated allegations was undertaken with the intent to injure and harm each  
13 Healthcare Executive as retribution for the work undertaken by each Healthcare Executive over  
14 the years to protect the District, District Employees and the public from the abuses and harm of  
15 Defendant Sterling and/or in retaliation for the perceived anti-union political beliefs and actions  
16 of the Healthcare Executives.

17 150. The Defendants did fire each Healthcare Executive as retribution and, for a period  
18 of over four months, made false, extreme and outrageous allegations of wrongdoing without  
19 substantiation and in a manner to prevent each Healthcare Executive from responding at a time  
20 of great economic uncertainty in California and the United States. Defendants designed and  
21 undertook these actions with the specific intent to harm and cause each Healthcare Executive to  
22 suffer extreme emotional distress. Alternatively, the Healthcare Executives allege that if not  
23 intentional, the Defendants acted in reckless disregard of the likelihood of harm and emotional  
24 distress they would inflict.

25 151. Defendants' conduct was extreme, outrageous and not privileged and went beyond  
26 all possible bounds of decency and was atrocious and utterly intolerable in a civilized society.

27 152. The Sterling Faction and Larry Anderson intentionally caused emotional distress  
28 in abuse of their positions as employer and superior to each Healthcare Executive, a position that  
gave each of these Defendants actual and/or apparent authority over the Healthcare Executives  
and the power to affect the interest of each Healthcare Executive. The Sterling Faction and

1 Larry Anderson acted at all times as the agents of the District and therefore the District is liable  
2 for their actions.

3 153. Each Healthcare Executive did and has suffered extreme, severe, substantial and  
4 enduring emotion distress in the form of mental distress, mental suffering, mental anguish,  
5 highly unpleasant mental reactions, fright, nervousness, grief, anxiety, worry, mortification,  
6 shock, humiliation and or indignity as a direct cause of Defendant's extreme and outrageous  
7 conduct. Each Healthcare Executive has suffered injury in an amount in excess of \$1,000,000,  
8 according to proof at trial.

9 154. As a result of the intentional, reckless and malicious conduct of each Defendant,  
10 each Healthcare Executive is entitled to recover punitive damages in an amount commensurate  
11 with each Defendant's wealth.

## 12 **XI.**

### 13 **REQUEST FOR JURY TRIAL**

14 155. Plaintiffs request a Jury Trial.

## 15 **XII.**

### 16 **PRAYER FOR RELIEF**

17 WHEREFORE, Plaintiffs request relief as follows as to each and all of the Defendants:

18 A. On the Fourth and Fifth Causes of Action

19 1. A judgment determining or declaring that the District failed to provide the  
20 Healthcare Executives due process when terminating them, thus rendering such actions both null  
21 and void; and

22 2. A judgment determining or declaring that the District terminated the  
23 Healthcare Executives without proper due process and as a pretext in retaliation for the past  
24 efforts of Healthcare Executives to protect the District, by either participating in the investigation  
25 concerning Defendant Sterling and/or being affiliated with individuals who did participate in  
26 said investigations, in making known to the District Board the abuses of Defendant Sterling  
27 which could have caused harm and injury to the District, and/or in retaliation for the perceived  
28 anti-union political beliefs and actions of the Healthcare Executives;

1 B. On all other causes of action

- 2 1. For back pay, front pay, and other special damages according to proof;
- 3 2. For general damages to compensate each plaintiff for emotional distress,
- 4 pain and suffering, and loss of enjoyment of life in an amount in excess of \$1,000,000 per
- 5 Plaintiff according to proof;
- 6 3. For prejudgment interest on all damages awarded under Civil Code section
- 7 3287(a);
- 8 4. For punitive damages as to Defendants Sterling Faction and Anderson;
- 9 5. For reasonable attorney fees under 42 U.S.C. section 1988, Labor Code
- 10 section 218.5, Code of Civil Procedure section 1021.5, and any other applicable statute or legal
- 11 principle; and
- 12 6. For such other and further relief as the Court may deem just and proper.
- 13

14 DATED: July 14, 2009

STUTZ ARTIANO SHINOFF & HOLTZ  
*A Professional Corporation*

15  
16  
17 By: \_\_\_\_\_

Ray J. Artiano  
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DOREEN SANDERSON, and ROBERT  
WARDWELL

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EXHIBIT "A"

## MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement ("Agreement") is made and entered into this the 2nd day of August, 1999, by and between TRI-CITY HOSPITAL DISTRICT, a public entity ("TCHD") and ("Employee") Allen Coleman.

