

\$\_\_\_\_\_,\_\_\_\_\_  
THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS  
INFRASTRUCTURE REVENUE BONDS  
SERIES 2004B

BOND PURCHASE AGREEMENT

July \_\_, 2004

The Shepherd University Board of Governors  
Post Office Box 3210  
Shepherdstown, West Virginia 25443

Ladies and Gentlemen:

Ferris, Baker Watts, Incorporated (the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement with The Shepherd University Board of Governors (the "Issuer") for the sale by the Issuer and the purchase by the Underwriter of the above-referenced Bonds in the aggregate principal amount of \$\_\_\_\_\_,\_\_\_\_ (the "Bonds") described herein and in the Official Statement (defined herein), which are being issued by the Issuer. Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement (hereinafter referred to as the "Bond Purchase Agreement"), this Bond Purchase Agreement will be binding upon you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Bond Purchase Agreement to the Underwriter, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree to in writing).

1. Definitions. The capitalized terms used in this Bond Purchase Agreement shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings set forth in the Bond Trust Indenture and Security Agreement between the Issuer and \_\_\_\_\_ Bank, Inc., as Trustee, dated as of July 1, 2004 (the "Indenture"). This Bond Purchase Agreement, the Official Statement, the Preliminary Official Statement, the Indenture, the Tax Regulatory Agreement and the Continuing Disclosure Agreement are sometimes herein referred to as the "Bond Documents."

2. Closing. Delivery and acceptance of the Bonds and payment therefor (the "Closing") will take place in Charleston, West Virginia, at the offices of Bowles Rice McDavid Graff & Love PLLC, on July \_\_, 2004 (the "Closing Date") at 10:00 a.m., or at such other place or time as may be mutually agreed upon by you and the Underwriter. The Bonds will be available in definitive form at the offices of The Depository Trust Company (or the Registrar, if "DTC-Fast" delivery is used) not less than twenty-four hours prior to the Closing Date.

### 3. Purchase and Sale.

3.1 Subject to the terms and conditions set forth in this Bond Purchase Agreement, and upon the basis of the representations hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Exhibit A attached hereto for a total purchase price equal to the Net Purchase Price set forth in Exhibit A, in immediately available funds.

3.2 The Bonds will (i) be issued pursuant to the Issuer Resolution and the Indenture and (ii) have the payment related terms (that is, dated dates, principal or issuance amounts, maturity dates, interest rates and yield to maturity) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the Official Statement referred to in Section 3.3.

3.3 Within seven business days of its acceptance hereof, the Issuer shall deliver to the Underwriter a reasonable number of copies of a final Official Statement of the Issuer of even date herewith, executed by the Issuer (the "Official Statement"). The Official Statement shall be in substantially the same form as that of the Preliminary Official Statement of the Issuer dated July \_\_, 2004 (the "Preliminary Official Statement"), previously distributed with respect to the Bonds.

### 4. Concurrent Matters.

4.1 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute your acknowledgment that the Underwriter (a) proposes to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement (which such initial offering prices or yields may be changed by the Underwriter, in its sole discretion), (b) may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and may discontinue such stabilizing, if commenced, at any time and (c) may change the offering prices of the Bonds from time to time and may offer the Bonds to certain dealers and others at prices lower than the public offering prices shown on the front cover (or inside front cover) of the Official Statement.

4.2 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute (i) your consent and authorization to the use by the Underwriter, in connection with the public offering and sale of the Bonds, of copies of the Official Statement and the information contained therein, and (ii) your ratification of the use by the Underwriter, in connection with such offering and sale, of the Preliminary Official Statement and the information contained therein.

### 5. Representations and Warranties.

5.1 The Issuer hereby makes the following representations and warranties to the Underwriter:

(a) The Issuer is a public body of the State of West Virginia (the "State"), created pursuant to Chapter 18B of the West Virginia Code of 1931, as amended, and is authorized to issue the Bonds pursuant to Article 10 of Chapter 18B (the "Act").

(b) On May 13, 2004, the Issuer adopted the Issuer Resolution, and since that time the Issuer Resolution has not been rescinded, amended or modified.

