

RESOLUTION

NO. RS06-2023-73

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEBURNE, TEXAS AUTHORIZING THE CHANGE OF MAJORITY CONTROL IN OWNERSHIP OF CLEBURNE BASEBALL, LLC, AND AMENDING THE STADIUM LEASE AGREEMENT TO REFLECT SUCH CHANGE OF CONTROL; AUTHORIZING THE CITY MANAGER TO EXECUTE SAID DOCUMENTS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City currently leases La Moderna Field to Cleburne Baseball, LLC (CBLLC) through a stadium lease agreement dated October 24, 2018; and

WHEREAS, CBLLC is the ownership group of the Cleburne Railroaders, an independent baseball team currently playing in the American Association of Professional Baseball; and

WHEREAS, CB Investors owns a 51.5% stake in CBLLC; and

WHEREAS, CB Investors is currently in the process of selling their majority stake of CBLLC to Railroaders Baseball Partners, LLC (RBPLLC); and

WHEREAS, RBPLLC consists of a group of existing minority investors of CBLLC and additional baseball and entertainment executives; and

WHEREAS, CBLLC is requesting City Council consent to their Change of Control request per section 18.4 of the Stadium Lease Agreement; and,

WHEREAS, the Change of Control request meets the criteria per section 18.4 in that the new controlling interest (RBPLLC) of CBLLC has: 1) substantial experience in managing a professional baseball team and stadium; 2) demonstrates financial strength to conduct such operations; and 3) has entered into a franchise agreement with the American Association of Professional Baseball pending City consent of the Change of Control; and,

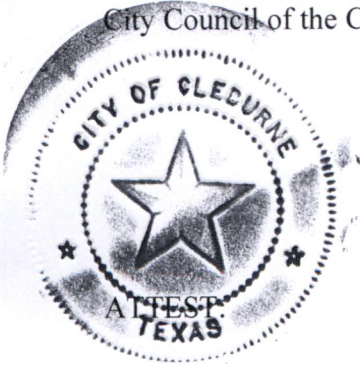
WHEREAS, the stadium lease agreement between the City and CBLLC does not change other than recognizing a change in position of ownership of CBLLC from a minority position to a majority position for RBPLLC.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLEBURNE, TEXAS:


SECTION ONE. The City Council of the City of Cleburne consents to the Change of Control as requested and authorizes the City Manager to amend the existing stadium lease agreement and execute the necessary documents to reflect such Change of Control.


SECTION TWO. This resolution shall become effective immediately upon its passage.

PASSED AND APPROVED this the 13th day of June, 2023, at a regular meeting of the City Council of the City of Cleburne, Texas.



CITY OF CLEBURNE

BY: 
Scott Cain, Mayor


Ivy Peterson, City Secretary

Contract/Document Cover Sheet
For Submitting to City Manager and/or City Secretary

Submitted by: Steve Date: 06/15/23

Department: City Manager

Contract Title: _____

Vendor/Other Party's Name _____

Council Meeting Approved Date: 06/13/23 or ☐ N/A

Resolution/Ordinance # or Dept Contract #: RS06-2023-73

DESCRIPTION & TERMS

Purpose / Brief Description: Article 1- Amendment no. 2-
fundamental lease provisions; definitions

Initial Length of Contract: N/A ☐ Months ☐ Years

Origination Date: _____ Expiration Date: _____

Renewal Options: ☐ N ☐ Y If yes, include details in description above.

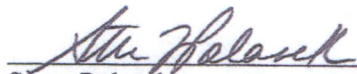
Reviewed/Confirmed by (initials): Dept Director SP City Secretary _____

AMENDMENT No. 2

Per City Council Approval of RS 06-2023-73 on June 13, 2023, the Stadium Lease Agreement between Cleburne Baseball, LLC and the City of Cleburne, Texas, shall be amended by removing Article I, "Tenant's Mailing Address" in its entirety and replacing it to read as follows:

**ARTICLE I.
FUNDEMENTAL LEASE PROVISIONS; DEFINITIONS**

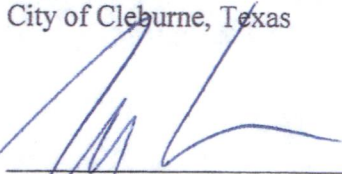
"Tenant's Mailing Address" means 111 S. Wacker Drive, Suite 5001, Chicago, IL 60606,
Attention: Thomas Vander Veen,



Steve Polasek:
City Manager
City of Cleburne, Texas

6-14-23

Date



Name: Thomas Vander Veen
Title:
Cleburne Baseball, LLC

6-14-2023

Date

CITY COUNCIL AGENDA REPORT

ITEM #: RS1

City Secretary's Use Only



DEPT REF #:

DATE OF MEETING: June 13, 2023

PRESENTER: Steve Polasek

PRESENTER'S TITLE: City Manager

DEPT CONTACT EMAIL: steve.polasek@cleburne.net

CLASSIFICATION:

- ☒ Regular
- ☐ Public Hearing
- ☐ Workshop Only
- ☐ Executive Session

COUNCIL ACTION: City Council consideration of a resolution authorizing the change of majority control in ownership of Cleburne Baseball, LLC, and amending the stadium lease agreement to reflect such change of control.

