

THE LAUNCH REPORT™

3Q24 NEWSLETTER

IN THIS EDITION OF THE LAUNCH REPORT™ YOU WILL FIND NEWS ON CALDWELL COMPANIES AND HILLWOOD COMMUNITIES RECENT LAUNCH BOND® TRANSACTIONS; 10 COSTLY REIMBURSEMENT PROCESSING BLUNDERS AND SEVEN CRITICAL ERRORS THAT CAN DERAIL YOUR SPECIAL DISTRICT FINANCING. LASTLY, WE HAVE INCLUDED ALL THE LAND ADVISORS ORGANIZATION'S Q#3 2024 MARKETS AT A GLANCE.





The Launch Bond® Continues to Revolutionize Texas MPC Financing

By Carter Froelich, CPA

In the past twelve months we've witnessed a significant market response to the Texas MUD Forward Funding Launch Bond® ("Launch Bond"), an innovative financial instrument developed by our team at Launch Development Finance Advisors. MUD Forward financings have facilitated over \$770 million in transactions, demonstrating its strong market acceptance and utility.

The Launch Bond® represents a game-changing solution for the master planned community development industry. The Launch Bond® effectively bridges the gap between infrastructure expenditures and MUD reimbursements, providing a streamlined mechanism to monetize both unreimbursed and anticipated MUD-eligible project costs.

What sets The Launch Bond® apart is its non-recourse nature and tax-exempt status, offering attractive low cost capital for developers and builders while limiting their liability. This combination of features has proven to be a powerful draw in the market, as evidenced by the substantial volume of transactions we've closed.

From a financial perspective, the Launch Bond® is not just a product; it's a strategic tool that enhances our clients' capital efficiency and project feasibility. By unlocking access to public markets, we're enabling our clients to better manage their cash flows and accelerate their development timelines.

Looking ahead, we anticipate continued growth in the use of Launch Bonds as more developers and home builders recognize their value proposition.

In October 2024 alone, we closed the following Launch Bonds®:

| Developer | Project | Closing Date | The Launch Bond™ Par Amount | Coupon Rate |
|----------------------|-----------|--------------|--------------------------------|-------------|
| Hillwood Communities | Valencia | 10/16/2024 | \$ 46,985,000 | 5.300% |
| Caldwell Companies | Highlands | 10/8/2024 | \$ 48,180,000 | 5.125% |
| Total | | | \$ 95,165,000 | |



HILLWOOD
COMMUNITIES
A PEROT COMPANY

Valencia

Image # 66
Date: 08.30.2024
File: 888.542.0238



CALDWELL
COMPANIES

The Highlands

LAUNCH
DEVELOPMENT FINANCE ADVISORS

For more information on The Launch Bond as well as selected transactions; visit thelaunchbond.com. To discuss your company's Launch Bond® financing strategy, contact Carter Froelich, CPA at carter@launch-dfa.com.



Ten Costly Reimbursement Blunders

By Curry Froelich

Over the years, our reimbursement team has witnessed countless developers fall victim to a series of costly mistakes that have led to significant delays, wasted resources, and financial setbacks. These 10 common errors have become cautionary tales, serving as stark reminders of the pitfalls that await those who underestimate the complexity of the reimbursement process:

1. Chaotic record-keeping leading to lost documentation;
2. Overlooking crucial public procurement requirements;
3. Bundling multiple infrastructure projects under a single contract;
4. Neglecting prevailing wage requirements and certified payrolls (CA/NV);
5. Attempting to claim reimbursement for ineligible infrastructure;
6. Underestimating project costs, resulting in unused construction funds;
7. Inconsistent project naming across various documents;
8. Commingling reimbursable and non-reimbursable costs;
9. Poor communication between departments (Land/Legal/Accounting/Operations);
10. Treating reimbursement as an afterthought rather than a priority

These mistakes have cost developers untold hours of wasted time, significant financial losses, and frustrating delays in receiving reimbursement proceeds. However, there is a solution that can help developers avoid these pitfalls and streamline their reimbursement process: The Launch Reimbursement System™ (“LRS”).

The LRS is a comprehensive system administered by Launch professions and is designed to address each of these common errors and provide a structured, efficient approach to managing reimbursement processing. By working with Launch professionals to implement the LRS, developers can:

1. Maintain organized and consistent records;
2. Ensure compliance with all regulatory requirements;
3. Properly categorize and track project costs;
4. Facilitate communication between departments;
5. Prioritize the reimbursement process from the outset;
6. Accelerate reimbursements into the project cash and enhance project profitability and returns.