### RECITALS

In consideration of the mutual covenants and agreement herein contained, it is hereby agreed as follows:

1. Employment: Employee shall serve as Vice President, Business Development of TCHD during the term of this Agreement. Employee will perform such duties as are assigned to him by the President and Chief Executive Officer of TCHD ("CEO"). During the term of this Agreement, Employee will not render services of a business, commercial or professional nature to any competitor of TCHD. Employee agrees to abide by all TCHD policies and procedures. Where there is a conflict between those procedures and the specific terms of this Agreement, this Agreement shall prevail.
2. Term: TCHD agrees to employ and Employee accepts employment with TCHD under the terms of this Agreement until Employee's employment is terminated in accordance with this Agreement.
3. Salary and Benefits: Employee will receive a base annual salary of one hundred sixty five thousand dollars (\$165,000). Employee may also receive increases, if any, as determined by TCHD. Employee shall be entitled to participate in all employee benefit programs and plans established by TCHD from time to time for the benefit of its management personnel for which Employee is eligible as determined by TCHD. TCHD may, in its discretion, also provide Employee with any other additional benefits that it chooses to provide to Employee.
4. Termination of Employment:
  - a. TCHD may terminate this Agreement and Employee's employment at any time with or without cause. Employee may terminate this Agreement and Employee's employment at any time upon written notice by TCHD.
  - b. In the event Employee is terminated for cause or resigns, Employee shall not be entitled to any severance compensation or any other compensation from TCHD except for such salary and benefits as Employee may have earned prior to his termination.

- c. Should TCHD terminate Employee's employment without cause, TCHD will provide Employee with twelve (12) months severance pay at his final rate of pay (exclusive of incentive or bonus pay, benefits and other non-cash remuneration) provided that Employee executes a Settlement Agreement and General Release satisfactory to TCHD. In the event that Employee elects not to sign the Settlement Agreement and General Release, Employee will only be entitled to thirty (30) days (one month) severance pay. TCHD will have the option to pay the severance benefit due hereunder in either a lump sum or installments.
- d. Should Employee sign the Settlement Agreement and General Release, TCHD will also pay for the full cost of the first six (6) months of health care continuation coverage under COBRA for Employee and Employee's eligible dependents. Thereafter, Employee has the option of continuing COBRA insurance coverage for the maximum period permitted by statute, and Employee will be solely responsible for paying the full cost of such premiums. Employee's benefits under this paragraph will be solely as set by and provided for under the federal COBRA statute.
5. Withholding of Taxes: TCHD will withhold from any monies payable pursuant to this Agreement all federal, state, city or other taxes as may be required by any law, or governmental regulation or ruling.
6. Relocation: Employee will receive a fifty thousand dollars [\$50,000] (less any deductions required by law or governmental regulation or ruling) relocation allowance for items such as costs associated with the sale of his home and purchase of a new home and other reasonable costs associated with moving his family and furnishings, auto licenses and registration.
7. Temporary Housing: Employee will receive a six thousand dollars (\$6,000) allowance (i.e. \$1,000/month x six (6) months ) (less any deductions required by law or governmental regulation or ruling) for items such as temporary housing, long distance phone and utility expenses.
8. Travel Expenses: Employee will receive a combined total of no more than four (4) coach airfare tickets (Shreveport-San Diego) for him and his family to use before his permanent move.
9. Waiver of Breach: The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach.

10. Assignment: The rights and obligations of the respective parties hereto under this Agreement shall inure to the benefit and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by either party without prior written consent of the other party. Any attempted assignment is void.
11. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to said subject matter in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing and signed by both Employee and the CEO.
12. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.
13. Partial Invalidity: If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof shall remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered the day and year first above written.

TRI-CITY HOSPITAL DISTRICT

Date: \_\_\_\_\_

By: Arthur A. Gonzalez  
Arthur A. Gonzalez, President and  
Chief Executive Officer

Date: June 4, 1999

Allen Coleman  
EMPLOYEE

EXHIBIT "B"

Deference into  
For VP's  
COPY

## MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement ("Agreement") is made and entered into this the 7 day of MAY, 1999, by and between **TRI-CITY HOSPITAL DISTRICT**, a public entity ("TCHD") and **ROBERT D. WARDWELL** ("Employee").

