

\$3,065,000
CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)

BOND PURCHASE AGREEMENT

December 18, 2018

City of Charles Town
101 East Washington Street
Charles Town, West Virginia 25414

Ladies and Gentlemen:

Crews & Associates, Inc. (the “Underwriter”), offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Charles Town, West Virginia (the “City”), for the purchase of the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 B (Bank Qualified) (the “Series 2018 B Bonds” or “Bonds”). This offer is made subject to acceptance and execution of this Purchase Agreement by the City prior to 6:00 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the City as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Mayor of the City in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter. All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Ordinance and the Preliminary Official Statement of the City dated December 12, 2018 (the “Preliminary Official Statement”).

The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided, or is currently providing, other services to the City on other matters), (iv) the Underwriter has no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement, and (v) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

1. The proceeds of the Series 2018 B Bonds shall be used to: (i)(a) to acquire from the Jefferson County Public Service District (the “District”) its sanitary sewerage collection and transmission system assets and its sewer customers and service territory (collectively, the “District Sewer System”) and its potable water distribution and storage system assets and its water customers and service territory (collectively, the “District Water System” and, in combination with the District Sewer System, the “District Assets”) by paying in full or defeasing the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds; and (b) to pay engineering, accounting, legal and other professional fees and other costs related to the acquisition of the District Assets; (ii) to fund the Series 2018 B Bonds Reserve Account through the purchase of a municipal bond debt service reserve insurance policy (the “Series 2018 B Reserve Policy”) from Build America Mutual Assurance Company (the “Bond Insurer”); (iii) to pay the premium for a municipal bond insurance policy (the “Series 2018 B Insurance Policy”) from the Bond Insurer to secure the payment of the principal of, and interest on, the Series 2018 B Bonds; and (iv) to pay Costs of Issuance of the Series 2018 B Bonds and related costs.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the ordinance enacted by the City Council of the City on September 17, 2018 (the “Original Ordinance”), as supplemented and amended by a Supplemental Parameters Resolution adopted by the City Council of the City on December 3, 2018 (the “Supplemental Parameters Resolution”), and a Certificate of Determinations, signed by the Mayor of the City, on December 18, 2018 (the “Certificate of Determinations” and, collectively with the Original Ordinance and the Supplemental Parameters Resolution, the “Ordinance”). The Bonds shall be secured by the Gross Revenues derived by the City from the operation of the System and the monies on deposit in the Series 2018 B Bonds Sinking Fund and, with respect to the Series 2018 B Bonds Reserve Account therein, the Series 2018 B Reserve Policy pledged thereto, on parity with the Prior Bonds and the Series 2018 A Bonds.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the City, and the City agrees to sell to the Underwriter, the Series 2018 B Bonds, at an aggregate purchase price of \$3,004,977.15 (\$3,065,000 minus Underwriter’s discount of \$44,660.00 minus a original issue discount of \$15,362.85).

The Series 2018 B Bonds shall mature on the dates and in the amounts, and shall bear interest from their date until maturity or until the date fixed for redemption if the Bonds are called for prior redemption and payment on such date provided therefore, payable semiannually on June 1 and December 1 (each an “Interest Payment Date”), commencing June 1, 2019, as more fully described on Exhibit A attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibit A, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the City, the City shall deliver or cause to be delivered to the Underwriter three copies of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement,

and prior to delivery of the Bonds, seven copies of the Official Statement (the “Official Statement”) dated the date of this Purchase Agreement, signed on behalf of the City by its Mayor as requested below.

3. The Official Statement has been approved for distribution by the Ordinance. The City authorizes the use of copies of the Official Statement and the Ordinance in connection with the public offering and sale of the Bonds.

On December 12, 2018, the City delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the City which deemed the Preliminary Official Statement “final” within the meaning of clause (b)(1) of Rule 15c2-12 (“Rule 15c2-12”) under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The City shall deliver or cause to be delivered to the Underwriter, after the acceptance by the City of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the “End of the Underwriting Period” for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the City in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The City covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the City has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as it may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the City so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the City will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with the Municipal Securities Rulemaking Board a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the City that may arise from its representations and agreements made in this paragraph 3 shall be limited to the

proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the City from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on December 27, 2018, or such other date as shall be agreed upon by the parties to this Purchase Agreement (the “Closing”), the City will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), duly executed by the City and authenticated by the Registrar, and (b) at such other place as the parties to this Purchase Agreement mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Ordinance. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the City. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided, that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on December 21, 2018. If the City does not have a Blanket DTC Letter of Representation (the “DTC Letter of Representations”), the City agrees to provide one to DTC.