(c) When delivered to the Underwriter against payment therefor in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered.

(d) The execution and delivery by the Issuer of the Bond Documents and the consummation by the Issuer of the transactions contemplated thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under the Act, or, to its knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement, or any material contract, indenture, agreement or commitment to which the Issuer is a party or by which it is bound.

(e) The Issuer is not in breach of or in default under any existing law, court or administrative regulation, judgment, decree, order, agreement, mortgage, lease, loan agreement or other instrument to which it is a party or by which it is bound. No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under the Bond Documents or any other agreement or instrument to which the Issuer is a party, or by which it may be bound or to which any of its property is or may be subject.

(f) The Issuer has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Bonds by the Issuer upon the terms and conditions set forth herein, in the Official Statement and in the Indenture and the approval of the Official Statement, the Indenture and the Bonds, and (ii) the execution, delivery and receipt of the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, effectuate and consummate the transactions contemplated in the Bond Documents.

(g) The information contained in the Preliminary Official Statement and the Official Statement relating to the Issuer and Shepherd University (the "College") and their properties, operations and financial and other affairs, including Appendix A and the project to be financed with proceeds of the Bonds is true and correct in all respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) Except as may be described in the Preliminary Official Statement and the Official Statement, there is no legal action, or other proceeding, or any investigation or inquiry (before or by any court, agency, arbitrator or other entity or person) pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or Shepherd or any of their officials, in their respective capacities as such, which would restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Fees pledged under the Indenture or in any way would contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their

respective offices or which may reasonably be expected to have a material and adverse effect upon (A) the due performance by the Issuer or Shepherd of the transactions contemplated by the Bond Documents, (B) the validity or enforceability of the Bonds, the Issuer Resolution, the Bond Documents, or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in consummation of the transactions contemplated hereby and thereby or (C) the exclusion of the interest on the Bonds from gross income for federal income tax purposes and the exemption from State income taxation of the Bonds and interest thereon as set forth in the Official Statement. Neither the Issuer nor Shepherd is subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that may reasonably be expected to have such an effect.

(i) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(j) The Bond Documents, when executed and delivered by the Issuer, will be, and this Bond Purchase Agreement constitutes, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and as to the availability of equitable remedies.

(k) When the Bonds are issued, sold and delivered to the Underwriter, the representations and certifications of the Issuer herein and in the other Bond Documents will be true, accurate and complete.

(l) The audited financial statements for Shepherd for the year ended June 30, 2003, contained in the Preliminary Official Statement and the Official Statement as Appendix B presents fairly the financial position of Shepherd at the date indicated and the results of operations for the period specified, and such financial statements; have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto.

(m) Since June 30, 2003, there has been no material adverse change in the financial position or results of operations of Shepherd, nor has Shepherd incurred any material liabilities except as set forth in the Preliminary Official Statement and the Official Statement or disclosed to the Underwriter in writing.

(n) The Issuer deems the Preliminary Official Statement to be final as of its date in accordance with subsection (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Issuer deems the Official Statement to be final and complete as of its date for purposes of subsection (b)(3) of such Rule.

(o) Except as described in the Official Statement and Preliminary Official Statement, the Issuer is in compliance with all continuing disclosure agreements or certificates heretofore delivered by the Issuer in connection with the issuance of any prior bonds.

(p) The Issuer has received all approvals, consents, resolutions, orders and authorizations necessary for the issuance of the Bonds, the execution and delivery of the Bond Documents, the imposition and collection of the Fees to be used for and pledged to the payment of the principal of and interest on the Bonds and the pledge of the Fees to secure the repayment of the Bonds and the interest thereon.

(q) The Fees have not been previously pledged or encumbered in any manner, and the Issuer has duly and lawfully granted a first lien on and security interest in the Fees in favor of the Trustee on behalf of the Holders of the Bonds.

## 6. Covenants.

6.1 The Issuer hereby makes the following covenants with the “Underwriter”:

(a) The Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter.