### **RECITALS**

In consideration of the mutual covenants and agreement herein contained, it is hereby agreed as follows:

1. Employment: Employee shall serve as Vice President and Chief Financial Officer of TCHD during the term of this Agreement. Employee will perform such duties as are assigned to him by the President and Chief Executive Officer of TCHD ("CEO"). During the term of this Agreement, Employee will not render services of a business, commercial or professional nature to any competitor of TCHD. Employee agrees to abide by all TCHD policies and procedures. Where there is a conflict between those procedures and the specific terms of this Agreement, this Agreement shall prevail.
2. Term: TCHD agrees to employ and Employee accepts employment with TCHD under the terms of this Agreement until Employee's employment is terminated in accordance with this Agreement.
3. Salary and Benefits: Employee will receive a base annual salary of ONE HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS (\$185,000.00). Employee may also receive increases, if any, as determined by TCHD. Employee shall be entitled to participate in all employee benefit programs and plans established by TCHD from time to time for the benefit of its management personnel for which Employee is eligible as determined by TCHD. Employee will also be eligible for any executive incentives which TCHD may approve for management employees, in the Board of Directors' discretion. TCHD may, in its discretion, also provide Employee with any other additional benefits that it chooses to provide to Employee.
4. Termination of Employment:
  - a. TCHD may terminate this Agreement and Employee's employment at any time with or without cause. Employee may terminate this Agreement and Employee's employment at any time upon written notice to TCHD.
  - b. In the event Employee is terminated for cause or resigns, Employee shall not be entitled to any severance compensation or any other compensation from TCHD except for such salary and benefits as Employee may have earned prior to his termination.

- c. Should TCHD terminate Employee's employment without cause, TCHD will provide Employee with twelve (12) months severance pay at his final rate of pay (exclusive of incentive or bonus pay, benefits and other non-cash remuneration) provided that Employee executes a Settlement Agreement and General Release satisfactory to TCHD. In the event that Employee elects not to sign the Settlement Agreement and General Release, Employee will only be entitled to thirty (30) days (one month) severance pay. TCHD will have the option to pay the severance benefit due hereunder in either a lump sum or installments.
  - d. Should Employee sign the Settlement Agreement and General Release, TCHD will also pay for the full cost of the first six (6) months of health care continuation coverage under COBRA for Employee and Employee's eligible dependents. Thereafter, Employee has the option of continuing COBRA insurance coverage for the maximum period permitted by statute, and Employee will be solely responsible for paying the full cost of such premiums. Employee's benefits under this paragraph will be solely as set by and provided for under the federal COBRA statute.
- 5. Withholding of Taxes: TCHD will withhold from any monies payable pursuant to this Agreement all federal, state, city or other taxes as may be required by any law, or governmental regulation or ruling.
- 6. Relocation: Employee will receive, in a lump sum payment as soon as possible after execution of this Agreement, a FIFTY THOUSAND AND NO/100 DOLLARS (\$50,000.00) (less any deductions required by law or governmental regulation or ruling) relocation allowance for items such as costs associated with the sale of his home and purchase of a new home and other reasonable costs associated with moving his family and furnishings, auto licenses and registration.
- 7. Temporary Housing: Employee will receive, in a lump sum payment as soon as possible after execution of this Agreement, a SIX THOUSAND AND NO/100 DOLLARS (\$6,000.00) allowance (i.e. \$1,000/month x 6 months ) (less any deductions required by law or governmental regulation or ruling) for items such as temporary housing, long distance phone and utility expenses.
- 8. Travel Expenses: Employee will receive a combined total of no more than eight (8) coach airfare tickets (Shreveport-San Diego) and related actual and necessary expenses for him and his family to use before his permanent move.
- 9. Proprietary Information:
  - a. Defined. "Proprietary Information" is all information and any idea in whatever form, tangible or intangible, pertaining in any manner to the business of TCHD, or any affiliated entity, or its employees, clients,