SUMMARY STATEMENT: The City of Cleburne currently has a stadium lease agreement with Cleburne Baseball, LLC (CBLLC) for use of La Moderna Field to host their professional league baseball team (Clebune Railroaders), as well as a variety of other activities. CB Investors, LLC is currently the majority stakeholder in CBLLC with a 51.5% interest. CB Investors, LLC has entered into an agreement to sell and assign their 51.5% interest in CBLLC to Railroaders Baseball Partners, LLC (RBPLLC). RBPLLC is a group of existing minority investors of CBLLC, along with some additional baseball and entertainment executives.

Per Section 18.4 of the stadium lease agreement between the City and CBLLC, CBLLC must notify and request written consent from the City prior to a Change of Control. Such consent shall not unreasonably withheld. A formal written request from CBLLC was submitted to the City on May 22, 2023, and is included as an attachment to this memo.

18.4 Change of Control. *Tenant shall not cause or permit to occur a Change of Control without the prior written consent of Landlord; provided, that if the Change of Control will result in a Tenant under this Lease (1) with substantial experience in the management and operation of a professional baseball team and related stadium (2) who can demonstrate reasonable financial strength to conduct such operations and (3) who has entered into franchise agreement relating to playing of professional baseball games at the Demised Premises, then Landlord shall not be entitled to unreasonably withhold or delay its consent to the Change of Control.*

If Change of Control is approved, RBPLLC would obtain 100% interest in CBLLC. RBPLLC includes members with ownership interest in Top Tier Sports. Top Tier Sports is currently a minority owner of the Cleburne Railroaders, as well as several other professional sports teams including minor league hockey and lacrosse. The proposed majority ownership group also includes investors with direct ties to the Texas Rangers organization and REV Entertainment, a full-service sports, events and entertainment company.

The Cleburne Railroaders play in the American Association of Professional Baseball (AAPB). The Commissioner's Office of the AAPB has received the application for Change in Controlling Interest. The Commissioner's Office has reviewed the application and undertaken their due diligence determining that the new majority stakeholders meet the ownership requirements of the league. As such, they are prepared to submit the application to the AAPB Board of Directors for approval on June 14, 2023, assuming City consent for Change of Control has been obtained.

With the exception of contact name and notification information, there would be no changes to the existing stadium lease agreement as a result of the Change of Control.

DISCUSSION/PREVIOUS COUNCIL ACTION: Not applicable.

BOARD/COMMISSION RECOMMENDATION: Not applicable.

EXHIBITS: 1) Proposed Resolution; 2) Exhibit A – Amendment No. 2; 3) Exhibit B - Request for Consent of Change of Control Letter

FUNDING/FISCAL IMPACT:

Cost: N/A

Funded: ☐ Yes ☐ No ☒ N/A

Source (Acct Description & #'s):

☐ One-Time Expense ☐ Recurring Expense

Budget Amendment Required: ☐ Yes ☒ No

APPROVALS/REVIEW:

Preparer of Report:

Department Head:

Division Director:

Director of Finance:

City Secretary:

City Attorney:

City Manager:

CLEBURNE BASEBALL, LLC
801 Hanover Drive, Suite 650
Grapevine, Texas 76051

May 22, 2023

City of Cleburne, Texas
10 N. Robinson Street
Cleburne, Texas 76033
Attention: Steve Polasek, City Manager

Re: Stadium Lease Agreement, Request for Consent of Change of Control (the "COC Notification")

Dear Mr. Polasek:

Cleburne Baseball, LLC ("CBLLC") is the Tenant under the Stadium Lease Agreement ("Lease") with the City of Cleburne ("City"). CB Investors, LLC ("CBI") currently owns a controlling interest of 51.5% of CBLLC. CBI has entered into an Equity Sale Agreement to sell and assign its 51.5% interest in CBLLC to a buyer, Railroaders Baseball Partners, LLC ("RBPLLC"), that consists of a group of existing minority investors of CBLLC and additional synergistic baseball and entertainment executives.

