

MEMORANDUM

DATE: July 8, 2003
TO: The Board of Supervisors
FROM: Keith A. Taylor, Secretary, Industrial Development Authority
SUBJECT: Resolution of Approval for AVID Medical, Inc., Revenue Bond Issue

In May 2002, AVID Medical, Inc., (“AVID”) requested that the Industrial Development Authority (the “IDA”) issue up to \$3.5 million worth of industrial development revenue bonds to finance an expansion of its facility located at Stonehouse Commerce Park in James City County. The IDA adopted an Inducement Resolution at its May 16, 2002, meeting, after the holding of a public hearing, and the Board of Supervisors adopted a resolution on June 11, 2002, approving, to the extent required by State and Federal statutes, the issuance of bonds by the IDA for AVID’s benefit.

After the approvals were obtained, AVID and its lender for the expansion project agreed to finance project construction with a conventional interim loan and agreed that the tax-exempt bonds would be issued as the permanent financing on or about the time of the completion of construction. AVID obtained the conventional interim financing and has proceeded with construction as planned.

It now appears that the tax-exempt bonds will be issued in the August-September time frame. However, under the Internal Revenue Code of 1986, tax-exempt bonds for manufacturing facilities must be issued within one year of the date of the approval of the governing body or else a new public hearing and governing body approval must be obtained.

The IDA held a new public hearing at its June 17, 2003, meeting and adopted a resolution explaining the reasons for the new public hearing and ratifying and confirming the Inducement Resolution. A signed copy of the June 17 resolution; the Inducement Resolution; a fiscal impact statement prepared by AVID Medical, Inc., and executed by the IDA Chairman; and summaries of statements made at the IDA’s duly advertised public hearings on this matter are attached. You are reminded that the bonds do not carry the full faith and credit of James City County or its IDA.

State and Federal statutes require that the governing body of the jurisdiction in which such financing activity is to occur adopt a new Resolution of Approval in support of the IDA’s action. Counsel has prepared such a resolution.

Staff recommends approval of the attached resolution.

Keith A. Taylor

CONCUR:

Sanford B. Wanner

KAT/gs
AVIDbond.mem

Attachments