



STAFF REPORT

Board of Aldermen

AN ORDINANCE APPROVING THE COOPERATIVE AGREEMENT WITH THE BUTTERFLY PALACE COMMUNITY IMPROVEMENT DISTRICT RELATING TO THE DEVELOPMENT AGREEMENT FOR THE EXPANSION OF THE BUTTERFLY PALACE AND AUTHORIZING THE MAYOR TO EXECUTE THE DOCUMENTS RELATED THERETO.

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-4: Financial Sustainability

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. The Petition is discussed in a separate Staff Report. This Staff Report discusses the Cooperative Agreement between the Applicant, the City, and the proposed District Board of Directors (“Cooperative Agreement”), which would govern the administration of the District.

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.

Cooperative Agreement Summary:

The Applicant filed a Petition to Establish the Butterfly Palace Community Improvement District (“Petition”) on April 24, 2025. If approved and established, the District will be governed by the Cooperative Agreement, which includes the imposition, collection, and disbursement of CID Sales Tax Revenues, as well as the administration and operation of the District. The Cooperative Agreement is between the City, the Applicant, and the District itself and is summarized below:

General Information

- Parties: The City, the Applicant, and the Butterfly Palace Community Improvement District (“District”).
- The consideration of the Cooperative Agreement is contingent upon the approval of the Development Agreement and the establishment of the District.
- The Cooperative Agreement will be in place for the lifetime of the District, which is anticipated to be 27 years, and may be amended upon agreement of all Parties.
- If authorized by the qualified voters of the District, the District will impose a 1% sales and use tax (“CID Sales Tax”) on all eligible retail sales within the District for the duration of the District.

Administrative Functions

- The CID Sales Tax will be collected and enforced by the Department of Revenue. The City will perform all functions incident to the administration of the CID Sales Tax that are not performed by the State.
- The City will receive an Administrative Fee of 2% of all CID Sales Tax revenues that are generated by the District.
- In connection with duties of the City as provided in the Development Agreement, the City will reimburse the CID Sales Tax revenues to the Applicant for the Applicant’s costs for CID Improvements. When disbursing CID Sales Tax revenues, the City will first disburse to itself its Administrative Fee, then will pay for Operating Costs incurred by the City and the District or the Applicant. Only then will CID Sales Tax Revenues be reimbursed to the Applicant for the costs of CID Improvements. Finally, CID Sales Tax Revenues will pay for CID services, which are anticipated to be maintenance of the CID Improvements.
- The City shall keep records of the District in accordance with generally accepted accounting principles.

CID Improvements

- CID Improvements include the construction and development of public facilities, parking facilities, and expansion of the square footage of existing structures of The Butterfly Palace.
- The Applicant shall begin being reimbursed for the CID Improvements only after the City’s approval of a Certificate of Completion and Compliance in accordance with the Development Agreement.

Annual Budget

- The Board of Aldermen will have the opportunity to review and comment on the District's annual budget each year, as required by the CID Act.

Sunshine Law Compliance

- The District is a separate political subdivision from the City and is responsible for its own compliance with Chapter 610, RSMo., also known as the Sunshine Law.
- The District shall provide to the City a copy of all agendas, notices, and agenda packets for regularly scheduled Board of Directors meetings three business days prior to each regularly scheduled meeting. When an emergency or special meeting is necessary, the Board of Directors shall provide to the City a copy of all agendas, notices, and agenda packets as soon as practicable after scheduling the emergency or special meeting.

General Contract Terms

The remaining terms of the Cooperative Agreement primarily deal with generally standard contracting terms, including representations of the Parties, default and remedies on default, immunities, indemnification, and modification.

<p>CITY CONSULTANTS' RECOMMENDATION: After conducting a review of the Cooperative Agreement, it is Lauber Municipal Law's conclusion that the Board of Aldermen has the information necessary to authorize the Mayor to enter into the Cooperative Agreement on behalf of the City.</p>
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BACKUP DOCUMENTATION:

No Additional Information