consultants, or business associates, which was produced by any employee of TCHD in the course of his or her employment or otherwise produced or acquired by or on behalf of TCHD. All Proprietary Information not generally known outside of TCHD's organization, all proprietary information not subject to disclosure under the Public Records Act, and all Proprietary Information so known only through improper means, shall be deemed "Confidential Information." Without limiting the foregoing definition, Proprietary and Confidential Information shall include, but not be limited to: (i) formulas, processes, trade secrets, computer programs, electronic codes, inventions, improvements, and research projects; (ii) information about costs, profits, markets, sales, and lists of customers or clients or patients; (iii) business, marketing, and strategic plans; (iv) employee personnel files and compensation information; and (v) the identity and medical records of patients. Employee should consult any TCHD procedures instituted to identify and protect certain types of Confidential Information, which are considered by TCHD to be safeguards in addition to the protection provided by this Agreement. Nothing contained in those procedures or in this Agreement is intended to limit the effect of the other. For purposes of this Agreement, "Affiliate" shall mean any person or entity that directly or indirectly controls, is controlled by, or is under common control with TCHD.

- b. General Restrictions on Use. During the term of this Agreement and while employed by TCHD, Employee shall use Proprietary Information, and shall disclose Confidential Information, only for the benefit of TCHD and as is necessary to carry out his responsibilities under this Agreement. Following termination, Employee shall neither directly or indirectly, use any Proprietary Information nor disclose any Confidential Information, except as expressly and specifically authorized in writing by TCHD. The publication of any Proprietary Information through literature or speeches must be approved in advance in writing by TCHD.
- c. Location and Reproduction. Employee shall maintain at his work station and/or any other place under his control only such Confidential Information as he has a current "need to know." Employee shall return to the appropriate person or location or otherwise properly dispose of Confidential Information once that need to know no longer exists. Employee shall not make copies of or otherwise reproduce Confidential Information unless there is a legitimate business need for reproduction.
- d. Third-Party Information. Employee acknowledges that TCHD has received and in the future will receive from third parties their confidential information subject to a duty on TCHD's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Employee agrees that he owes TCHD and such third parties, during the Period of Employment and thereafter, a duty to hold all such confidential information in the strictest

confidence and not to disclose or use it, except as necessary to perform his obligations hereunder and as is consistent with TCHD's agreement with such third parties.

10. Other Activity During Employment: Except upon the prior written consent of TCHD, Employee (during the term of this Agreement and while employed by TCHD) shall not engage, directly or indirectly, in any other business, commercial, or professional activity (whether or not pursued for pecuniary advantage) that is or may be competitive with TCHD, that might create a conflict of interest with TCHD, or that otherwise might interfere with the business of TCHD, or any affiliated entity.
11. Competitive Activity:
  - a. Acknowledgment. Employee acknowledges and agrees that the pursuit of the activities forbidden by Section 10 would necessarily involve the use or disclosure of Confidential Information in breach of Section 9(b), but that proof of such a breach would be extremely difficult.
  - b. Prohibited Activity After Employment. To forestall the above-described disclosure, use, and breach, Employee agrees that for a period of one (1) year after termination of the Period of Employment, he shall not, directly or indirectly, (i) divert or attempt to divert from TCHD any business of any kind in which it is engaged; (ii) employ, recommend for employment, or solicit for employment any person employed by TCHD; (iii) solicit any customer or patient of TCHD known to Employee during his employment with TCHD to have been a customer or patient; or (iv) engage in any business activity that is or may be competitive with TCHD (or any Affiliate) in any state where TCHD conducts its business, unless Employee can prove that any action taken in contravention of this subsection was done without the use in any way of Confidential Information.
12. Waiver of Breach: The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach.
13. Assignment: The rights and obligations of the respective parties hereto under this Agreement shall inure to the benefit and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by either party without prior written consent of the other party. Any attempted assignment is void.
14. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to

said subject matter in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing and signed by both Employee and the CEO.

15. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.
16. Partial Invalidity: If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof shall remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered the day and year first above written.

