

COMMONWEALTH OF VIRGINIA  
MINUTES OF THE VIRGINIA GAS AND OIL BOARD MEETING  
EMERGENCY MEETING  
December 29, 2010

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held an emergency meeting to consider investment matters for the Board's Escrow Account. The emergency meeting began as scheduled at 9 a.m. on Wednesday, December 29, 2010, at the Russell County Office Complex, Conference Center, and 139 Highland Drive, Lebanon, Virginia.

Board Members Present: Mr. Bradley C. (Butch) Lambert, Chairman, Mr. Bill Harris, Mrs. Mary Quillen, and Mr. Donnie Ratliff.

Also present were: Mr. David E. Asbury and Mrs. Sharon Hagy, Staff of the Board and Division of Gas and Oil.

1. The Board on its own motion will hear testimony from First Bank and Trust Company regarding new Federal Deposit Insurance Corporation (FDIC) rules and coverage that may impact the Board's Escrow investments beginning December 31, 2010.

During November, 2010 the Board of Directors of the FDIC approved a final rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). This section changes existing rules for certain bank deposits and maximum insured coverage.

Present from Escrow Agent (First Bank and Trust Company) were: Mr. Leton Harding, Mrs. Karen McDonald, and Ms. Debbie Davis

The Board heard testimony in regard to an approved final rule by the FDIC, implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, during November 2010. Because the final rule impacts insured coverage, the Escrow Agent presented the position of current investments and options available to the Board so to ensure total FDIC coverage of the account beginning January 1, 2011.

After deliberations, the Board accepted the recommendations presented by First Bank and Trust and unanimously approved the following actions:

- 1) Authorized the transfer of funds from the First Bank and Trust Interest Checking Account to the Insured Cash Sweep (ICS), First Bank and Trust Money Market Account.
- 2) Authorized additional purchases in the Certificate of Deposit Account Registry Service (CDARS) program on or before December 31, 2010 for:
  - 2a) \$1,960,000 into a 6-month CD
  - 2b) \$ 980,000 into a 1-year CD

- 3) Authorized future actions by the Escrow Agent to purchase 3-month CDs within CDARS (at the 6 month rate) to ensure the balance of the Money Market account remains below the \$10 million FDIC insured threshold.
- 4) Authorized flexibility for the Escrow Agent to maintain up to the maximum insured level of \$250,000 in the interest checking account as the Board's working account.

Chairman Lambert updated the Board on the progress of the detailed escrow audit and hiring of three independent contractors so to review escrow accounts January 2000 through January 2010.

The Chairman and Mr. Asbury's office has worked since the Board's approval at the October meeting, to put in place a contractual agreement between the Board and the ABACUS Corporation for the hiring and placement of three hourly workers, skilled in the review of accounting / bookkeeping records for the more detailed audit review. Three individuals have completed the application review process and are available to begin work on January 3, 2011.

So these individuals can begin their work, the board is asked to consider a motion to allow the purchase of necessary equipment, including three computers from interest income within the escrow account.

After discussion and due consideration, a motion was made and unanimously approved by the board to:

- 1) Authorize the purchase of three (3) laptops (for flexibility), docking stations, and any necessary software (including external storage capacity) to complete the audit work.

The meeting was adjourned: 10:36 am

Information concerning the above docket items can be viewed from 8 a.m. to 5 p.m., Monday through Friday at the office of the Department of Mines, Minerals and Energy, Division of Gas and Oil, 135 Highland Drive, Lebanon, Virginia. All questions concerning the agenda should be directed to the Division of Gas and Oil by telephoning 276-415-9700.