



Memorandum

Memo No: 18/19-03

Date: March 17, 2019

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA
City Auditor

Re: Preliminary Review of the Lockhart Stadium Unsolicited Proposals

The City of Fort Lauderdale has received two unsolicited proposals for the development of soccer and related activities at the Lockhart and Fort Lauderdale Stadium sites located adjacent to the Fort Lauderdale Executive Airport. The two proposers are Miami Beckham United (Inter Miami) and FXE Futbol. The City Auditor's Office (CAO) was asked to review the financial aspects of the two submittals.

The intent of the review was to evaluate three issues:

1. Do the proposers have firm commitments to finance the development?
2. Do the methods and assumptions in the business plan seem reasonable?
3. What is the financial impact to the City?

CONCLUSION

At this time, based on the submittals received, the CAO is unable to provide an opinion on the financial merits of the two proposals. They are both conceptual in nature and lack details regarding the expected revenue to the City or a business plan that would indicate the potential success for the ventures. FXE Futbol has lined up firm commitments for financing, which makes their submittal the stronger one in that respect.

Question 1. Do the proposers have firm commitments available to finance the development?

Inter Miami

Inter Miami does not give an indication that they have firm commitments for financing. Instead, they imply that the personal wealth of the individuals involved is evidence of their ability to either raise financing or to self-finance if they choose. Additionally, they confirm that they have retained Goldman Sachs as structuring agent/financial advisor, which suggests that the management team does not intend to self-finance as their first choice. No further details were provided.

FXE Futbol

FXE Futbol provided firm commitments from two firms for \$85 million for development of the project.

Question 2. Do the methods and assumptions in the business plan seem reasonable?

Scope Limitation - Neither proposal contained a business plan, therefore we were unable to obtain sufficient audit evidence to provide a basis for an opinion as to the reasonableness of the plans. A scope limitation is a restriction placed on the audit that precludes the CAO from accomplishing our objectives and plans, including a lack of access to records, personnel, and documentation relevant to the performance of the engagement.

Question 3. What is the financial impact to the City?

Scope Limitation - Neither proposal contained information regarding proposed lease terms, profit-sharing potential, etc., therefore we were unable to obtain sufficient audit evidence to provide a basis for an opinion as to the financial impact to the City. A scope limitation is a restriction placed on the audit that precludes the CAO from accomplishing our objectives and plans, including a lack of access to records, personnel, and documentation relevant to the performance of the engagement.

cc: Chris Lagerbloom, City Manager
Alain Boileau, City Attorney
Jeff Modarelli, City Clerk
Linda Logan-Short, Interim Assistant City Manager
Rhoda Mae Kerr, Interim Assistant City Manager