Per Section 18.4 of the Lease CBLLC must notify the City and seek prior written approval from the City prior to a Change of Control.

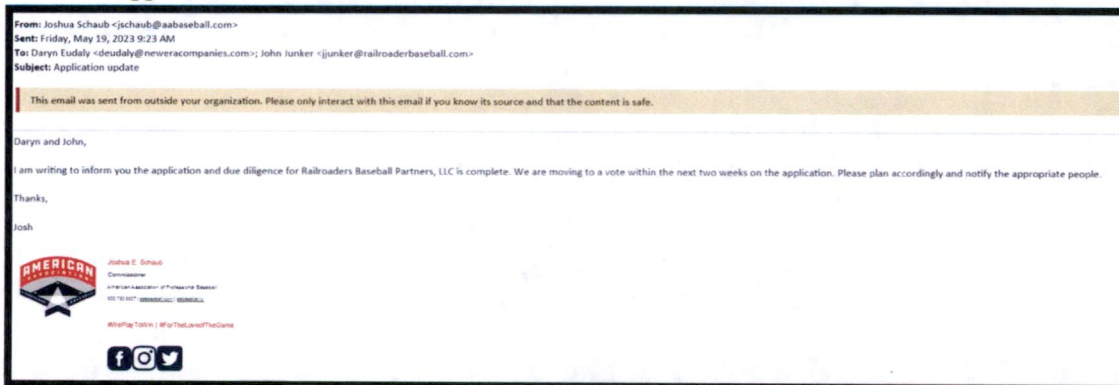
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This letter is CBLLC's request for the consent of the City to the Change of Control of CBLLC as required in 18.4 of the Lease, with such consent not to be unreasonably withheld based on:

- i) the Tenant not changing under the Lease, CBLLC will remain the Tenant and is in good standing under the Lease,
- ii) the new controlling interest member meeting the financial and operations qualifications of 18.4 and
- iii) the new controlling interest member being approved by the American Association of Professional Baseball ("AAPB")

RBPLLC has submitted an application for the Change in Controlling Interest of a Member to the AAPB Commissioners Office ("Application"). The AAPB Commissioner has reviewed the Application, interviewed the members, financially underwritten the members and is prepared to submit to the Directors to Approve, once we have the City's consent.

AAPB email on approval status of RBPLLC:



Based on the AAPB Commissioner's office approval of RBPLLC as a replacement controlling interest member and based on our knowledge of the RBPLLC's ownership groups experience, history of current and prior baseball and professional sports ownership (at the minor and major leagues), operational knowledge and support from the Rangers organization through REV Entertainment (a subsidiary of the Rangers organization) and their history as minority owners in CBLLC for the last 2 years, we believe RBPLLC meets the criteria in 18.4 of the Lease and will be able to take CBLLC to new heights and be a benefit to the community and the team.

Per your request regarding the identification of the members of RAILROADERS BASEBALL PARTNERS, LLC:

TOM VANDER VEEN - 30% * #
CHRIS RASMUSSEN - 25% * #
REV EQUITY VENTURES, LLC - 13%
TOP TIER SPORTS, LLC - 14% #
SEAN DECKER - 10%
CHRIS HUELE - 5%
JAMIE ADAMS - 3.0%

*Per AAPB Application - Manager of RPBLLC and will be a Director for CBLLC with the American Association
#Current Members of CBLLC minority ownership

The sale / assignment of the controlling interest of CBLLC is able to close once the City and the Directors of the American Association of Professional Baseball ("AAPB") approve RBPLLC to be the new controlling interest of CBLLC.

John and I want to thank you, Mayor Cain and the community for the opportunity to be a part of such an incredible piece of Cleburne's history. We have enjoyed our time as owners of the Railroaders and feel that we are leaving the team in a much better place than when we bought it. We have worked diligently to stabilize and grow the fan and sponsor base weathering through Covid, many challenges (financially and other). The team persevered and made it to the divisional playoffs last year and we feel that we have built a solid 2023 dream team that could win the Championship this year! John's long-term goal of solidifying a stadium naming rights partner was achieved last month allowing for a more stable and community focused team going forward! We look forward to visiting La Moderna Field for years to come and knowing that we were helpful during the time we owned the team in building something great for Cleburne.

