

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

*Updated Preliminary Review of the Lockhart Stadium
Unsolicited Proposals*

Report #18/19-03

March 19, 2019



Memorandum

Memo No: 18/19-03.2

Date: March 19, 2019

To: Honorable Mayor and Commissioners

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

Re: Updated Preliminary Review of the Lockhart Stadium Unsolicited Proposals

This is an update to my memo issued on March 17th to reflect additional information received from Inter Miami regarding their financing.

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. Both Inter Miami and FXE Futbol have lined up firm commitments for financing.

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

Inter Miami

Inter Miami provided a firm commitment from Goldman Sachs for \$50 million for development of the project.

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