(b) Prior to the Closing Date, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of, the Issuer Resolution or the Bond Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing Date, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interest which will be pledged pursuant to the Issuer Resolution or the Bond Documents.

(d) The Issuer will promptly advise the Underwriter of any matter arising or occurring or discovered before Closing or within 90 days after the end of the underwriting period for the Bonds (within the meaning of Rule 15c2-12 under the Exchange Act) that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact contained in the Official Statement.

(e) If as the result of any matters described in paragraph (d) of this Section it becomes necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will, upon notice thereof, promptly prepare and furnish to the Underwriter (at the expense of the Issuer) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement (in form and substance satisfactory to the Underwriter) so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) Except as disclosed in the Official Statement, prior to the Closing Date, the Issuer will obtain or cause to be obtained all consents, approvals, orders or authorizations (other than state securities law clearances) of any governmental authority or agency or any other person that would

constitute a condition precedent to the performance by Issuer of its obligations under the Resolution, the Bond Documents or the Bonds.

(g) The Issuer will not voluntarily undertake any course of action inconsistent with the satisfaction of the requirements applicable to it as set forth in the Bond Documents.

(h) The Issuer will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter might designate, the cost of which will be borne by the Underwriter, as provided in Section 10.2 (iii) below, provided that the Issuer shall not be required to subject itself to service of process in jurisdictions other than that to which the Issuer is subject pursuant to the Act.

(i) The Issuer will not, except as required by law, take or omit to take any action which, under existing law, adversely affects the exemption from federal income taxation of the interest on the Bonds, or adversely affects the West Virginia State tax exemptions with respect to the Bonds and the interest thereon, as set forth in the Official Statement.

(j) The Issuer agrees to comply with all provisions of the Continuing Disclosure Agreement.

## 7. Conditions of Closing.

7.1 The obligations of the Underwriter to consummate the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 7.2 hereof and to the satisfaction (unless waived by the Underwriter in its sole discretion) of the following conditions:

(a) The representations and warranties made by the Issuer in this Bond Purchase Agreement shall be true and correct as of the Closing Date as if made on such date.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with prior to closing.

(c) The Bond Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing Date except as may have been agreed to in writing by the Underwriter.

(d) The proceeds of the sale of the Bonds shall be applied as described in the Official Statement.

7.2 In addition to the conditions set forth in Section 7.1, the obligations of the Underwriter to consummate the transactions on the Closing Date contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Bowles Rice McDavid Graff & Love PLLC, Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date with respect to the validity and tax-exempt nature of the Bonds, and a supplementary opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter, to the effect that: (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer, (ii) the Official Statement has been duly approved, signed and delivered by the Issuer, (iii) assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents have been duly authorized, executed, acknowledged and delivered by the Issuer, and are legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws and equitable principles affecting the right of creditors or by the exercise of judicial discretion or general principles of equity), (iv) the statements contained in the Official Statement under the captions “The Bonds” (excepting matters as to Depository Trust Company and the Book-Entry-Only System), “Security for the Bonds,” “Tax Exemption and Other Tax Matters,” “Special Obligations,” “Appendix C - Summary of Certain Provisions of the Indenture,” and “Appendix D - Form of Opinion of Bond Counsel” do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect, it being understood that, in rendering such opinion, such Counsel shall be expressing no opinion with respect to statistical data, technical and financial statements, operating statistics and other financial data in the Official Statement, and (v) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(b) An opinion of K. Alan Perdue, Esquire, Counsel to the Issuer, addressed to, among others, Bond Counsel and the Underwriter, in form and substance satisfactory to Bond Counsel and the Underwriter, dated the Closing Date, to the effect that: (i) no litigation is pending or, to his knowledge, threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Fees pledged under the Indenture, (B) in any way contesting the power or the authority of the Issuer for the issuance of the Bonds or the validity of the Bonds, or the Bond Documents, or (C) in any way contesting the existence or powers of the Issuer relating to the issuance of the Bonds, (ii) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Issuer or Shepherd not misleading in any material respect, (iii) the Issuer is a body corporate and politic (constituting a governmental agency of the State and existing under the provisions of the Act), pursuant to which the Issuer has full legal right, power and authority to enter into the Bond Documents and to issue the Bonds and each of the Bonds and the Bond Documents has been duly authorized, executed and delivered and each constitutes the legal, valid and binding agreement and obligation of the Issuer enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Issuer is party or otherwise subject or bound, (iv) the Fees pledged for the repayment of the Bonds (A) have been duly approved by the Issuer and no further action by the

