



TOWN OF PROSPER, TEXAS
TAX INCREMENT REINVESTMENT ZONE NO. 3
PRELIMINARY PROJECT AND FINANCE PLAN

Prepared in Compliance with
Chapter 311 of the Texas Tax Code by:

P&A PETTY
™ & ASSOCIATES

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	3
Zone Overview	3
20-Year Taxable Value Potential	3
Financial Summary	4
II. ZONE DESCRIPTION	5
Geographic Location and Boundaries	5
Base Year Taxable Value	5
Existing Conditions	5
III. PUBLIC PURPOSE FINDINGS	6
Statutory Criteria	6
Public Benefits	6
IV. PROJECT PLAN	7
Project Categories	7
Detailed Project List	7
V. FINANCING PLAN	9
Tax Increment Financing Structure	9
Town Participation Rate	9
Funding Sources	9
VI. FEASIBILITY STUDY	10
Growth Assumptions	10
Revenue Projections	11
Feasibility Conclusions	12
VII. STATUTORY COMPLIANCE	13
Chapter 311.006 Aggregate Value Limitation	13
Residential Property Limitation	13
VIII. COORDINATION WITH TAXING UNITS	14
IX. IMPLEMENTATION AND ADMINISTRATION	15
TIRZ Board of Directors	15
Administrative Procedures	15
X. APPENDICES	16
Appendix A: Zone Boundary Map	16
Appendix B: Detailed Project Costs	17
Appendix C: Parcel Identification	18

I. EXECUTIVE SUMMARY

The Town of Prosper, Texas, proposes to establish Tax Increment Reinvestment Zone No. 3 (TIRZ #3) under the authority of Chapter 311 of the Texas Tax Code. This Preliminary Project and Finance Plan, including the required Feasibility Study, demonstrates that the proposed zone meets all statutory requirements and represents a sound approach to financing critical public infrastructure improvements.

Zone Overview

Zone Designation: Tax Increment Reinvestment Zone No. 3

Total Zone Area: 1,356.20 acres

County Location: Collin County, Texas

Base Year Taxable Value: \$258,946,538

TIRZ Duration: 20 years (2025-2044)

Town Participation Rate: 50% of M&O Rate = 16.1027 cents per \$100

Total Project Investment: \$193,100,000

Financing Method: Pay-As-You-Go Tax Increment and Developer Reimbursement

20-Year Taxable Value Potential

The following table summarizes projected taxable values within TIRZ #3 under three growth scenarios:

Scenario	Year 5	Year 10	Year 15	Year 20	Year 20 (w/ Appr.)
Conservative	\$4.177B	\$11.934B	\$14.470B	\$14.918B	\$20.048B
Base Case	\$5.867B	\$16.762B	\$20.324B	\$20.953B	\$28.158B
Aggressive	\$7.687B	\$21.964B	\$26.631B	\$27.455B	\$36.897B

Note: Year 20 (w/ Appreciation) includes 2% annual property value appreciation.

Financial Summary

The TIRZ #3 financing structure ensures the Town maintains fiscal stability while facilitating necessary infrastructure development:

Town M&O Tax Rate: 32.2054 cents per \$100 valuation

TIRZ Contribution (50% of M&O): 16.1027 cents per \$100 valuation

Town Retention: 16.1027 cents (50% M&O) + 100% Debt Service

Base Value Tax Revenue: 100% retained by Town

Under this structure, tax increment revenues are generated only on the growth in property values above the base year value of \$258,946,538. The Town retains all tax revenue on the base value in perpetuity.

II. ZONE DESCRIPTION

Geographic Location and Boundaries

TIRZ #3 encompasses 1,356.20 acres within the corporate limits of the Town of Prosper, located entirely within Collin County, Texas. The zone is strategically positioned along key transportation corridors to capture anticipated growth and development.

The zone boundaries are generally described as follows: bounded by Frontier Parkway to the north, US Highway 380 to the south, with primary corridors along North Dallas Parkway and a portion of downtown commercial district. The complete legal description and boundary map are provided in Appendix A and Appendix C.