To learn more about how the LRS can revolutionize your reimbursement process and help you avoid these costly mistakes, we invite you to watch our [informative video](#). This video provides an in-depth look at the features and benefits of the LRS, demonstrating how it can save you time, money, and headaches throughout your development projects.



Curry Froelich is a Manager in the Scottsdale, Arizona office. For more information on how Launch Development Finance Advisors can help your organization procure your reimbursement proceeds, please contact Curry Froelich at curryf@launch-dfa.com.



Several Critical Errors That Could Deail Your Special District Financing

By Pam Giss

In the complex world of real estate development and public finance, special tax districts offer a flexible and powerful tool for funding infrastructure projects. However, this flexibility can lead to costly errors if not managed carefully. With over 40 years of experience in district financing, we have identified 7 critical mistakes that developers and builders often make when structuring tax-exempt bond transactions.

- 1. Overburdening Projects with Debt** - One of the most common pitfalls is the temptation to load up projects with excessive tax-exempt debt without proper consideration of crucial factors such as construction phasing, market conditions, and absorption rates. This short-sighted approach can jeopardize the long-term viability of a development.
- 2. Overlooking Opportunities in Pre-Annexation Agreements** - The Pre-annexation and Development Agreement ("PADA") or Development Agreement ("DA") presents a unique opportunity to establish a favorable district structure early in the entitlement process. Failing to address key elements like district types, board composition, and debt structures in the PADA or DA can lead to missed opportunities and complications down the line.
- 3. Non-Compliance with Public Bidding Requirements** - Many developers underestimate the importance of adhering to state-specific public bidding statutes when constructing or acquiring infrastructure with special district bond proceeds. This oversight can result in significant delays and lost reimbursement opportunities, varying greatly depending on the state in which the project is located.
- 4. Inadequate Reimbursement Tracking** - Proper documentation and tracking of reimbursable costs are crucial for maintaining the tax-exempt status of bonds and ensuring smooth disbursements. Neglecting this aspect can lead to lost cost recovery and potential legal issues. See the article "10 Costly Reimbursement Blunders".
- 5. Misunderstanding District Autonomy** - It's critical to recognize that special tax districts are separate political entities with their own legal obligations. Developers who fail to maintain this distinction risk running afoul of securities laws and other regulatory requirements.
- 6. Manipulating Excel Assumptions** - Adjusting revenue projections to artificially improve the outlook of a project is a dangerous practice that can lead to overly optimistic and ruinous outcomes.
- 7. Neglecting Continuing Disclosure Obligations** - Bond issuances come with developer ongoing reporting requirements that are often overlooked or mishandled. Failure to comply with these obligations can result in regulatory issues and damage to a developer's reputation in the municipal bond market.

The Path Forward

These common mistakes underscore the complexity of special tax district financing and the need for expert guidance throughout the process. Developers and builders must approach these transactions with caution, ensuring that they have a comprehensive understanding of the legal, financial, and administrative requirements involved.

Don't let avoidable mistakes derail your development plans. Ensure your special tax district financing is structured for success, compliance, and long-term viability.

Pam Giss is the Principal in the Launch's Scottsdale office and can be reached at pamelag@launch-dfa.com.



Land to Lots™ Podcast

Stay informed with the latest master planned community trends with Land to Lots™ Podcast

Over the last quarter we've added the following Land to Lots™ podcasts to our library. Subscribe to the Land to Lots™ Podcast wherever you get your podcasts.



New

- Episode 63 – [Interview with Craig Coppola on Do Nothing in Moderation- Success in Real Estate & Life](#)
- Episode 62 – [US Supreme Court Decision – Sheetz v. El Dorado County, CA \(DIF\) \(Part 2\)](#)
- Episode 61 – [US Supreme Court Decision – Sheetz v. El Dorado County, CA \(DIF\)](#)
- Episode 60 – [Discussions with Andrés Duany \(DPZ\)](#)
- Episode 59 – [Carter continues his conversation with David Oliver \(3 of 3\)](#)
- Episode 58 – [Carter continues his conversation with David Oliver \(2 of 3\)](#)
- Episode 57 – [Interview with David Oliver on Financing Texas Infrastructure \(1 of 3\)](#)
- Episode 56 – [Delivering lots on scale to builders with Tim Johnson of Land Tejas \(2 of 2\)](#)
- Episode 55 – [Delivering Lots on Scale to Builders with Tim Johnson of Land Tejas](#)
- Episode 54 – [Discussion with Uri Man, CEO of The Lagoon Development Company](#)
- Episode 53 – [Understanding and Impacting Internal Rates of Return \(2 of 2\)](#)
- Episode 52 – [Understanding and Impacting Internal Rates of Return \(1 of 2\)](#)
- Episode 51 – [Interview with Paul Johnson and Teri Slavik-Tsuyuki - Creating an MPC \(4 of 4\)](#)
- Episode 50 – [Interview with Paul Johnson and Teri Slavik-Tsuyuki - Creating an MPC \(3 of 4\)](#)