Issuer or any other person is required for such Fees to be imposed and collected and (B) such Fees are not encumbered by or pledged for any other debt or obligation of the Issuer and are duly and lawfully pledged for the payment of the Bonds, and the Trustee, on behalf of the Holders of the Bonds, has a first lien on and security interest in the Fees, (v) the Issuer has received all approvals, consents, resolutions, orders and authorizations necessary for (A) the issuance of the Bonds, (B) the execution and delivery of the Bond Documents, (C) the imposition and collection of the Fees to be used for and pledged to the payment of the principal of and interest on the Bonds, and (D) the pledge of the Fees to secure the repayment of the Bonds and the interest thereon, (vi) the Official Statement has been duly approved, executed and delivered by the Issuer, and (vii) the statements contained in the Official Statement under the captions "Introductory Statement," "The Issuer," "Plan of Finance," "Litigation," "Continuing Disclosure" and "Appendix A – The University," do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(c) An opinion of Goodwin & Goodwin, LLP, Counsel to the Underwriter, in form and substance satisfactory to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date, signed by an officer of the Issuer to the effect that (i) the representations and warranties made by the Issuer in this Bond Purchase Agreement are true and correct as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Issuer has performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing Date; (iii) since the respective dates as of which information is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Issuer's condition, financial or otherwise; (iv) the Official Statement, insofar as it relates to the Issuer, does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) that subsequent to June 30, 2003, the date of Shepherd's most recent audited financial statements included as Appendix B of the Official Statement, there has been no material adverse change in the financial position or results of operations of the Issuer, (vi) that no litigation is pending or, to the knowledge of the Issuer, threatened against the Issuer or Shepherd or their respective officers (A) to restrain or enjoin issuance or delivery of any of the Bonds or the collection of Fees pledged under the Indenture, (B) in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or the Bond Documents, (C) in any way contesting or affecting the existence or powers of the Issuer or its ability to perform its obligations under the Bond Documents, or (D) that may materially adversely affect the financial condition or operations of Shepherd, (vii) that the Issuer has satisfied all conditions pertaining to the issuance of the Bonds pursuant to the Resolution, the Indenture and all other applicable provisions, and (viii) that no event affecting the Issuer, Shepherd or the transactions contemplated by the Official Statement or the Bond Documents has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading.

(e) A Certificate dated as of the Closing Date signed by an authorized officer of the Issuer, sufficient in form and substance to show, to the satisfaction of Bond Counsel and the Underwriter, that the Bonds will not be arbitrage bonds under Section 148 of the Code and the regulations thereunder, which certificate shall conform to the requirements of said regulations.

(f) A certified copy of the Resolution authorizing the execution and delivery by the Issuer of the Bond Documents, certified by its Secretary.

(g) One executed original of each of the Bond Documents.

(h) The executed IRS Form 8038-G to be filed with the Internal Revenue Service.

(i) Evidence of a rating on the Bonds of “\_\_” from Moody’s Investor’s Services, Inc. (“Moody’s”).

(j) Such additional legal opinions, certificates and other documents as the Underwriter or Bond Counsel reasonably may deem necessary to evidence the truth and accuracy as of the Closing Date of the representations and warranties of the Issuer herein contained and of the Official Statement, and to evidence compliance by the Issuer with this Bond Purchase Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by either of them.

7.3 If any of the conditions set forth in Section 7.1 or 7.2 has not been met on the Closing Date, the Underwriter may, in its sole discretion, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, neither party will have any rights or obligations to the other, except as provided in Sections 10 and 11 herein.