Thank you for your timely review,

Sincerely,

CLEBURNE BASEBALL, LLC,
a Texas limited liability company

By: _____

DocuSigned by:
A57475480E9148B
Daryn Eudaly, Manager

By: _____

DocuSigned by:
27DB64450289407
John Junker, Manager




RS1:
City Council consideration
authorizing the change of
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of Cleburne Baseball, LLC, and
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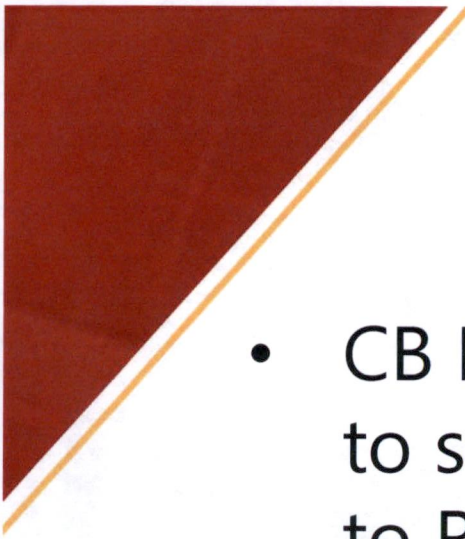
June 13, 2023

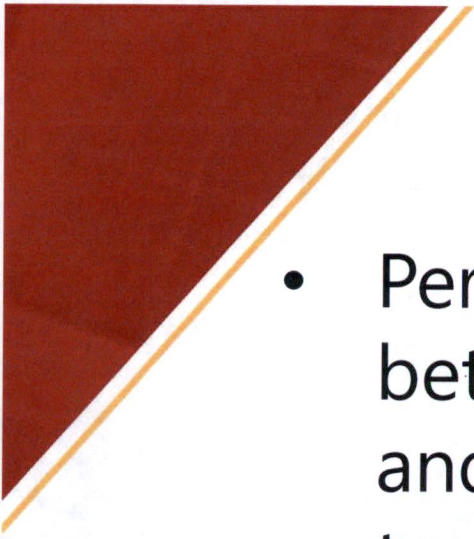
Presented by: Steve Polasek
City Manager

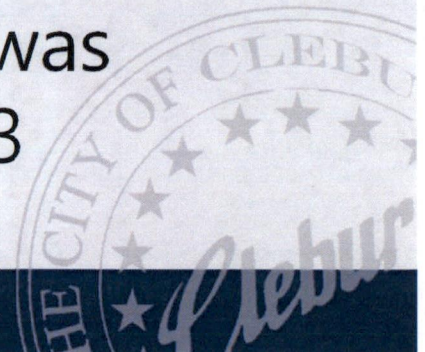
Excellence • Integrity • Service • Communication

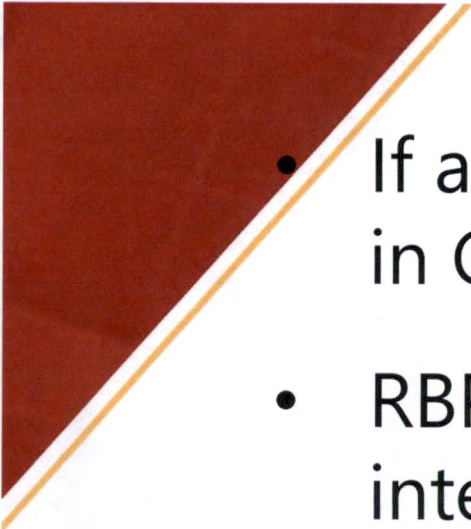


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- City of Cleburne currently has a stadium lease agreement with Cleburne Baseball, LLC (CBLLC) for use of La Moderna Field
 - host their minor league baseball team (Cleburne Railroaders)
 - variety of other activities
 - CB Investors, LLC is currently the majority stakeholder in CBLLC with a 51.5% interest

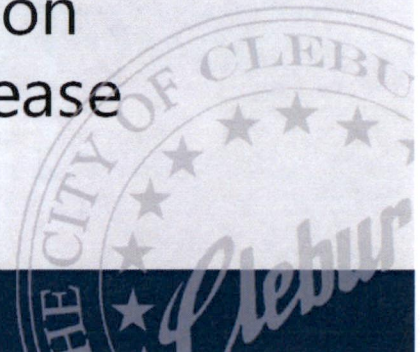
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- Per Section 18.4 of the stadium lease agreement between the City and CBLLC, CBLLC must notify and request written consent from the City prior to a Change of Control
 - Such consent shall not unreasonably withheld
 - A formal written request from CBLLC was submitted to the City on May 22, 2023



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- If approved, RBPLLC would obtain 100% interest in CBLLC
 - RBPLLC includes members with ownership interest in Top Tier Sports
 - Top Tier Sports is currently a minority owner of the Cleburne Railroaders, as well as several other professional sports teams including minor league hockey and lacrosse
 - Proposed majority ownership group also includes investors with direct ties to the Texas Rangers organization and REV Entertainment, a full service sports, events and entertainment company