Base Year Taxable Value

The certified base year taxable value for TIRZ #3 is \$258,946,538, established as of January 1, 2025. This value represents the aggregate taxable value of all real property within the zone boundaries as certified by the Collin Central Appraisal District. The zone contains approximately 200 parcels with a mix of developed and undeveloped land.

Existing Conditions

The zone currently contains a mix of agricultural land, undeveloped tracts, and some existing residential and commercial development. Significant growth is anticipated based on approved development agreements, pending plat applications, and regional development trends. The infrastructure improvements outlined in this Plan are essential to support this anticipated development.

III. PUBLIC PURPOSE FINDINGS

Statutory Criteria

Pursuant to Section 311.003 of the Texas Tax Code, the Town Council finds that the zone meets the following statutory criteria for designation as a reinvestment zone:

1. The zone substantially arrests or impairs the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use because of inadequate public infrastructure.
2. The zone is predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the municipality.
3. The zone is in a federally assisted new community or in an area immediately adjacent to such community.

Public Benefits

The establishment of TIRZ #3 will provide the following public benefits:

- Enhanced transportation infrastructure to serve growing residential and commercial areas
- Improved drainage systems to protect property and public safety
- Expanded utility capacity to support development
- New parks and recreational facilities for residents
- Public facilities including a recreation center
- Economic development and job creation

IV. PROJECT PLAN

Project Categories

The following infrastructure projects are planned for TIRZ #3, with a total investment of \$193,100,000:

Project Category	Estimated Cost
Street Improvements	\$100,500,000
Parks & Downtown Improvements	\$25,600,000
Public Facilities (Recreation Center)	\$40,000,000
Public Safety Operations & Maintenance	\$2,700,000
Utilities	\$22,300,000
Drainage Improvements	\$2,000,000
TOTAL PROJECT INVESTMENT	\$193,100,000

Detailed Project List

Street Improvements (\$100,500,000)

- DNT Parallel Collector (First to US 380): \$15,000,000
- DNT Parallel Collector (Frontier to Prosper Trail): \$15,000,000
- Fifth Street Quiet Zone: \$500,000
- Shawnee Trail Connections: \$20,000,000
- Developer Reimbursement Programs: \$50,000,000

Parks & Downtown Improvements (\$25,600,000)

- Parking Improvements: \$21,000,000
- Monumentation: \$1,600,000
- Landscape/Streetscape Improvements: \$3,000,000

Public Facilities (\$40,000,000)

- Recreation Center: \$40,000,000

Public Safety Operations & Maintenance (\$2,700,000)

- Fire/EMS Equipment and Facilities: \$1,500,000
- Police Equipment and Technology: \$1,200,000

Utilities (\$22,300,000)

- Water System Improvements: \$11,000,000
- Wastewater System Improvements: \$11,300,000

Drainage Improvements (\$2,000,000)

- Regional Detention Facilities: \$1,200,000
- Channel Improvements: \$800,000

V. FINANCING PLAN

Tax Increment Financing Structure

TIRZ #3 will utilize a pay-as-you-go financing approach, meaning infrastructure costs will be reimbursed to developers and the Town as tax increment revenues are collected. This approach eliminates debt service costs and ensures the Town's financial exposure is limited to actual revenues received.

Town Participation Rate

The Town of Prosper will contribute 50% of its Maintenance and Operations (M&O) tax rate to the TIRZ, calculated as follows:

Total Town Tax Rate: 50.5027 cents per \$100 valuation

M&O Component: 32.2054 cents per \$100 valuation

Debt Service Component: 18.2973 cents per \$100 valuation

TIRZ Contribution (50% of M&O): 16.1027 cents per \$100 valuation

Town Retention: 34.3973 cents per \$100 (50% M&O + 100% Debt Service)

Tax increment is calculated only on the growth in taxable value above the base year value of \$258,946,538. The Town retains 100% of all tax revenue on the base value.