**TRI-CITY HOSPITAL DISTRICT**

Date: \_\_\_\_\_

5/7/99

By: \_\_\_\_\_

Arthur A. Gonzalez, President and  
Chief Executive Officer

Date: \_\_\_\_\_

5/7/99

Robert D. Wardwell

ROBERT D. WARDWELL  
EMPLOYEE

EXHIBIT "C"

## EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into this the 24<sup>th</sup> day of February, 2006, by and between TRI-CITY HEALTHCARE DISTRICT, a public entity ("TCHD") and Doreen Sanderson ("Employee")

### RECITALS

In consideration of the mutual covenants and agreement herein contained, it is hereby agreed as follows:

1. Employment: Employee shall serve as Vice President, Human Resources of TCHD during the term of this Agreement. Employee will perform such duties as are assigned to him by the President and Chief Executive Officer of TCHD ("CEO"). During the term of this Agreement, Employee will not render services of a business, commercial or professional nature to any competitor of TCHD. Employee agrees to abide by all TCHD policies and procedures. Where there is a conflict between those procedures and the specific terms of this Agreement, this Agreement shall prevail.
2. Term: TCHD agrees to employ and Employee accepts employment with TCHD under the terms of this Agreement until Employee's employment is terminated in accordance with this Agreement. Employee's date of appointment shall be March 6, 2006.
3. Salary and Benefits: Employee will receive a base annual salary of one hundred sixty two thousand eight hundred and twenty seven dollars (\$162,827) in accordance with the TCHD's market compensation plan. Employee may also receive increases, if any, as determined by TCHD. Employee shall be entitled to participate in all employee benefit programs and plans established by TCHD from time to time for the benefit of its executive personnel for which Employee is eligible as determined by TCHD. Benefits will be consistent with TCHD human resource policies, which are developed and amended periodically. TCHD may, in its discretion, also provide Employee with any other additional benefits that it chooses to provide to Employee.
4. Termination of Employment:
  - a. TCHD may terminate this Agreement and Employee's employment at any time with or without cause. Employee may terminate this Agreement and Employee's employment at any time upon written notice to TCHD.
  - b. In the event Employee is terminated for cause or resigns, Employee shall not be entitled to any severance compensation or any other compensation from TCHD except for such salary and benefits as governed by TCHD benefit policies (e.g., accrued executive benefits,

paid time off, vested retirement, etc.) as Employee may have earned prior to her termination.

- c. Should TCHD terminate Employee's employment without cause, TCHD will provide Employee with twelve (12) months severance pay at her final rate of pay (exclusive of incentive pay) plus the value of accrued but unused benefits provided that Employee executes a Settlement Agreement and General Release satisfactory to TCHD. In the event that Employee elects not to sign the Settlement Agreement and General Release, Employee will only be entitled to thirty (30) days (one month) severance pay. TCHD will have the option to pay the severance benefit due hereunder in either a lump sum or installments.
  - d. Should Employee sign the Settlement Agreement and General Release, TCHD will also pay for the full cost of the first six (6) months of health care continuation coverage under COBRA for Employee and Employee's eligible dependents. Thereafter, Employee has the option of continuing COBRA insurance coverage for the maximum period permitted by statute, and Employee will be solely responsible for paying the full cost of such premiums. Employee's benefits under this paragraph will be solely as set by and provided for under the federal COBRA statute.
5. Withholding of Taxes: TCHD will withhold from any monies payable pursuant to this Agreement all federal, state, city or other taxes as may be required by any law, or governmental regulation or ruling.
  6. Waiver of Breach: The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach.
  7. Assignment: The rights and obligations of the respective parties hereto under this Agreement shall inure to the benefit and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by either party without prior written consent of the other party. Any unapproved attempted assignment is void.
  8. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to said subject matter in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing and signed by both Employee and the CEO.
  9. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.


10. Partial Invalidity: If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof shall remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered the day and year first above written.

Date: 2/27/06

Date: 2-24-06

TRI-CITY HEALTHCARE DISTRICT

By:   
Arthur A. Gonzalez, President and  
Chief Executive Officer

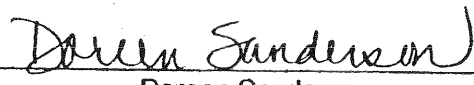
  
Doreen Sanderson  
Employee

EXHIBIT "D"

## EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into this the 19<sup>th</sup> day of May, 2005, by and between **TRI-CITY HEALTHCARE DISTRICT**, a public entity ("TCHD") and Suellyn Ellerbee ("Employee")

### **RECITALS**

In consideration of the mutual covenants and agreement herein contained, it is hereby agreed as follows:

1. **Employment:** Employee shall serve as **Vice President, Chief Operating Officer/Chief Nurse Executive** of TCHD during the term of this Agreement. Employee will perform such duties as are assigned to him by the President and Chief Executive Officer of TCHD ("CEO"). During the term of this Agreement, Employee will not render services of a business, commercial or professional nature to any competitor of TCHD. Employee agrees to abide by all TCHD policies and procedures. Where there is a conflict between those procedures and the specific terms of this Agreement, this Agreement shall prevail.
2. **Term:** TCHD agrees to employ and Employee accepts employment with TCHD under the terms of this Agreement until Employee's employment is terminated in accordance with this Agreement. Employee's date of appointment shall be July 1, 2005.
3. **Salary and Benefits:** Employee will receive a base annual salary of two hundred eighty nine thousand four hundred and seventy six dollars (\$289,476) in accordance with the TCHD's market compensation plan. Employee may also receive increases, if any, as determined by TCHD. Employee shall be entitled to participate in all employee benefit programs and plans established by TCHD from time to time for the benefit of its executive personnel for which Employee is eligible as determined by TCHD. Benefits will be consistent with TCHD human resource policies, which are developed and amended periodically. TCHD may, in its discretion, also provide Employee with any other additional benefits that it chooses to provide to Employee.
4. **Termination of Employment:**
  - a. TCHD may terminate this Agreement and Employee's employment at any time with or without cause. Employee may terminate this Agreement and Employee's employment at any time upon written notice to TCHD.
  - b. In the event Employee is terminated for cause or resigns, Employee shall not be entitled to any severance compensation or any other compensation from TCHD except for such salary and benefits as governed by TCHD benefit policies (e.g., accrued executive benefits, paid

time (vested retirement, etc.) as Employee may have earned prior to her termination.

- c. Should TCHD terminate Employee's employment without cause, TCHD will provide Employee with twelve (12) months severance pay at her final rate of base pay plus the value of accrued but unused benefits provided that Employee executes a Settlement Agreement and General Release satisfactory to TCHD. In the event that Employee elects not to sign the Settlement Agreement and General Release, Employee will only be entitled to thirty (30) days (one month) severance pay at her final rate of base pay. At its sole discretion, TCHD will have the option to pay the severance benefit due hereunder in either a lump sum or installments.
  - d. Should Employee sign the Settlement Agreement and General Release referenced above, TCHD will also pay for the full cost of the first six (6) months of health care continuation coverage under COBRA for Employee and Employee's eligible dependents. Thereafter, Employee has the option of continuing COBRA insurance coverage for the maximum period permitted by statute, and Employee will be solely responsible for paying the full cost of such premiums. Employee's benefits under this paragraph will be solely as set by and provided for under the federal COBRA statute, as it may be amended from time to time.
5. Withholding of Taxes: TCHD will withhold from any monies payable pursuant to this Agreement all federal, state, city or other taxes as may be required by any law, or governmental regulation or ruling.
6. Relocation: Employee will receive a sixty thousand dollars [\$60,000] (less any deductions required by law or governmental regulation or ruling) relocation allowance for items such as costs associated with the sale of her home and purchase of a new home and other reasonable costs associated with moving her family and furnishings, auto licenses and registration. This amount will be paid on a date selected by Employee between July 1, 2005 and December 31, 2005.
7. Temporary Housing: Employee will receive a six thousand dollars (\$6,000) allowance payable in equal monthly installments (i.e. \$1,000/month x six (6) months) (less any deductions required by law or governmental regulation or ruling) for items such as temporary housing, long distance phone and utility expenses.
8. Travel Expenses: Employee will receive a combined total of no more than two (2) coach airfare tickets or mileage, which ever is less (to San Diego) for her to use for house hunting before your permanent move.
9. Waiver of Breach: The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach.

10. Assignmer The rights and obligations of the respective parties hereto under this Agreement shall inure to the benefit and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by either party without prior written consent of the other party. Any unapproved attempted assignment is void.
11. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to said subject matter in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing and signed by both Employee and the CEO.
12. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.
13. Partial Invalidity: If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof shall remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered the day and year first above written.