Land to Lots™

Fields to Fortune - Planning Your Bigger Future

In Launch's continued effort to share information and strategies with the development industry, we are proud to announce the newest release of Land To Lots™ – [Fields to Fortune: Planning Your Bigger Future \(The Land to Lots™ Trilogy, Book 1\)](#) which is currently available for purchase.

To get your copy click on [Amazon Book Offering](#)

BOOK 1 IN THE LAND TO LOTS™ TRILOGY

FIELDS TO FORTUNE

PLANNING
YOUR BIGGER FUTURE

A Step-by-Step Guide for Leveraging The Launch Sequence™
in Your Next Master Planned Community

CARTER FROELICH



DEVELOPMENT FINANCE ADVISORS

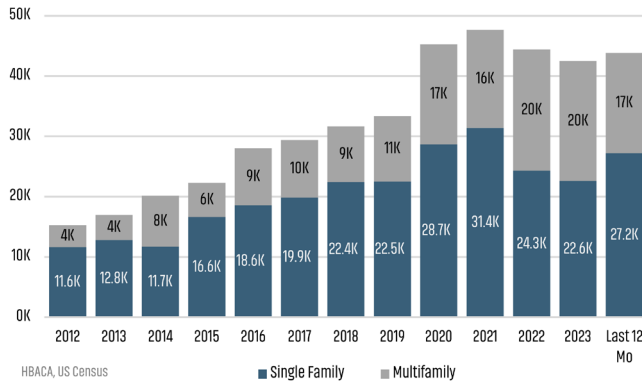
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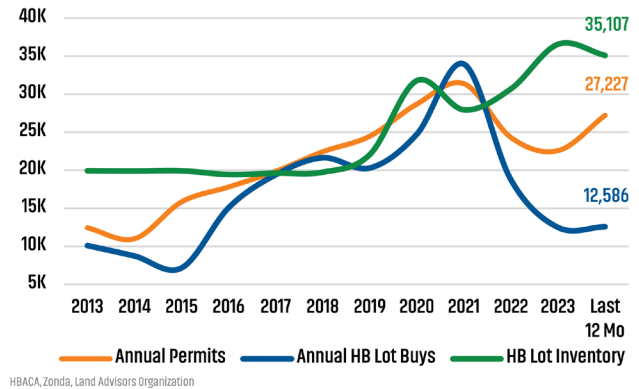


MARKETS AT A GLANCE - PHOENIX, PINAL, NORTHERN AZ, TUCSON (3Q24)

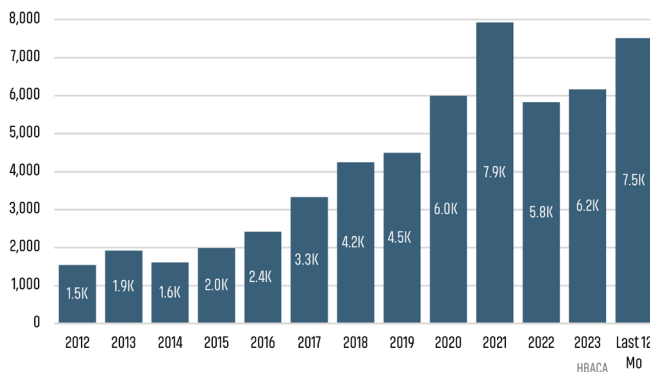
Phoenix Single Family & Multi-Family Permits



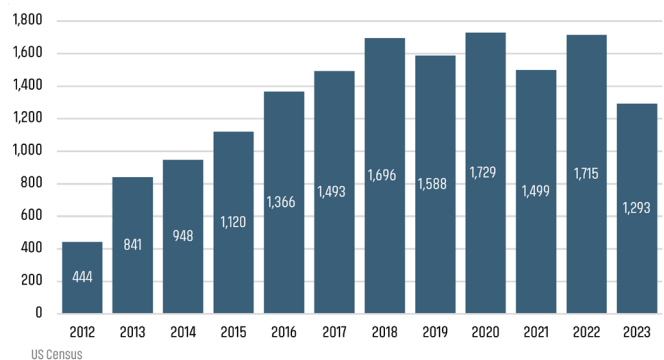
Phoenix Finished Lot Inventory vs. Permits