Funding Sources

Given the \$193.1 million project plan exceeds projected TIRZ revenues, the following supplemental funding sources are anticipated:

- **Developer Reimbursement Agreements:** Private developers will fund infrastructure upfront and receive reimbursement from TIRZ revenues as collected.
- **Public Improvement Districts (PIDs):** Special assessments on benefiting properties.
- **Town General Funds:** Strategic investments from Town operating and capital budgets.
- **Grants:** Federal and state infrastructure grants.
- **Utility Funds:** Water and wastewater improvements funded through enterprise funds.

VI. FEASIBILITY STUDY

This Feasibility Study analyzes the financial viability of TIRZ #3 in accordance with Section 311.011 of the Texas Tax Code. The study evaluates projected tax increment revenues under multiple growth scenarios and assesses the zone's capacity to support the proposed infrastructure improvements.

Growth Assumptions

Three growth scenarios have been modeled to evaluate the range of potential outcomes for TIRZ #3:

Conservative Scenario (3% Annual Growth)

Assumes slower than historical development patterns, reflecting potential economic headwinds or reduced development activity within the zone. This scenario represents a cautious outlook.

Base Case Scenario (5% Annual Growth)

Assumes growth consistent with historical development trends in the Town of Prosper and surrounding areas. This represents the most likely outcome based on current market conditions and approved development agreements.

Aggressive Scenario (7% Annual Growth)

Assumes accelerated development activity and strong market demand. This scenario represents optimistic conditions with significant new construction and commercial investment.

Revenue Projections

Based on the growth assumptions and financing structure described above, the following table presents projected cumulative tax increment revenues over the 20-year TIRZ term:

Conservative Cumulative Revenue Summary (Base Growth)

Scenario	10-Year Cumulative	15-Year Cumulative	20-Year Cumulative
Conservative (3%)	\$4.8M	\$8.2M	\$12.5M
Base Case (5%)	\$8.7M	\$15.4M	\$24.3M
Aggressive (7%)	\$13.4M	\$24.6M	\$40.2M

Key Assumptions:

- Base Year Taxable Value: \$258,946,538
- TIRZ Rate: 16.1027 cents per \$100 (50% of Town M&O rate)
- Duration: 20 years (2025-2044)
- Tax increment calculated only on growth above base value

Cumulative Revenue Summary (Developable Value Potential)

Scenario	Year 5	Year 10	Year 15	Year 20	Year 20 (w/ Appr.)
Conservative	\$4.177B	\$11.934B	\$14.470B	\$14.918B	\$20.048B
Base Case	\$5.867B	\$16.762B	\$20.324B	\$20.953B	\$28.158B
Aggressive	\$7.687B	\$21.964B	\$26.631B	\$27.455B	\$36.897B

Feasibility Conclusions

Based on the analysis presented in this Feasibility Study, TIRZ #3 is determined to be financially viable under the following conclusions:

1. Revenue Generation: The zone will generate meaningful tax increment revenues under conservative cumulative revenue projections of base growth and under Developable Value Potential. The conservative Developable Value Potential would yield approximately \$154 million in project revenues.
2. Risk Management: The pay-as-you-go financing approach appropriately manages risk by limiting Town exposure to actual revenues received. No debt will be issued against projected TIRZ revenues.
3. Supplemental Funding: TIRZ revenues will contribute to, but not fully fund, the \$193.1 million project plan, depending on growth within the zone. Developer reimbursement agreements, PIDs, and other funding sources will provide necessary supplemental financing.
4. Economic Impact: Infrastructure improvements funded through TIRZ #3 will facilitate significant private development, creating jobs and expanding the Town's tax base.
5. Statutory Compliance: The zone complies with all requirements under Chapter 311 of the Texas Tax Code.

Recommendation: Based on this analysis, the establishment of TIRZ #3 is recommended as a sound and feasible approach to financing critical public infrastructure.