8. Actions and Events at the Closing. The following events will take place at closing:

(a) The Issuer will direct the Trustee to authenticate and deliver the Bonds to the Underwriter, at the place established pursuant to Section 2 herein. Each of the Bonds so delivered will be in definitive form or, with the consent of the Underwriter, in temporary form, duly executed on behalf of the Issuer, in denominations or maturity amounts of five thousand dollars (\$5,000) or any integral multiple thereof, and will be fully registered in such names and amounts as the Underwriter will request at least four (4) business days prior to the Closing Date. In the event the Bonds are delivered in temporary form, the Issuer shall deliver the Bonds in definitive form on such date as the Underwriter may reasonably require.

(b) The Issuer will deliver or cause to be delivered at Closing to the Underwriter the documents described in Section 7.2 hereof.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, immediately available funds in an amount equal to the purchase price of the Bonds set forth as the Net Purchase Price in Exhibit A hereto.

9. Termination of Bond Purchase Agreement. The Underwriter may terminate this Bond Purchase Agreement without liability therefor (except as provided under Section 10) by notice to the Issuer at any time at or prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee, or any decision is rendered by any court of competent jurisdiction or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting interest on the Bonds to inclusion in gross income for federal income tax purposes or has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(b) Any legislation, ordinance, rule or regulation is introduced in, or enacted by, any governmental body, department or agency of the State of West Virginia, or shall have been reported out of committee, or a decision by any court of competent jurisdiction within the State of West Virginia is rendered, that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting the Bonds or the interest thereon to West Virginia State income taxation or otherwise has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(c) Any other action or event shall exist or have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal or West Virginia income tax consequences of the transactions contemplated by the Official Statement, and in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale at the contemplated offering prices by the Underwriter of the Bonds;

(d) Any fact exists or any event occurs that, in the reasonable opinion of the Underwriter, makes untrue or incorrect in any material respect any statement or information in the Official Statement or causes the Official Statement to 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 under which they were made, not misleading for the purposes for which the Official Statement is to be used;

(e) Any amendment of or supplement to the Official Statement is distributed (whether or not such amendment or supplement was approved by the Underwriter prior to its distribution) which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(f) There shall have occurred any new outbreak, continuation or resumption of hostilities, whether declared or undeclared, or other national or international calamity or crisis,

which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(g) Any legislation is introduced in, or enacted by the United States Congress, or any action is taken by, or on behalf of, the Securities and Exchange Commission, that in the opinion of the Underwriter has the effect of requiring (i) the registration of a security under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended, in connection with the offering and sale of the Bonds or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Bond Purchase Agreement, the Official Statement, or the other Bond Documents, which cannot, without undue expense, be obtained prior to the Closing Date;

(h) There shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium is declared by the United States or by the State of West Virginia authorities, that, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(i) Any fact exists or any event occurs that is not disclosed in the Preliminary Official Statement which after disclosure in the Official Statement affects the ability of the Underwriter to sell the Bonds at the contemplated offering prices; or

(j) Moody's shall have notified the Underwriter that its rating of the Bonds is withdrawn or will be lower than that set forth above.

## 10. Expenses.

10.1 The Issuer will pay or cause to be paid from proceeds of the Bonds or otherwise (i) fees and expenses of bond counsel, counsel to the Issuer, and Underwriter's counsel; (ii) rating agency fees; (iii) initial fees of the Trustee, Registrar and Paying Agent; (iv) fee for obtaining "CUSIP Numbers" for the Bonds; (v) costs of preparing, printing, mailing and delivering the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto; and (vi) any other costs and expenses of the issue not set forth in Section 10.2 below.

10.2 The Underwriter will pay (i) sales commissions associated with marketing the Bonds; (ii) costs of qualification of the Bonds for sale under the securities or "Blue Sky" laws of various jurisdictions; (iii) initial fees relating to The Depository Trust Company; and (iv) costs and expenses incurred by the Underwriter in connection with the preparation, offering and distribution of the Bonds, including but not limited to advertising, local and long distance telephone, and travel expenses, as well as management fees in connection with such offering.

10.3 In the event that the Issuer or the Underwriter shall have temporarily paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

10.4 Nothing herein will limit the rights of the Issuer to take action against the Underwriter for default of its responsibilities hereunder or for its actions or inactions regarding the matters contemplated herein.