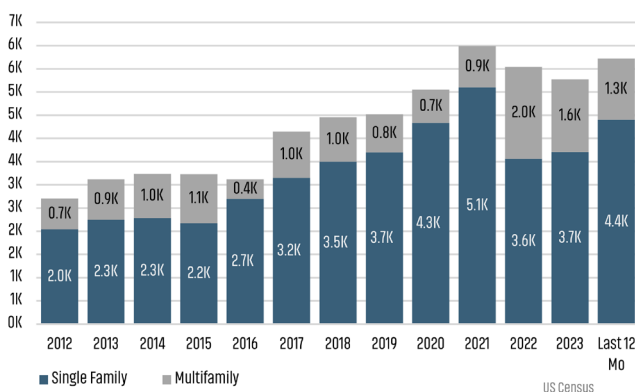
Pinal Single Family & Multi-Family Permits



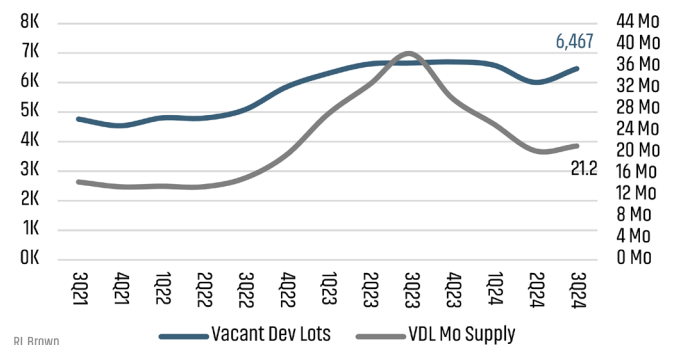
Northern AZ Family & Multi-Family Permits



Tucson Single Family & Multi-Family Permits



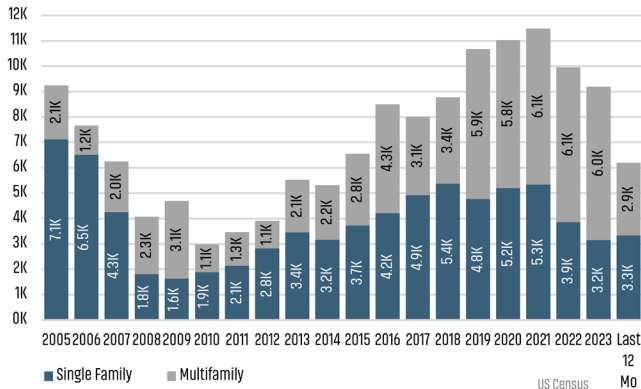
Tucson Vacant Development Lot Supply



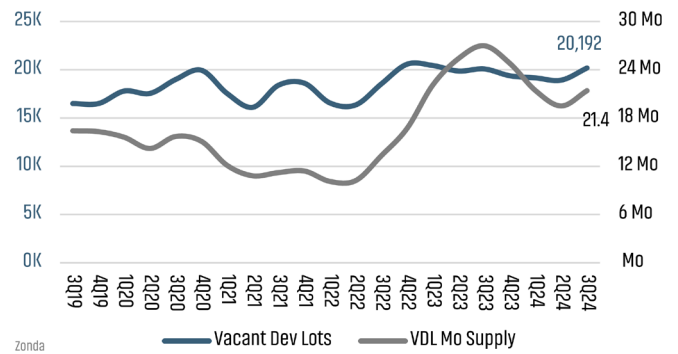


MARKETS AT A GLANCE - UTAH, BOISE, LAS VEGAS (3Q24)

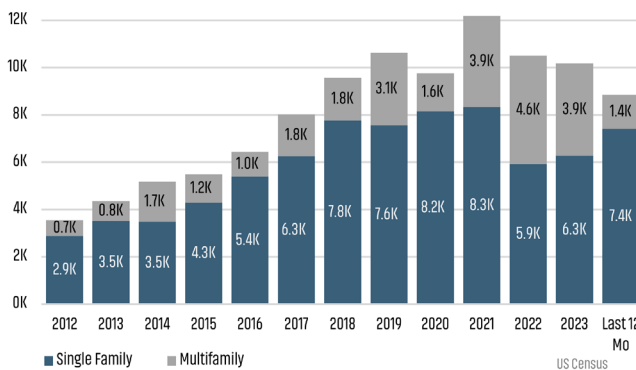
Utah Single Family & Multi-Family Permits