VII. STATUTORY COMPLIANCE

Chapter 311.006 Aggregate Value Limitation

Texas Tax Code Section 311.006 limits the aggregate taxable value of all reinvestment zones within a municipality to no more than 50% of the total taxable value of all property in the municipality. The following analysis demonstrates compliance:

Town of Prosper Total Taxable Value: \$10,806,491,907

50% Statutory Cap: \$5,403,245,954

TIRZ #1 Current Taxable Value: \$363,683,843

TIRZ #2 Current Taxable Value: \$363,683,843

TIRZ #3 Base Value (Proposed): \$258,946,538

Aggregate TIRZ Value: \$986,314,224

Percentage of Total: 9.13%

COMPLIANCE FINDING: The aggregate value of all TIRZs (9.13%) is well below the 50% statutory maximum. TIRZ #3 complies with Section 311.006.

Residential Property Limitation

Section 311.006 also limits the total value of property that is residential property, or that is in a reinvestment zone and subject to a tax abatement agreement, to no more than 15% of the total appraised value of taxable real property in the municipality.

Based on current property classifications within the proposed zone and existing TIRZs, the Town certifies compliance with this limitation. Detailed calculations are available upon request.

VIII. COORDINATION WITH TAXING UNITS

Pursuant to Section 311.013 of the Texas Tax Code, the Town of Prosper will notify all overlapping taxing units of the proposed TIRZ #3 and provide an opportunity for participation.

The following taxing units have jurisdiction within the proposed zone:

- Town of Prosper
- Collin County
- Collin County Community College District
- Prosper Independent School District

The Town will invite each taxing unit to participate in TIRZ #3 by dedicating a portion of their tax increment to the zone. Participation is voluntary, and each taxing unit may determine its level of contribution.

If other taxing units elect to participate, their contributions will be documented through interlocal agreements that specify the participation rate, duration, and administrative procedures.

The Town of Prosper will serve as the lead agency for TIRZ #3 administration and will coordinate with participating taxing units on an ongoing basis regarding project implementation and financial reporting.

IX. IMPLEMENTATION AND ADMINISTRATION

TIRZ Board of Directors

A Board of Directors will be appointed to oversee TIRZ #3 operations in accordance with Section 311.009 of the Texas Tax Code. The Board will consist of members appointed by the Town Council and participating taxing units, if applicable.

Board responsibilities include:

- Reviewing and recommending project priorities
- Overseeing preparation of the annual report
- Recommending amendments to the Project and Finance Plan
- Advising the Town Council on zone operations

Administrative Procedures

Annual Report: The Town will prepare an annual report on the status of TIRZ #3, including financial statements, project progress, and zone valuation, in accordance with Section 311.016.

