



STAFF REPORT

Board of Aldermen

AN ORDINANCE APPROVING THE PETITION TO ESTABLISH THE BUTTERFLY PALACE COMMUNITY IMPROVEMENT DISTRICT AND ESTABLISHING THE BUTTERFLY PALACE COMMUNITY IMPROVEMENT DISTRICT.

FIRST READING: MAY 13, 2025

FINAL READING: MAY 27, 2025

Initiated By: Administration

Approved By: *Cathy Stepp*

Financial Impact: Other (See additional explanation under Detailed Analysis)

Community Plan 2030: ED-3: Development Incentives

FACTS:

In June 2024, R B D Marketing, LLC (“Applicant”) on behalf of The Butterfly Palace, proposed the use of City economic development incentives to assist financing the proposed expansion of The Butterfly Palace. The Applicant proposed the use of a community improvement district, the use of a sales tax revenue reimbursement agreement, and the issuance of Chapter 100 bonds to assist in financing the expansion of The Butterfly Palace, which includes: 1) the expansion of the existing Aviary, 2) the development of a new third level, which will allow rooftop exhibits; 3) the development of an event center; 4) the development and ongoing maintenance of new parking facilities; 5) the development of new, interactive exhibits; and 6) necessary other improvements related to the aforesaid improvements.

In consideration of the Applicant’s requests for incentives, City staff and consultants for the City, Lauber Municipal Law and Baker Tilly, conducted due diligence and evaluated the Applicant’s request for economic development incentives. As part of an overall Development Agreement for the Expansion of The Butterfly Palace (“Development Agreement”), the Applicant filed a Petition to Establish the Butterfly Palace Community Improvement District (“Petition”) on April 24, 2025. If approved, the Butterfly Palace Community Improvement District (“District”) will provide funding for CID-eligible improvements and operation and administration of the District. This Staff Report provides an analysis of the Petition.

DETAILED ANALYSIS:

Project Summary:

In June 2024, R B D Marketing, LLC (“Applicant”) proposed to the City the use of a community improvement district, the use of a sales tax revenue reimbursement agreement, and the issuance of Chapter 100 bonds to assist in financing the proposed expansion of The Butterfly Palace. R B D Marketing, LLC is the owner of the property on which The Butterfly Palace is located. The Butterfly Palace is a butterfly-themed tourist attraction which showcases over 1,000 live, exotic butterflies, along with butterfly and animal related interactive exhibits and educational activities. The Butterfly Palace is located at 4106 W. 76 Country Boulevard, Branson, Missouri.

The Applicant proposes to expand The Butterfly Palace, which includes: 1) the expansion of the existing Aviary, 2) the development of a new third level, which will allow rooftop exhibits; 3) the development of an event center; 4) the development and ongoing maintenance of new parking facilities; 5) the development of new, interactive exhibits; and 6) necessary other improvements related to the aforesaid improvements.

Petition to Establish the Butterfly Palace Community Improvement District:

The Applicant filed a Petition to Establish the Butterfly Palace Community Improvement District (“Petition”) on April 24, 2025. The Petition was signed by 100% of the owners of real property within the proposed Butterfly Palace Community Improvement District (“District”). If established, the District will provide funding for CID-eligible improvements and operation and administration of the District.

Upon receipt of the Petition by the Deputy City Clerk, the City Clerk, with the assistance of the City’s special counsel for economic development, reviewed the Petition and determined on or about April 25, 2025 that the Petition substantially complied with the requirements of the CID Act.

The CID Act requires the Board of Aldermen to hold a public hearing and further provides that after the close of the public hearing, the Board of Aldermen may adopt an ordinance approving the petition and establishing the district as set forth in the petition. The City Clerk provided the statutorily required notice of public hearing in the *Branson Tri-Lakes News*, by mail to the property owners within the proposed District on or about April 25, 2025, and by posting at City Hall. On May 13, 2025, the Board of Aldermen will hold a public hearing to consider the Petition.

Summary of Contents of Petition

- The Petition is required to be signed by 100% of the property owners located within the proposed District on a per capita basis and an assessed value basis. The proposed District boundaries are coterminous with the parcel upon which The Butterfly Palace is located. The parcel is owned by R B D Marketing, LLC, and the Petition was signed by Bruce Herschend, authorized representative of R B D Marketing, LLC. Therefore, the Petition was signed by 100% of the property owners on a per capita basis and an assessed value basis.
- Name of proposed District: Butterfly Palace Community Improvement District
- A legal description and map of the proposed boundaries are included in the Petition. Note that the boundaries of the proposed District do not include a small piece of property identified only by Parcel No. 07-7.0-35-000-000-003.000.
- If approved, the proposed District would be established as a political subdivision of the State of Missouri.
- The proposed District would be governed by a 5 member Board of Directors.
 - Each Director shall be at least 18, have resided within Missouri for at least 1 year, and be an owner of real property or a business within the District or an owner’s representative, or a registered voter residing in the District. According to the CID Act, if there are no registered voters residing in the District at the date the Petition has been filed, at least one Director shall be a resident of the City who is registered to vote, has no financial interest in any real property or business within the district, and is not related within the second degree of consanguinity to any owner of real estate or any business within the District.

- Three initial Directors are named in the Petition: Bruce Herschend, Billy Ong, and Brittney Smith. The City has not yet named its two appointees to the initial Directors. Mr. Herschend and Mr. Ong will serve four-year terms, while Ms. Smith and the City's initial representatives will serve two-year terms.
- Successor Directors are appointed by the Mayor, with the consent of the Board of Aldermen. The Executive Director of the District may submit a non-binding slate of persons to the City Clerk, which shall be delivered to the Mayor for consideration. Successor Directors shall serve four-year terms.
- If a Director resigns or is removed from the Board, the successor Director will be appointed by the Mayor with the consent of the Board of Aldermen.
- The Petition requests that the District exist for twenty-seven (27) years from the date of the approval of the ordinance establishing the District.
- Funding Mechanisms
 - The Petition requests the authority to impose a CID Sales Tax of up to one percent (1%) upon all eligible retail sales within the District. If approved, the CID Sales Tax would also include a use tax.
 - The Petition states that the District will not have the authority to impose real property taxes or business license taxes, nor will it have the authority to impose special assessments.
 - The District's annual budget will be submitted annually to the Board of Aldermen for the Board's review and comment in accordance with the CID Act.
- The Petition does not request that the Board of Aldermen make a blight finding.
- Exhibit C to the Petition provides the Five-Year Plan for the proposed District, which is required by the CID Act.
 - The purposes of the District are set out in full in Exhibit C. The purpose is to provide funding for the expansion of The Butterfly Palace, which will include, among other improvements, the development of parking facilities, public improvements, and the expansion of the square footage of existing structures located within the District. The services of the District are anticipated to include the maintenance of the public improvements. Additionally, the District will provide funding for the District's formation and its ongoing operation and administrative costs.
 - The costs of the improvements and services to be provided by the District are listed in Exhibit A to Exhibit C of the Petition.
- The Petition provides that the estimated costs of improvements and services are \$1,019,057, all of which is expected to be reimbursed to the Applicant through the Development Agreement.

CITY CONSULTANTS' RECOMMENDATION: After conducting a review of the Petition for the Establishment of the Butterfly Palace Community Improvement District, it is Lauber Municipal Law's conclusion that the Board of Aldermen has the information necessary to authorize the establishment of the Butterfly Palace Community Improvement District.

BACKUP DOCUMENTATION:

Staff Report Exhibit 1 – City Clerk Verification of Butterfly Palace CID