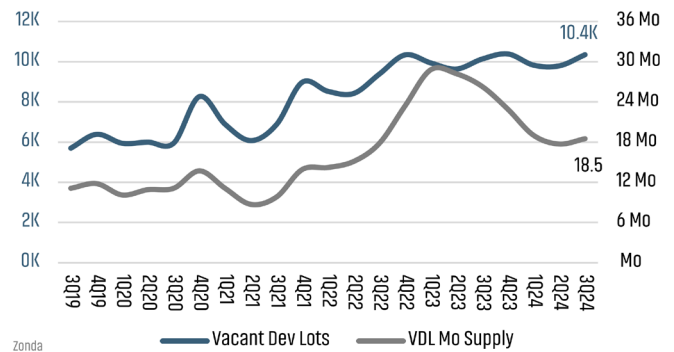
Utah Vacant Development Lot Supply



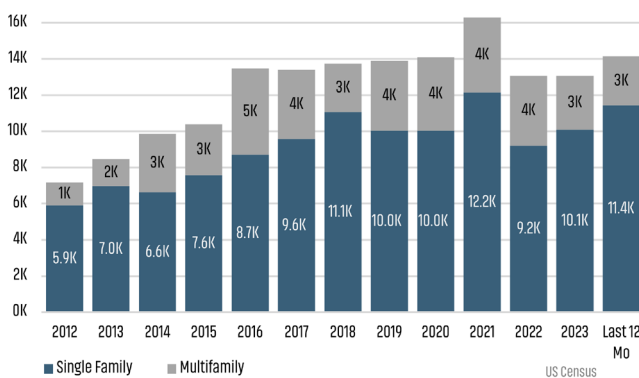
Boise Single Family & Multi-Family Permits



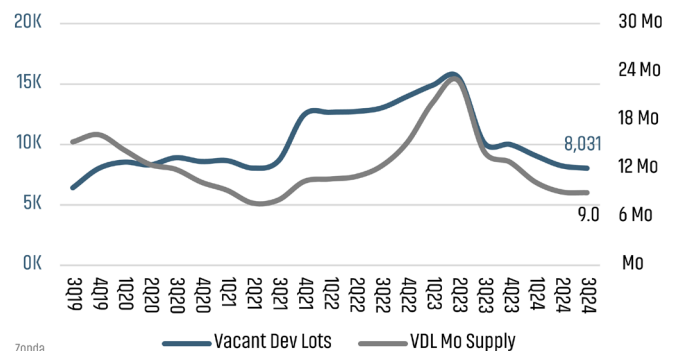
Boise Vacant Development Lot Supply



Las Vegas Single Family & Multi-Family Permits



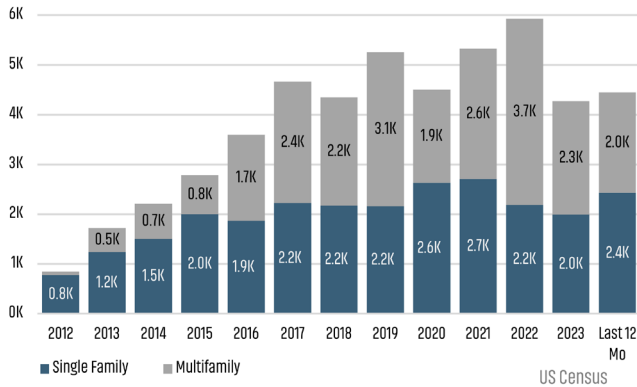
Las Vegas Vacant Development Lot Supply



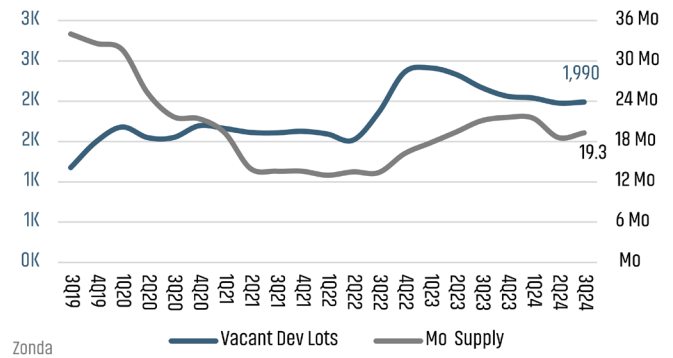


MARKETS AT A GLANCE - RENO, KANSAS CITY, HUNTSVILLE (3Q24)