11. Miscellaneous.

11.1 All notices, demands and formal actions hereunder will be written and mailed, faxed or e-mailed or delivered to the following address or such other address, as either of the parties shall specify:

IF TO THE ISSUER:

The Shepherd University Board of Governors  
Post Office Box 3210  
Shepherdstown, West Virginia 25443

IF TO THE TRUSTEE:

\_\_\_\_\_ Bank, Inc.  
\_\_\_\_\_  
\_\_\_\_\_, WV 2\_\_\_\_\_

IF TO THE UNDERWRITER:

Ferris, Baker Watts, Incorporated  
100 Laidley Tower  
Charleston, WV 25301

IF TO THE RATING AGENCY:

Moody's Investors Service, Inc.  
99 Church Street  
New York, New York 10007

11.2 This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and will not confer any rights upon any other person. The term "successor" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase. All representations, warranties and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Bond Purchase Agreement including, but not limited to, the indemnity agreements contained in Section 11 and the continuing disclosure agreement contained in Section 6.1.

11.3 This Bond Purchase Agreement may not be assigned by any of the parties hereto.

11.4 If any provision of this Bond Purchase Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of

rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

11.5 The payment for, acceptance of, and delivery and execution of any receipt for the Bonds and any other instruments upon or in connection with the closing by the Underwriter will be valid and sufficient for all purposes and binding upon the Underwriter. No such action by the Underwriter will impose any obligation or liability upon the Underwriter, other than as may arise as expressly set forth in this Bond Purchase Agreement.

11.6 Whenever any action contemplated by this Bond Purchase Agreement requires the consent or approval of the Underwriter, it is acknowledged that the Underwriter may not unreasonably withhold such approval.

11.7 This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia applicable to agreements to be performed wholly therein. The parties hereto intend to be legally bound hereby.

11.8 This Bond Purchase Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

11.9 No personal recourse shall be had for any claim based on this Bond Purchase Agreement or the Bonds against any member, officer, agent or employee, past, present or future, of the Issuer or any successor body or entity as such, either directly or through the Issuer or any such successor body or entity, under any constitutional provision, statute, or rule of law or by the enforcement of an assessment or penalty or otherwise.

Ferris, Baker Watts, Incorporated

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

Its: \_\_\_\_\_

Accepted as of the date first above written:

THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS

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

Its: \_\_\_\_\_

EXHIBIT A

\$\_\_\_\_,\_\_\_\_  
 THE SHEPHERD UNIVERSITY BOARD OF GOVERNORS  
 INFRASTRUCTURE REVENUE BONDS  
 SERIES 2004A

Dated Date: July 1, 2004

Closing Date: July \_\_, 2004

Year (July 1)	<u>Maturity Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u>
2005	\$____,000	____%	____%	____%	823242
2006	____,000	____	____	____	823242
2007	____,000	____	____	____	823242
2008	____,000	____	____	____	823242
2009	____,000	____	____	____	823242
2010	____,000	____	____	____	823242
2011	____,000	____	____	____	823242
2012	____,000	____	____	____	823242
2013	____,000	____	____	____	823242
2014	____,000	____	____	____	823242
2015	____,000	____	____	____	823242
2016	____,000	____	____	____	823242
2019	____,000	____	____	____	823242
2024	____,000	____	____	____	823242
2034	____,000	____	____	____	823242

## Redemption Provisions

The Bonds are subject to redemption prior to their stated maturities.

### Optional Redemption

The Bonds maturing on and after July 1, 201\_, are subject to redemption, at the option of the Issuer, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
July 1, 201_ to June 30, 201_	102%
July 1, 201_ to June 30, 201_	101
July 1, 201_ and thereafter	100

### Net Purchase Price:

Par Amount	\$ __, ____, ____.00
Less: Underwriter's Discount	____.00
Less: Net Original Issue Discount	____.00
Net Bond Proceeds	__, ____, ____.00
Plus: Accrued Interest	____.00
Net Purchase Price	\$ __, ____, ____.__