**TRI-CITY HEALTHCARE DISTRICT**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Arthur A. Gonzalez, President and  
Chief Executive Officer

Date: \_\_\_\_\_

\_\_\_\_\_  
Suellyn Ellerbee  
Employee

EXHIBIT “E”

## EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into this the 1<sup>st</sup> day of July, 2006, by and between TRI-CITY HEALTHCARE DISTRICT, a public entity ("TCHD") and W. Terry Howell, Ed. D. ("Employee")

### RECITALS

In consideration of the mutual covenants and agreement herein contained, it is hereby agreed as follows:

1. Employment: Employee shall serve as Vice President, Performance Improvement of TCHD during the term of this Agreement. Employee will perform such duties as are assigned to him by the President and Chief Executive Officer of TCHD ("CEO"). During the term of this Agreement, Employee will not render services of a business, commercial or professional nature to any competitor of TCHD. Employee agrees to abide by all TCHD policies and procedures. Where there is a conflict between those procedures and the specific terms of this Agreement, this Agreement shall prevail.
2. Term: TCHD agrees to employ and Employee accepts employment with TCHD under the terms of this Agreement until Employee's employment is terminated in accordance with this Agreement. Employee's date of appointment shall be July 1, 2006.
3. Salary and Benefits: Employee will receive a base annual salary of one hundred ninety five thousand dollars (\$195,000) in accordance with the TCHD's market compensation plan. From July 1 2006 through December 31, 2006 Employee will work 3 to 4 weeks per month (i.e., approximately three quarter time) and his salary and benefits will be pro rated on a daily basis. Beginning January 1, 2007 Employee may elect to join TCHD on a full time basis, or continue on a pro rata basis for an additional 6 month term. In order for Employee to be eligible for Health benefits, he must continue to be employed for no less than 0.6 of a full-time equivalent. Employee may also receive increases, if any, as determined by TCHD. Employee shall be entitled to participate in all employee benefit programs and plans established by TCHD from time to time for the benefit of its executive personnel for which Employee is eligible as determined by TCHD. Benefits will be consistent with TCHD human resource policies, which are developed and amended periodically. TCHD may, at its discretion, also provide Employee with any other additional benefits that it chooses to provide to Employee.
4. Termination of Employment:
  - a. TCHD may terminate this Agreement and Employee's employment at any time with or without cause. Employee may terminate this Agreement and Employee's employment at any time upon written notice to TCHD.

- b. In the event Employee is terminated for cause or resigns, Employee shall not be entitled to any severance compensation or any other compensation from TCHD except for such salary and benefits as governed by TCHD benefit policies (e.g., accrued executive benefits, paid time off, vested retirement, etc.) as Employee may have earned prior to her termination.
  - c. Should TCHD terminate Employee's employment without cause, TCHD will provide Employee with twelve (12) months severance pay at his final rate of pay (exclusive of incentive pay) plus the value of accrued but unused benefits provided that Employee executes a Settlement Agreement and General Release satisfactory to TCHD. In the event that Employee elects not to sign the Settlement Agreement and General Release, Employee will only be entitled to thirty (30) days (one month) severance pay. TCHD will have the option to pay the severance benefit due hereunder in either a lump sum or installments.
  - d. Should Employee sign the Settlement Agreement and General Release, TCHD will also pay for the full cost of the first six (6) months of health care continuation coverage under COBRA for Employee and Employee's eligible dependents. Thereafter, Employee has the option of continuing COBRA insurance coverage for the maximum period permitted by statute, and Employee will be solely responsible for paying the full cost of such premiums. Employee's benefits under this paragraph will be solely as set by and provided for under the federal COBRA statute.
5. Withholding of Taxes: TCHD will withhold from any monies payable pursuant to this Agreement all federal, state, city or other taxes as may be required by any law, or governmental regulation or ruling.
6. Relocation: Employee will receive a seventy-five thousand dollars [\$75,000] (less any deductions required by law or governmental regulation or ruling) relocation allowance for items such as costs associated with the sale of her home and purchase of a new home and other reasonable costs associated with moving her and furnishings, auto licenses and registration. This amount will be paid on a date selected by Employee between July 1, 2006 and December 31, 2006.
7. Temporary Housing: Employee will receive a seven thousand and two hundred dollars (\$7,200) allowance (i.e. \$1,200/month x six (6) months) (less any deductions required by law or governmental regulation or ruling) for items such as temporary housing, long distance phone and utility expenses.
8. Travel Expenses: Employee will receive a combined total of no more than two (2) coach airfare tickets or mileage, which ever is less (to San Diego) for his use for house hunting before his permanent move. Total expense

reimbursement, including the cost of airfare, for these trips will be limited to no more than one thousand dollars [\$1,000].

