

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT**

REPORT ON APPLYING AGREED-UPON PROCEDURES TO

PROJECT DEVELOPMENT COSTS

REIMBURSABLE TO

GLOBAL EARTHQUEST VENTURES, LP (DEVELOPER)

FROM PROCEEDS OF THE SERIES 2009 BOND SALE

APRIL 9, 2009

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# T A B L E O F C O N T E N T S

## SCHEDULE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES

SCHEDULE OF PROJECT DEVELOPMENT COSTS  
REIMBURSABLE TO GLOBAL EARTHQUEST  
VENTURES, LP (DEVELOPER)

A

COMPARISON OF ACTUAL REIMBURSABLE COSTS  
WITH PROJECT ESTIMATES

B

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April 9, 2009

Board of Directors  
East Montgomery County  
Improvement District  
Montgomery County, Texas

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of East Montgomery County Improvement District (the "District"), on the invoices and schedules submitted by Global Earthquest Ventures, LP ( the "Developer") for payment from proceeds of the District's Series 2009 bonds. These procedures were performed solely to assist you in evaluating the reasonableness of those costs, and the report is not to be used for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Board of Directors of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose. The procedures performed are summarized as follows:

- A. We reviewed the use of proceeds schedule as prepared by the District's Financial Advisor for the bond issue. Our review was for the purpose of identifying those items authorized for District participation by the agreement and those items the District is specifically prohibited from purchasing.
- B. We reviewed for completeness certain Developer schedules, supporting invoices and contract estimates in substantiation of the costs to be reimbursed. Our review included all documentation supporting items, amounts and categories for which reimbursement is requested.
- C. We met with management to discuss the reimbursement, and amounts to be reimbursed in accordance with the agreement.

- D. We read the development and financing agreements for particular items that might affect the reimbursement. The agreements reviewed are referenced in our report.
- E. We reviewed payments with check copies and compared them to contract amounts submitted for consultants, and reviewed detail for expenses they submitted. We received confirmations from banks on the major contracts.
- F. A draft of this report was provided to the District's Attorney, Engineer, Financial Advisor, Bookkeeper, and Developer for their review and comments.
- G. We prepared this agreed-upon procedures report for the benefit of the District, which includes the Accountant's Report, schedule of amounts reimbursable to the Developer and a schedule summarizing the costs to be funded from the bond proceeds by category.

The attached Schedule A titled "Schedule of Project Development Costs Reimbursable to Global Earthquest Ventures, LP (Developer)," sets forth their reimbursable costs. A Memorandum of Understanding was executed on February 22, 2008 by and among the District, the For Profit (FP) entity and the Not for Profit (NFP) entity. This reimbursement is in accordance with the terms and conditions of the Agreement Regarding FP Pre-Development Expenses dated May 1, 2008 between Global Earthquest Ventures, LP and the District. On October 13, 2008, an Amended and Restated Agreement Regarding FP Pre-Development Expenses was executed between the District and the Developer.

Global Earthquest Ventures, LP originally submitted invoices for reimbursement in the amount of \$3,479,520.69, plus a payroll and overhead allocation of \$420,719.02. Subsequently, additional overhead amounts were submitted in the amount of \$89,695.42, bringing the total submitted to \$3,989,935.13. We have revised the schedule to a total reimbursable amount of \$3,314,485.60.

The following changes have been made to the Developer's original schedule:

- A. We corrected the overhead invoice due to a typing error, resulting in an increase of \$1,000.
- B. We corrected a FedEx expense for a decrease in the amount of \$35.09.
- C. We deducted \$650,000 for an advance made by Global Earthquest Ventures, LP for pre-development expenses in accordance with their agreement which is not reimbursable.

- D. We deducted \$15,000 for a golf tournament sponsorship which is not reimbursable as a pre-development cost.
- E. The amount reimbursable for payroll and overhead allocations was limited in the agreement to \$500,000. We deducted \$11,414.44 in accordance with that limitation.

The attached Schedule B reflects the amount of bond proceeds received, the amount being spent to date by category and the projected costs to be funded in the future.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the aforementioned reimbursable costs. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited. This report should not be associated with the presentation of any financial data of the District except to comply with filing requirements as specified by the agreements.