5. The City represents and warrants to the Underwriter and agrees that:

(a) The City is a political subdivision and municipal corporation of the State of West Virginia in Jefferson County of said State. The City is duly authorized to operate and maintain the System and establish rates for the System. The Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the “State”), specifically, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the “Act”). Pursuant to the Act, the City has created the Charles Town Utility Board (the “Board”) to operate and manage the System;

(b) The City shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The City has full legal right, power and authority to issue bonds for the purposes provided in the Ordinance and to enter into this Purchase Agreement, to enact the Ordinance and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The information contained in the Preliminary Official Statement and in the Official Statement is and, as of the Closing Date (as hereinafter defined), will be, to the best knowledge of the City, true and to the best knowledge of the City does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(e) At the time of the City's acceptance hereof and (unless an event occurs of the nature described in this paragraph 5, subparagraph (i) hereof) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with paragraph 5, subparagraph (i) hereof), to the best knowledge of the City, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to this subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with paragraph 5, subparagraph (i) hereof), the Official Statement as so supplemented or amended, to the best knowledge of the City, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with paragraph 5, subparagraph (i) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the City and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(h) Prior to the City's acceptance hereof, the City delivered to the Underwriter copies of the Preliminary Official Statement which the City deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (h) the City shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(i) For purposes of this Purchase Agreement, the End of the Underwriting Period for the Bonds shall mean the earlier of (1) the day of the Closing unless the City has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the End of the Underwriting Period for the Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur

on the day of the Closing, or (2) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (1) above that the End of the Underwriting Period for the Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the City in writing as soon as practicable following the “End of the Underwriting Period” for the Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the City shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an “Undertaking”) which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The City has duly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (2) the execution and delivery of the Ordinance and the Undertaking; (3) the approval of the Official Statement and the execution, distribution and delivery of the Official Statement by the Mayor of the City; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Ordinance and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City payable solely from the Gross Revenues of the System and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City (or, to the best knowledge of the City, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, the Undertaking, this Purchase Agreement or any agreement or instrument to which the City is a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(n) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, to the best knowledge of the City, will not conflict with or constitute on the City’s part a breach of or a default

under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which the City is or may be bound, and to the knowledge of the representatives of the City all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(o) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon;

(p) All financial statements of the Board included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the System as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt secured by the System or any material adverse change in the general affairs, management, financial position, or results of operations of the System and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the Board, except as reflected in or contemplated by the Official Statement; and

(q) Any certificate signed by the Mayor of the City or any of the City's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the City contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the City, and that any obligation or liability of the City hereunder or under the Ordinance will be payable solely out of the Gross Revenues and other income, charges and moneys derived by the City from, or in connection with the System, nor shall any member, official or employee of the City be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Ordinance and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the City in writing of its election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected due to (1) the imposition of additional material restrictions not in force as of the date hereof upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the imposition by the New York Stock Exchange, other national securities exchange or any governmental authority of any material restrictions as to the Bonds or similar obligations not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable

opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds; or

(vii) There shall have been any materially adverse change in the affairs of the City; and

(c) At or prior to the Closing, the Underwriter and the City shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) An opinion, dated the date of the Closing and addressed to the City and the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix F to the Official Statement;

(ii) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (1) this Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter and that it is a binding agreement of the Underwriter in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the City; (2) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (3) the statements contained in the Official Statement under the caption “Tax Matters” are true and accurate in all material respects and present a fair and accurate summary and description of the matters summarized and described under such caption; and (4) nothing has come to their attention which would lead them to believe that the statements contained in the Official Statement under the captions “Purpose and Plan of Financing,” “The Series 2018 B Bonds,” “Security for the Series 2018 B Bonds” (except for the statements referred to therein under “Appendix E - Book-Entry Only System” with respect to The Depository Trust Company), “Litigation,” “Appendix F – Proposed Form of Opinion of Bond Counsel,” and “Appendix H – Series 2018 B Ordinance” insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, do not present fairly in all material respects the matters referred to therein;