9. Waiver of Breach: The waiver by either party, or the failure of either party to claim a breach of any provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach.
10. Assignment: The rights and obligations of the respective parties hereto under this Agreement shall inure to the benefit and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by either party without prior written consent of the other party. Any unapproved attempted assignment is void.
11. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to said subject matter in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing and signed by both Employee and the CEO.
12. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.
13. Partial Invalidity: If any provision of this Agreement is found to be invalid or unenforceable by any court, the remaining provisions hereof shall remain in effect unless such partial invalidity or unenforceability would defeat an essential business purpose of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered the day and year first above written.

TRI-CITY HEALTHCARE DISTRICT

Date:

6/23/06

By:

Arthur A. Gonzalez, President and  
Chief Executive Officer

Date:

6/23/06

W. Terry Howell, Ed. D.  
Vice President, Performance Improvement

EXHIBIT “F”

March 10, 2000

Ms. Ondrea Labella  
47288 Adele Court  
Woodland Hills, CA. 91364

Dear Ondrea:

This letter is to offer you the position of Director of Patient Accounting at Tri-City Medical Center. Our plan would be for you to start not later than May 1, 2000.

Below is a list of compensation/benefits and relocation assistance that accompany your acceptance of the position:

□  
□

**Base Salary:** \$90,000 annual  
**Benefits:** Regular employee benefits at the Director level and participation in incentive compensation (at risk pay plan) at the Director level.

□  
□  
□

**Severance:** Regular severance at Director level  
**Relocation:** Reimbursement for the full cost of moving household items (3 competitive bids required) and a \$2,500 (minus taxes) relocation allowance for items such as costs associated with the sale of your home and purchase of a new home or other reasonable costs associated with moving your family and associated incidentals.

□  
□

**Househunting:** Reimbursement for all reasonable out of pocket expenses for up to three househunting trips for you and your family.

The staff who participated in your interview process joins me in welcoming you to our team. We are all looking forward to your arrival.

Sincerely,

Robert D. Wardwell  
Vice President and CFO

ACCEPTED: Ondrea Labella

DATE: 3/17/00

EXHIBIT “G”



**Tri-City Medical Center**  
4002 Vista Way, Oceanside, CA 92056-4506 • 760.724.8411

August 19, 2004

**RECEIVED  
Administration**

8-26-04

Daniel P. Groszkruger, Esquire  
228 LaBarranca Drive  
Solana Beach, CA 92075-1715

Re: Employment Offer

Dear Dan:

On behalf of Tri-City Healthcare District (TCHD), I would like to extend to you an offer of employment as Tri-City Medical Center's (TCMC's) Director of Legal Services. As we previously discussed, you would begin work at TCMC on September 1, 2004. You will perform such duties as are assigned to you by the President and Chief Executive Officer of TCHD ("CEO").

You will receive an initial base annual salary of one hundred seventy thousand dollars (\$170,000). You may also receive increases, if any, as determined by TCMC policies. You shall be entitled to participate in all employee benefit programs and plans established by TCHD from time to time for the benefit of its Director level personnel for which you are eligible, as determined by TCMC policies. This includes the "At-Risk" incentive compensation program, according to the plan provisions that are adopted by the Board of Directors each year. TCMC will withhold from any monies payable pursuant to your employment all federal, state, city or other taxes as may be required by any law, or governmental regulation or ruling.

Upon prior approval of the CEO, you may be eligible for reimbursement of certain professionally related membership dues and subscriptions. You may also be allowed to participate in outside teaching and educational activities. However, during your employment, you will not render services of a business, commercial or professional nature to any competitor, and you further agree to abide by all TCMC policies and procedures.

If you are in agreement with the general provisions contained in this offer of employment, please sign below and return a copy to me.

We look forward to your joining our staff.

Sincerely,

Arthur A. Gonzalez, Dr. P.H., FACHE  
President and CEO

Date: 8/21/04

Accepted:

  
Daniel P. Groszkruger