*McCall, Gibson & Company, PLLC*

McCall, Gibson & Company, PLLC  
Certified Public Accountants

2009 BOND REPORT

**EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT**  
**SCHEDULE OF PROJECT DEVELOPMENT COSTS**  
**REIMBURSABLE TO GLOBAL EARTHQUEST VENTURES, LP (DEVELOPER)**  
**APRIL 9, 2009**

(SEE ACCOMPANYING DISCLAIMER OF OPINION AND  
EXPLANATION OF AGREED-UPON PROCEDURES PERFORMED)

DESCRIPTION	TOTAL REIMBURSABLE COST
<b>21 Sports &amp; Entertainment Marketing Group, Inc.</b>	
Corporate Sponsorship Plan	
Amount Paid by Developer	\$ 75,000.00
 <b>An Exhibition Group, Inc.</b>	
Use of EarthQuest Trademark	
Amount Paid by Developer	2,500.00
 <b>Atlantis Development, Ltd.</b>	
Consulting - Project Management, Administrative and Financial Services	
Amount Paid by Developer	15,000.00
 <b>The Blair Law Firm, P.C.</b>	
Legal Consultation EarthQuest Promotion	
Amount Paid by Developer	30,000.00
 <b>Callison, LLC</b>	
Travel Expenses for EarthQuest Design meetings	
Amount Paid by Developer	6,249.29



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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>Citi Cards</b>	
Program materials	
Amount Paid by Developer	\$          280.27
<b>City of Shenandoah</b>	
Conference Center	
Amount Paid by Developer	200.00
<b>Community Chamber of Commerce</b>	
Membership Dues	
Amount Paid by Developer	200.00
<b>Contour Entertainment, Inc.</b>	
Concept Planning, Master Plan and Financial Feasibility	
Amount Paid by Developer	1,535,933.76
<b>Donald Lessem / Dino Don, Inc.</b>	
Contributing Rights to IP Global EarthQuest Holding Co. and website, Travel Expenses	
Amount Paid by Developer	122,174.50

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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>Don Allen Holbrook, LLC</b>	
Consulting on Incentive Strategy, Tax Abatement and Legislative Comments, Travel Expenses	
Amount Paid by Developer	\$ 273,963.43
<b>Fed Ex</b>	
Deliveries	
Amount Paid by Developer	1,781.15
<b>Insight Research Corporation</b>	
Economic and Employment Impact Analysis	
Amount Paid by Developer	9,500.00
<b>Investigative Consultants</b>	
Research on Consultants	
Amount Paid by Developer	1,031.00
<b>Locke Lord Bissell &amp; Liddell, LLP</b>	
Legal Fees for Agreementes	
Amount Paid by Developer	286,234.19

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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>Matheson Law Partners, PLLC</b>	
Legal for Dino Don Agreements	
Amount Paid by Developer	\$ 40,000.00
<b>Meteor Couriers</b>	
Courier Service	
Amount Paid by Developer	77.85
<b>Metro Study</b>	
Market Analysis - EarthQuest	
Amount Paid by Developer	15,750.00
<b>Millions of Us LLC</b>	
Initial Payment on Virtual Website	
Amount Paid by Developer	40,000.00
<b>Montgomery &amp; Associates</b>	
Project Administration, Engineering, Feasibility Study	
Amount Paid by Developer	18,702.50

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DESCRIPTION	TOTAL REIMBURSABLE COST
<b>Perryman Group</b>	
EarthQuest Economic Analysis	
Amount Paid by Developer	\$ 100,000.00
<b>Reprographics</b>	
3 Sets of Plans/Specifications	
Amount Paid by Developer	27.06
<b>Scott H. Raskin</b>	
Legal Services for EarthQuest Transaction	
Amount Paid by Developer	14,971.80
<b>TBG Partners</b>	
Revised plans for ICSC presentation	
Amount Paid by Developer	35,432.26
<b>Thompson &amp; Knight, LLP</b>	
Legal Services - Entity Formation	
Loan Documents, Agreements	
Amount Paid by Developer	21,950.00

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DESCRIPTION	TOTAL REIMBURSABLE COST			
<b>Trainor Law Firm, P.C.</b>				
Texas Government Relations Representation				
Amount Paid by Developer	\$ 50,000.00			
 <b>TriStar Ventures, LLC</b>				
Project Management, Administrative, and Financial Services				
Amount Paid by Developer	53,550.00			
 <b>Global EarthQuest Ventures, LP</b>				
Overhead allocation for Staff Payroll				
Amount Paid by Developer	247,315.75			
 <b>Global EarthQuest Ventures, LP</b>				
Overhead allocation for Project Costs				
Amount Paid by Developer	\$ 264,098.69			
Less: Overhead Limitation per Agreement	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 100px; text-align: right;">11,414.44</td> <td style="width: 20px;"></td> <td style="text-align: right;">252,684.25</td> </tr> </table>	11,414.44		252,684.25
11,414.44		252,684.25		
 <b>Marlin Atlantis White, Ltd.</b>				
Legal Fees for Consulting Agreement				
Amount Paid by Developer	875.00			

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<u>DESCRIPTION</u>	<u>TOTAL REIMBURSABLE COST</u>
<b>Marlin Atlantis White, Ltd. Travel</b>	
Travel Expenses, including Airfare, Auto, Lodging Meals	
Amount Paid by Developer	\$ <u>63,101.54</u>
<b>TOTAL REIMBURSABLE TO GLOBAL EARTHQUEST VENTURES, LP AT APRIL 9, 2009</b>	<b>\$ <u>3,314,485.60</u></b>