(iii) An opinion, dated the date of Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, special counsel to the City, to the effect that (1) the City is a political subdivision and municipal corporation of the State of West Virginia, (2) the City has complied with all requirements of the Act and State Law that must be satisfied in connection with the issuance of the Bonds, (3) the City has all power and authority to operate the System, (4) the City has the power and authorization to set and enforce rates and the water and sewer rates and charges enacted by the City on August 6, 2018 and August 6, 2018, respectively, are in full force and effect and are not subject to appeal, (5) no litigation is pending, or to their knowledge threatened, in any court in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of Gross Revenues of the System pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Purchase Agreement, or contesting the powers of the City with respect to the Bonds, the Ordinance, the Undertaking or this Purchase Agreement

or any transaction described in or contemplated by the Official Statement, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (6) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid), contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading, (7) the statements contained in the Official Statement under the captions "Purpose and Plan of Financing," "The Combined Waterworks and Sewerage System," "Litigation," and "Continuing Disclosure," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein, and (8) the City has the power and authority to acquire the District Assets and assume, pay or defease the District's bonds;

(iv) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds;

(v) An opinion, dated the date of the Closing and addressed to the Underwriter, of Jackson Kelly PLLC, Underwriter's Counsel, in the form acceptable to the Underwriter;

(vi) An opinion, dated the date of Closing and addressed to the Underwriter, of Hoy G. Shingleton, Jr., Esquire, Counsel to the Board, to the effect that (1) the Board has been legally constituted and has all power and authority to manage and operate the System, (2) no litigation is pending, or to his knowledge threatened, in any court in any way affecting the existence of the Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the collection of Gross Revenues of the System pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance, the Undertaking or this Purchase Agreement, or contesting the powers of the Board with respect to this Purchase Agreement or any transaction described in or contemplated by the Official Statement, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (3) that the Official Statement contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Board, in light of the circumstances under which they were made, not misleading, and (4) the statements contained in the Official Statement under the captions "Purpose and Plan of Financing," "The Combined Waterworks and Sewerage System," and "Litigation," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein;

(vii) A certificate, satisfactory to the Underwriter, of the Mayor of the City or any other duly authorized officer of the City or the Board, as appropriate, satisfactory to the Underwriter, dated as of the Closing, to the effect that: (1) the City has duly performed all of the obligations to be performed at or prior to the Closing and that each of the representations and warranties contained herein are true as of Closing, (2) the City has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the

Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, including but not limited to acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (3) to the knowledge of such signatory no litigation is pending, or to such signatories knowledge threatened, to restrain or enjoin the collection of the Gross Revenues, the pledge of the Gross Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Ordinance, or the acquisition of the District Assets and the assumption, payment or defeasance of the District's bonds, (4) to the best knowledge of such signatory following appropriate inquiry, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and the City's compliance with the provisions thereof will not conflict with or constitute on the City's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which the City is or may be bound and (5) such signatory is aware of no material non-compliance with the covenants in all outstanding Ordinances which authorized bonds secured by the Gross Revenues of the System;

(viii) Copies of this Purchase Agreement executed by the parties hereto;

(ix) Duly authorized and executed copies of the Undertaking, in substantially the form attached as Appendix I to the Official Statement and incorporated herein, which complies with the provisions of Rule 15c2-12(b)(5) in form and substance satisfactory to the Underwriter and evidence that the City has adopted post issuance continuing disclosure procedures;

(x) A certificate of the City executed by authorized officers thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the City is obligated by such Undertaking and except as provided in the Official Statement is in full compliance with all of the City's prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(xi) A certificate from an independent certified public accountant, stating that the City has Gross Revenues sufficient to meet the coverage and parity requirements of the Ordinance and the Prior Ordinances;

(xii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Ordinance for the issuance of the Bonds have been met, and the Bonds are entitled to the benefit and security of the Ordinance;

(xiii) The Ordinance, certified by the City Clerk under the seal of the City, as having been duly enacted by the City and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(xiv) With respect to the Series 2018 B Bonds, an Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038-G), in the form satisfactory to Bond Counsel for filing, executed by the duly authorized officer of the City and evidence that the City has adopted post issuance compliance guidelines sufficient to allow the City to check boxes 43 and 44 on Form 8038-G;

(xv) A tax and arbitrage certificate of the City;

(xvi) A consent from the holders of the Prior Bonds and the Series 2018 A Bonds, if required, to the issuance of the Bonds on a parity with the Prior Bonds and the Series 2018 A Bonds;

(xvii) Evidence of the issuance of the Series 2018 B Insurance Policy from the Bond Insurer, and evidence of the issuance of the Series 2018 B Reserve Policy provided for the Series 2018 B Bonds Reserve Account from the Bond Insurer;

(xviii) Evidence of “AA” rating from S&P Global Ratings, based on the Series 2018 B Insurance Policy;