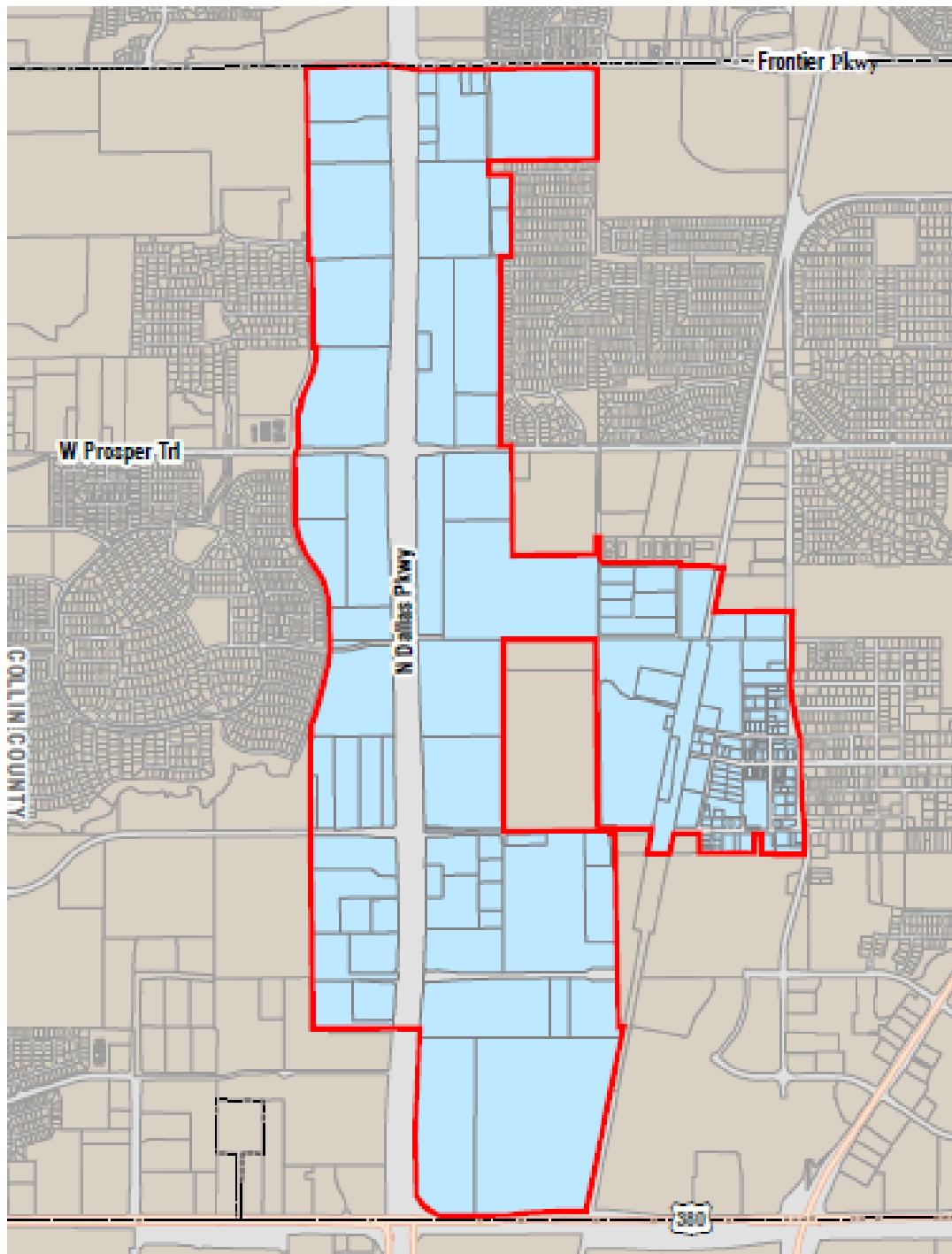
Project Implementation: Infrastructure projects will be implemented through the Town's standard procurement and construction processes. Developer-funded projects will be subject to reimbursement agreements approved by the Town Council.

Financial Management: TIRZ revenues will be deposited into a dedicated Tax Increment Fund and used exclusively for eligible project costs and administrative expenses.

Plan Amendments: This Project and Finance Plan may be amended by the Town Council following public hearing and notification requirements specified in Chapter 311.

X. APPENDICES

Appendix A: Zone Boundary Map



Appendix B: Detailed Project Costs

Project	Estimated Cost
STREET IMPROVEMENTS	\$100,500,000
DNT Parallel Collector (First to US 380)	\$15,000,000
DNT Parallel Collector (Frontier to Prosper Trail)	\$15,000,000
Fifth Street Quiet Zone	\$5,000,000
Shawnee Trail Connections	\$20,000,000
Developer Reimbursement Programs	\$50,000,000
PARKS & DOWNTOWN	\$25,600,000
Parking Improvements	\$21,000,000
Monumentation	\$1,600,000
Landscape/Streetscape Improvements	\$3,000,000
PUBLIC FACILITIES	\$40,000,000
Recreation Center	\$40,000,000
PUBLIC SAFETY OPS & MAINTENANCE	\$2,700,000
Fire/EMS Equipment and Facilities	\$1,500,000
Police Equipment and Technology	\$1,200,000
UTILITIES	\$22,300,000
Water System Improvements	\$11,000,000
Wastewater System Improvements	\$11,300,000
DRAINAGE IMPROVEMENTS	\$2,000,000
Regional Detention Facilities	\$1,200,000
Channel Improvements	\$800,000
GRAND TOTAL	\$193,100,000