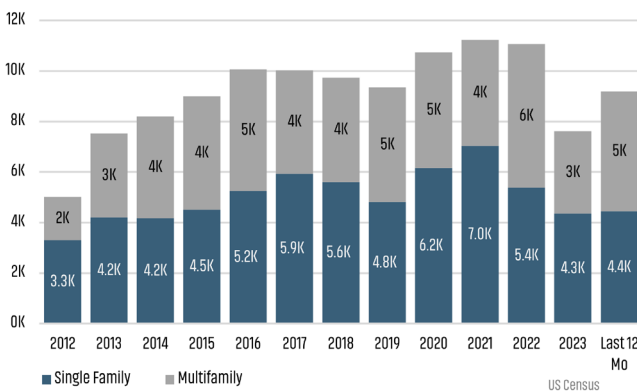
Reno Single Family & Multi-Family Permits



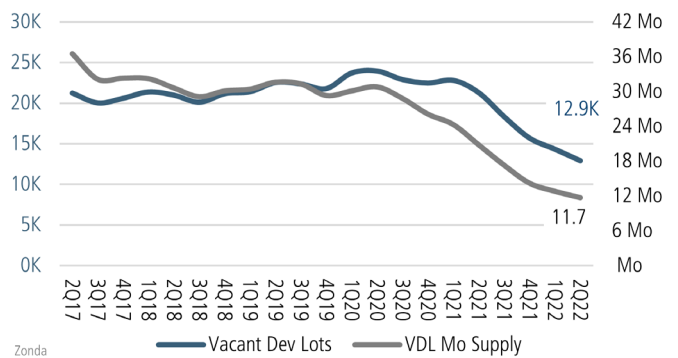
Reno Finished Lot Inventory vs. Permits



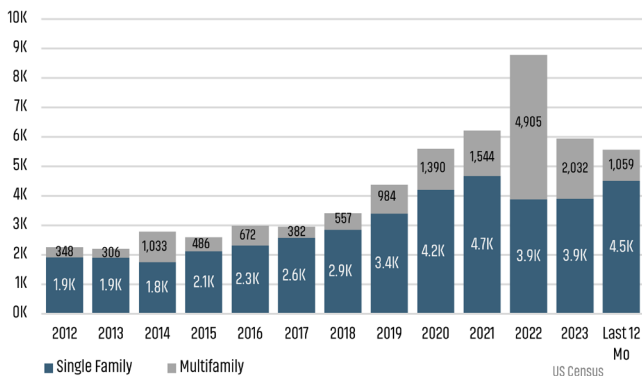
Kansas City Single Family & Multi-Family Permits



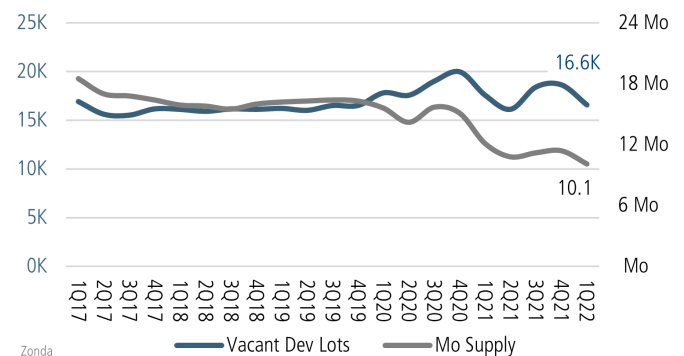
Kansas City New Vacant Developed Lot Supply



Huntsville Single Family & Multi-Family Permits



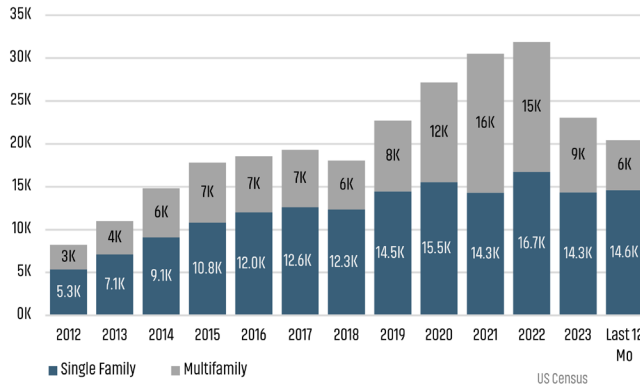
Huntsville Vacant Development Lot Supply



