

## **OPTION TO PURCHASE, PURCHASE AGREEMENT**

### **AND ESCROW INSTRUCTIONS**

**(Parcels 27 through 29 and 33 through 36)**

THIS OPTION TO PURCHASE, PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement") dated as of March 18, 2005 ("Effective Date") is made by and between JRM-ERTC I, L.P., a California limited partnership ("Seller"), and Palomar Pomerado Health, a California Health Care District ("Buyer"), with reference to the facts set forth below and constitutes (i) an option to purchase granted by Seller to Buyer, (ii) if said option is exercised, a contract of purchase and sale between the parties, and (iii) escrow instructions to Escrow Agent (as hereinafter defined).

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**4.2.6 Development Agreement.** Immediately upon execution hereof, Buyer and Seller shall use their good faith efforts to expeditiously negotiate the terms of a mutually acceptable development agreement that will set forth the agreement of the parties concerning their future joint development of up to 300,000 square feet of medical office building space and associated parking on portions of the Property to be identified by the Buyer (the "Development Agreement"). If the parties fail to reach an agreement regarding the terms of a mutually acceptable Development Agreement within thirty (30) days after the Effective Date, then either party shall thereafter have the right to terminate this Agreement by written notice to the other, provided that such notice is received before the parties agree upon the terms of the Development Agreement.

Effective Date = March 18, 2005

Effective Date + 30 days = April 17, 2005

**After April 17, 2005, either party has the right to terminate!**

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**8.1 Date and Manner of Closing.** If Buyer exercises the Option, then Escrow Agent shall close the Escrow ("Closing Date" or "Closing" or "Close of Escrow") on such date as is identified in a written notice by Buyer to Seller and Escrow Agent (the "Closing Notice"), provided that such date is (i) at least ten (10) days after the date of such notice, (ii) no sooner than January 1, 2006, and (iii) no later than February 28, 2006 (subject to Buyer's right to extend the date for Closing pursuant to Section 4.2.5). If Buyer has not delivered the Closing Notice prior to February 1, 2006, then the Closing Date shall be February 28, 2006 (subject to Buyer's right to extend the date for Closing pursuant to Section 4.2.5). The Closing shall occur when and only when each of the following conditions has been satisfied:

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A Special Meeting of the PPH Board of Directors was called for June 28, 2005, to consider 6.6 acres known as proposed parcels 27-29 and 30-36 in the ERTC. Negotiating Parties: Robert Hemker and James McCann.

Another Special Meeting (closed door) of the PPH Board of Directors was called for September 12, 2005. Negotiating Parties: Robert Hemker and James McCann.

Email: civics@robroy.cc