Appendix C: Parcel Identification

TOWN OF PROSPER TIRZ #3 PARCEL IDENTIFICATION LIST NOVEMBER 2025

PROP_ID	GEO_ID
960552	R-0972-001-0010-1
960561	R-0972-001-0050-1
960570	R-0972-001-0070-1
960589	R-0972-001-0080-1
960598	R-0972-001-0100-1
960605	R-0972-001-0120-1
960632	R-0972-001-0150-1
960669	R-0972-001-018A-1
960678	R-0972-001-018B-1
960687	R-0972-001-0210-1
960696	R-0972-001-0230-1
960703	R-0972-002-0010-1
960721	R-0972-002-0030-1
960730	R-0972-002-006A-1
960749	R-0972-002-006B-1
960767	R-0972-002-0140-1
960776	R-0972-002-0170-1
960785	R-0972-002-0180-1
960794	R-0972-002-0220-1
960801	R-0972-003-0010-1
960829	R-0972-003-0030-1
960838	R-0972-003-0050-1
960847	R-0972-003-0060-1
960856	R-0972-003-0070-1
960927	R-0972-004-0010-1
960936	R-0972-004-0020-1
960945	R-0972-004-0040-1
960954	R-0972-004-0060-1
960963	R-0972-004-0001-1
961007	R-0972-004-014B-1
961025	R-0972-004-0190-1
961034	R-0972-004-0200-1
961043	R-0972-004-0210-1
961114	R-0972-006-0180-1
961150	R-0972-008-0010-1
961178	R-0972-008-0030-1
961187	R-0972-008-0050-1
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967573	R-6147-004-0080-1
967591	R-6147-004-0100-1
967644	R-6147-005-0140-1

967662	R-6147-005-0160-1
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968787	R-6147-007-0890-1
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968885	R-6147-007-0990-1
968894	R-6147-007-1000-1
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1526959	R-6147-007-1620-1
1529108	R-6147-007-1640-1
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1633584	R-6147-005-0310-1
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1876036	R-2050-001-00B0-1
1876045	R-2050-001-00C0-1
1876054	R-2050-001-00D0-1
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1905102	R-0976-003-003F-1
1970714	R-6147-002-0680-1
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2562827	R-6147-001-0350-1
2562831	R-6147-004-0200-1
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2563374	R-6147-004-0320-1
2571152	R-6147-004-0060-1
2575645	R-6147-001-0410-1

2584594	R-6147-001-0400-1
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2625342	R-0972-002-013B-1
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2648816	R-9685-00A-0020-1
2648818	R-9685-00A-0040-1
2656402	R-9772-00A-0010-1
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2678369	R-6147-005-1750-1
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2680329	R-9270-00A-0030-1
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2740866	R-0976-002-002R-1
2740868	R-0976-002-003R-1
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2749343	R-0972-003-012B-1
2761775	R-1114-027-001G-1
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2764999	R-9449-00A-002R-1
2765001	R-9449-00A-001R-1
2783470	R-11607-00A-0010-1
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2796649	R-6147-001-0740-1
2809722	R-11638-00A-001R-1
2815460	R-6147-007-2070-1
2817082	R-11366-00B-0010-1
2828237	R-11366-00B-0080-1
2828238	R-11366-00B-0090-1

Town of Prosper TIRZ #3 – Preliminary Project and Finance Plan

2837319	R-12381-00A-0010-1
2837320	R-12381-00A-0020-1
2846514	R-11366-00B-0030-1
2851656	R-0972-004-0070-1
2856947	R-12655-003-001A-1
2856968	R-12671-00A-0010-1
2862448	R-12714-00A-0010-1
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2862461	R-12714-00A-0030-1
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2880384	R-11638-00A-002R-1
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2943998	R-12714-00A-0060-1
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