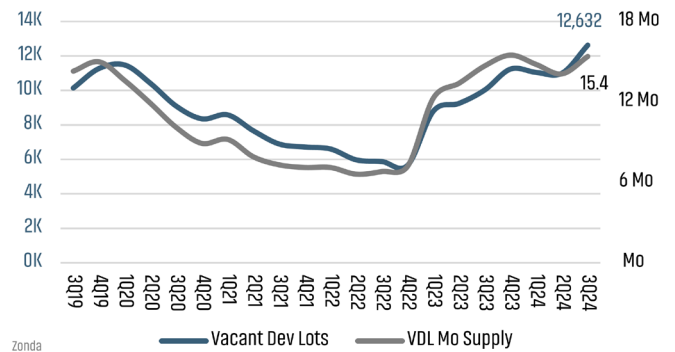


MARKETS AT A GLANCE - NASHVILLE, ATLANTA, CHARLOTTE (3Q24)

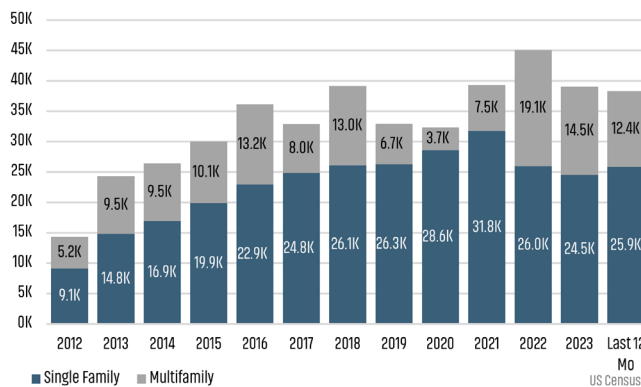
Nashville Single Family & Multi-Family Permits



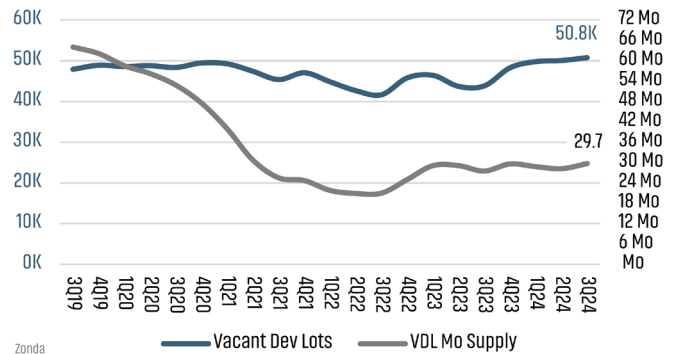
Nashville Vacant Development Lot Supply



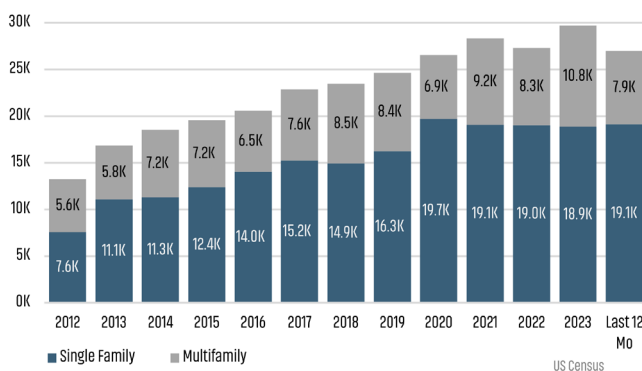
Atlanta Single Family & Multi-Family Permits