(xix) Evidence that the City has (1) entered into agreements for the acquisition of the District Assets; (2) provided required notices regarding the defeasing of the District 2010 A Bonds and the District 2013 A Bonds and payment in full of the District 2015 Bonds; (3) entered into a Prepayment Agreement with the West Virginia Municipal Bond Commission (“MBC”) with respect to the defeasance of the District 2010 A Bonds and the District 2013 A Bonds; and (4) received a certificate of MBC relating to the defeasance of the District 2010 A Bonds and the District 2013 A Bonds;

(xx) an opinion dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Disclosure Counsel, to the effect that (1) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (2) with respect to the Official Statement that no facts have come to their attention that the Official Statement contains any untrue statements of a material fact or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(xxi) Evidence that the reserve funds for the Prior Bonds and the Series 2018 A Bonds are funded at the levels required therefor and that the Series 2018 B Bonds Reserve Account is fully funded with the Series 2018 B Reserve Policy;

(xxii) Consent from the Board’s Accountants to use the Board’s audit in the Preliminary Official Statement and Official Statement;

(xxiii) Consent from the City of Ranson’s Accountants to use the City of Ranson’s audit in the Preliminary Official Statement and Official Statement;

(xxiv) Consent from the Jefferson County Public Service District's Accountants to use the Jefferson County Public Service District's audit in the Preliminary Official Statement and Official Statement;

(xxv) an opinion dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that the liens of the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds on the revenues pledged thereto have been defeased pursuant to the terms of the resolutions authorizing the District 2010 A Bonds, the District 2013 A Bonds and the District 2015 Bonds, respectively; and

(xxvi) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or its counsel, Jackson Kelly PLLC, reasonably may deem necessary or advisable to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to Jackson Kelly PLLC, counsel to the Underwriter.

If the City shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the City shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay and, if the Bonds are issued, the City shall pay or cause to be paid from the proceeds of the Bonds or other funds of the City, any fees and expenses incident to the performance of the City's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel and Disclosure Counsel; (iv) all advertising expenses in connection with the public offering of the Bonds; (v) the fees and disbursements of the Registrar; (vi) the fees and expenses of Counsel to the Underwriter; (vii) the fees and expenses of the accountant; (viii) the bond insurance premium and debt service reserve policy premium; (ix) all rating agency fees; (x) the fees and disbursements of Hoy G. Shingleton, Jr., Esquire, Counsel to the Board; (xi) the fees and disbursements of the municipal advisor to the City, and (xii) all other expenses and costs (including the legal fees and expenses of the City and the Board) for the authorization, issuance, sale and distribution of the Bonds.

8. The Underwriter shall pay from the underwriting spread all expenses incurred by it in connection with its public offering and distribution of the Bonds, including all out-of-pocket expenses, travel and other expenses and filing fees.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, is offering the Bonds which constitute the whole or a part of its unsold participations, the City will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the City, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the City. For the purposes of this paragraph, the City will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the officials of the City nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the City within this Purchase Agreement.

11. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the City:

City of Charles Town
P.O. Box 14
101 East Washington Street
Charles Town, WV 25414
Attention: City Manager

To the Underwriter:

Crews & Associates, Inc.
300 Summers Street
Suite 930
Charleston, WV 25301

12. (a) The Underwriter agrees to assist the City in establishing the issue price of the Series 2018 B Bonds and shall execute, and deliver to the City at Closing, an “issue price” or similar certificate substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2018 B Bonds.

(b) The City will treat the first price at which 10% of each maturity of each series of the Series 2018 B Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(c) With respect to the maturities of the Series 2018 B Bonds for which the 10% test has not been satisfied, set forth on Schedule A of the attached Exhibit B, if any, the Underwriter agrees that the Underwriter will neither offer nor sell unsold Series 2018 B Bonds of such maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the Sale Date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2018 B Bonds to the public at a price that is no higher than the initial offering price to the public (the “Hold-the-Offering-Price Rule”).

The Underwriter shall promptly advise the City when the Underwriter has sold 10% of that maturity of the Series 2018 B Bonds to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

13. This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

13. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Underwriter and delivered to the City. This Purchase Agreement shall become legally effective upon its acceptance by the City, as evidenced by the signature of the Mayor of the City in the space provided hereinafter therefor.

Crews & Associates, Inc.

By:  _____
Its: Senior Managing Director

ACCEPTED AND APPROVED:

December _____, 2018 at _____ .m.

City of Charles Town, West Virginia

By: _____
Its: Mayor

Crews & Associates, Inc.

