

RESOLUTION

APPROVAL FOR AVID MEDICAL, INC., REVENUE BOND ISSUE

WHEREAS, the Industrial Development Authority of the County of James City, Virginia, (the "Authority") has considered the application of Avid Medical, Inc. (the "Applicant"), a Delaware corporation, having its principal place of business currently at 9000 Westmont Drive, Toano, Virginia 23168. In that application, the Applicant requested the Authority to issue, pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act"), up to \$3,500,000 of its revenue bonds for a manufacturing facility (the "Bonds"); and

WHEREAS, the proceeds of the Bonds will be used to assist the Applicant in financing (1) the acquisition, construction, and equipping of an approximately 45,000-square foot expansion of the Applicant's existing facility, which expansion will be used in the manufacturing of medical devices and the manufacturing process of assembling and packing procedure - ready kits and subassemblies primarily for sale to health care providers and which will be located on a three-acre parcel of land adjacent to the existing facility at 9000 Westmont Drive, Toano, Virginia, (the "Project") and (2) the payment of the costs of issuing the Bonds. The Authority held a public hearing regarding this matter on behalf of the Authority and James City County, Virginia, (the "County") on May 16, 2002, which is a date within sixty (60) days of the adoption of this resolution.; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that both the governmental unit having jurisdiction over the issuer of private activity bonds and the governmental unit having jurisdiction over the area in which any facility financed with the proceeds of private activity bonds is located must approve the issuance of the bonds. The Project is located in the County; the Authority issues its bonds on behalf of the County and the Board of Supervisors of the County (the "Board") constitutes the highest elected governmental unit of the County; and

WHEREAS, the Authority has recommended that the Board approve the issuance of the Bonds and has forwarded to the Board: (1) a copy of the Authority's resolution approving the issuance of the Bonds, subject to terms to be agreed upon, which was adopted following its public hearing on May 16, 2002; (2) a copy of the Fiscal Impact Statement submitted by the Applicant; and (3) a reasonably detailed summary of the comments made at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of James City County, Virginia, that:

1. The recitals made in the first and second paragraphs of this Resolution are hereby adopted as a part of this Resolution.

2. The Board approves the issuance of the Bonds by the Authority in an aggregate principal amount not to exceed \$3,500,000 for the benefit of the Applicant, to the extent required by Section 147(f) of the Code and Section 15.2-4906 of the Code of Virginia of 1950, as amended.
3. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Applicant or the Project, and, as required by the Act and Virginia law, the Bonds shall provide that none of the Commonwealth of Virginia, the County or the Authority, shall be obligated to pay the principal, or premium, if any, of the Bonds or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia nor any political subdivision thereof shall be pledged thereto.
4. Pursuant to the limitation contained in Temporary Treasury Regulation Section 5f.103-2(f)(1), this Resolution shall remain in effect for a period of one year from the date of its adoption.
5. The County, including its elected representatives, officers, employees and agents, shall not be liable and hereby disclaims all liability for any damage to the Applicant or the Project, direct or consequential, resulting from the Authority's failure to issue the Bonds for any reason.
6. This Resolution shall take effect immediately upon its adoption.

James G. Kennedy
Chairman, Board of Supervisors

ATTEST:

Sanford B. Wanner
Clerk to the Board

Adopted by the Board of Supervisors of James City County, Virginia, this 11th day of June
2002.

AvidApproval.res

CERTIFICATION

The undersigned Clerk of the Board of Supervisors of James City County, Virginia, hereby certifies that the foregoing constitutes a true, correct and complete copy of a Resolution duly adopted by the Board of Supervisors of James City County, Virginia, at a meeting duly called and held on the ____ day of _____, 2002, and during which a quorum was present and acting throughout, by the vote set forth below, and that such Resolution has not been repealed, revoked, rescinded, or amended:

Board Member

Present/Absent

Vote

WITNESS, my hand and the seal of the Board of Supervisors of James City County, Virginia, this ____ day of _____, 2002.

Clerk, Board of Supervisors, James City
County, Virginia

(SEAL)