- Cleburne Railroaders play in the American Association of Professional Baseball (AAPB)
- Commissioner's Office of the AAPB has received the application for Change in Control
 - Reviewed the application and undertaken their due diligence determining that the new majority stakeholders meet the ownership requirements of the league
 - AAPB Board of Directors scheduled to approve on June 14, 2023
- With the exception of contact name and notification information, no changes to the existing stadium lease agreement



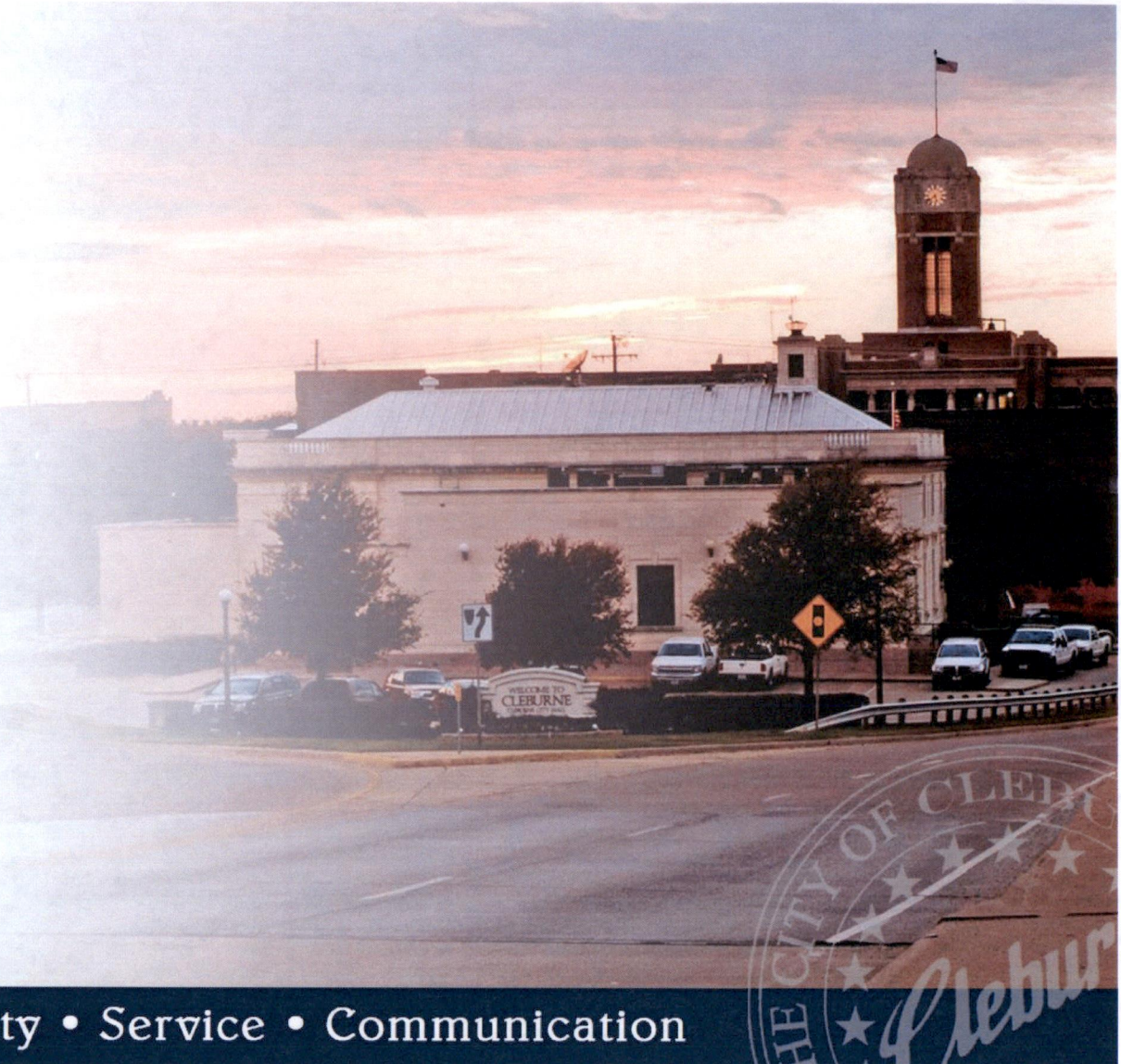


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For further information, contact:

Steve Polasek, City Manager
steve.polasek@cleburne.net



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