By: _____
Its: Senior Managing Director

ACCEPTED AND APPROVED:

December 18, 2018 at 6:00 p.m.

City of Charles Town, West Virginia

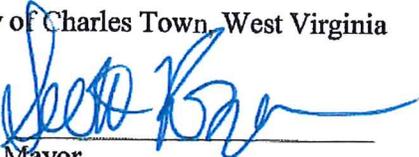
By: 
Its: Mayor

EXHIBIT A

\$3,065,000

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 B (BANK QUALIFIED)**

<u>Maturity</u>	<u>Type of Bond</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity Value</u>	<u>Price</u>
06/01/2020	Serial Coupon	2.250%	2.250%	175,000.00	100.000%
06/01/2022	Term 1 Coupon	2.500%	2.500%	355,000.00	100.000%
06/01/2024	Term 2 Coupon	2.750%	2.750%	375,000.00	100.000%
06/01/2026	Term 3 Coupon	3.000%	3.050%	400,000.00	99.668%
06/01/2028	Term 4 Coupon	3.000%	3.160%	425,000.00	98.702%
06/01/2030	Term 5 Coupon	3.250%	3.310%	465,000.00	99.431%
06/01/2033	Term 6 Coupon	3.500%	3.560%	870,000.00	99.325%

Optional Redemption

The Series 2018 B Bonds maturing on and after June 1, 2024, are subject to redemption at the option of the City, prior to maturity, on or after June 1, 2023, in whole or in part at any time, and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) of 100%, plus interest accrued to the date fixed for redemption.

So long as the Series 2018 B Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2018 B Bonds shall be given as described in “APPENDIX E – BOOK-ENTRY ONLY SYSTEM” attached to the Official Statement.

Mandatory Sinking Fund Redemption

The Series 2018 B Bonds maturing June 1, 2022, June 1, 2024, June 1, 2026, June 1, 2028, June 1, 2030, and June 1, 2033, are subject to annual mandatory redemption prior to maturity by random selection on June 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2022

<u>Year (June 1)</u>	<u>Principal Amount</u>
2021	\$175,000
2022**	\$180,000

**Final maturity.

Bonds Maturing 2024

<u>Year (June 1)</u>	<u>Principal Amount</u>
2023	\$185,000
2024**	\$190,000

**Final maturity.

Bonds Maturing 2026

<u>Year (June 1)</u>	<u>Principal Amount</u>
2025	\$195,000
2026**	\$205,000

**Final maturity.

Bonds Maturing 2028

<u>Year (June 1)</u>	<u>Principal Amount</u>
2027	\$210,000
2028**	\$215,000

**Final maturity.

Bonds Maturing 2030

<u>Year (June 1)</u>	<u>Principal Amount</u>
2029	\$220,000
2030**	\$245,000

**Final maturity.

Bonds Maturing 2033

<u>Year (June 1)</u>	<u>Principal Amount</u>
2031	\$260,000
2032	\$290,000
2033**	\$320,000

**Final maturity.

If less than all of the Series 2018 B Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE

**CITY OF CHARLES TOWN (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2018 B (BANK QUALIFIED)**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of CREWS & ASSOCIATES, INC. (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (collectively, the “Series 2018 B Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of each series of the Series 2018 B Bonds was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) Select Maturities Use Hold-the-Offering-Price Rule: The Underwriter has offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2018 B Bonds is attached to this certificate as Schedule B.

(b) Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Agreement the Underwriter has agreed in writing that for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Series 2018 B Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”). Pursuant to such agreement, no Underwriter has offered or sold any unsold Series 2018 B Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2018 B Bonds during the Holding Period.

3. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the Series 2018 B Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price Maturities” means those Maturities of the Series

2018 B Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 26, 2018), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means The City of Charles Town, West Virginia.

(e) “Maturity” means Series 2018 B Bonds with the same credit and payment terms. Series 2018 B Bonds with different maturity dates, or Series 2018 B Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2018 B Bonds. The Sale Date of the Series 2018 B Bonds is December 18, 2018.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018 B Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2018 B Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018 B Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2018 B Bonds, and by Steptoe & Johnson PLLC in connection with rendering its opinion that the interest on the Series 2018 B Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Series 2018 B Bonds.

[Remainder of page intentionally left blank.]

CREWS & ASSOCIATES, INC.

By: _____

Name: _____

Dated: December __, 2018

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

GENERAL RULE MATURITIES

HOLD-THE-OFFERING-PRICE MATURITIES

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)