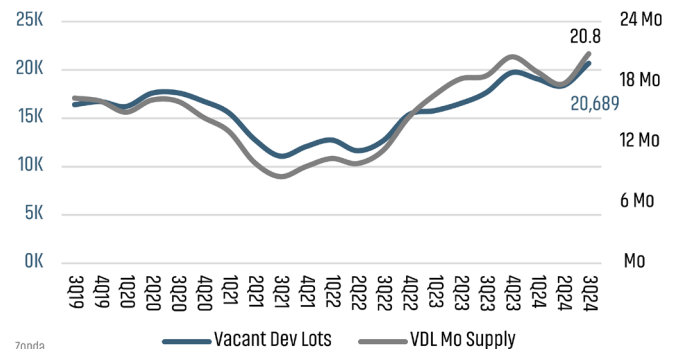
Atlanta Vacant Development Lot Supply



Charlotte Single Family & Multi-Family Permits



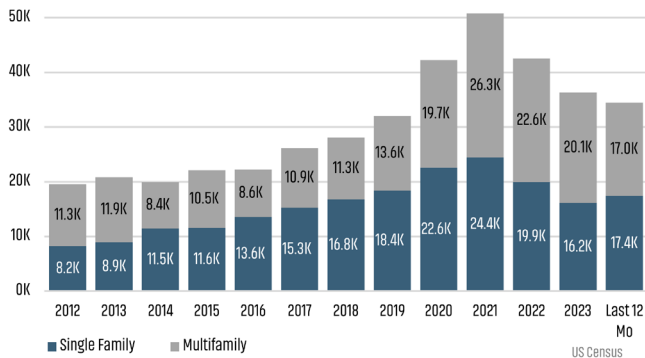
Charlotte Vacant Development Lot Supply



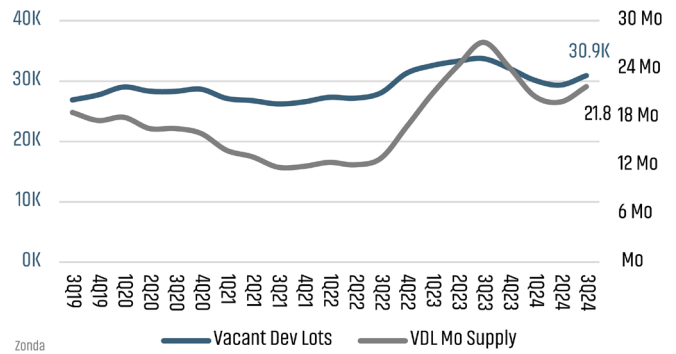


MARKETS AT A GLANCE - AUSTIN, HOUSTON, DALLAS (3Q24)

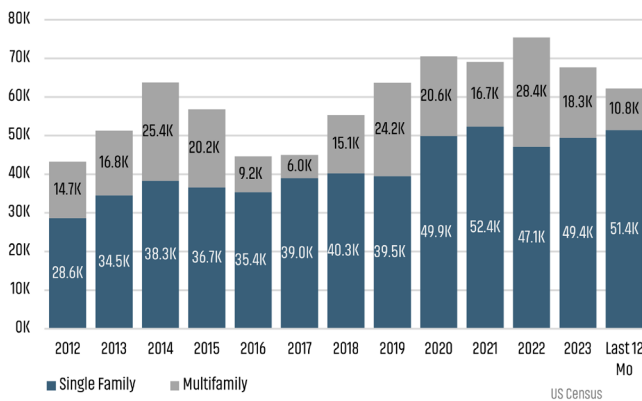
Austin Single Family & Multi-Family Permits



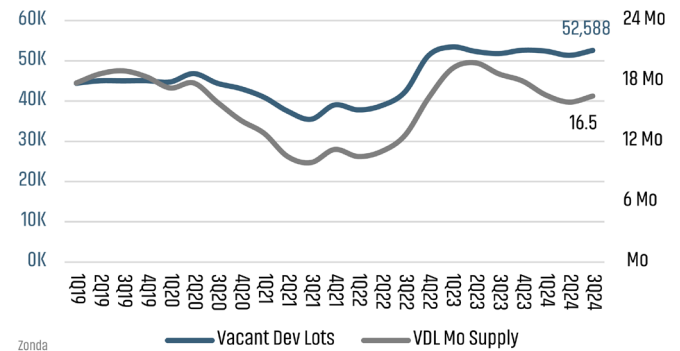
Austin Vacant Developed Lot Supply



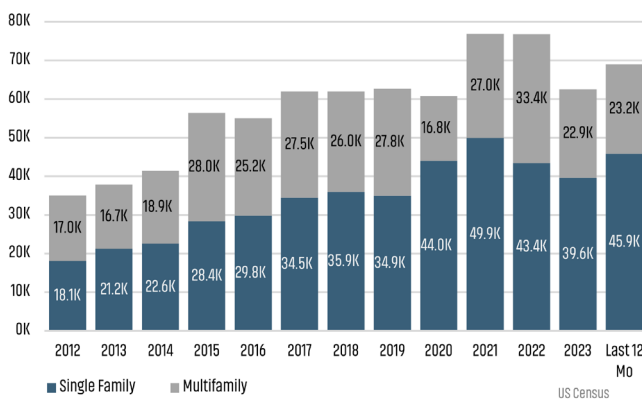
Houston Single Family & Multi-Family Permits



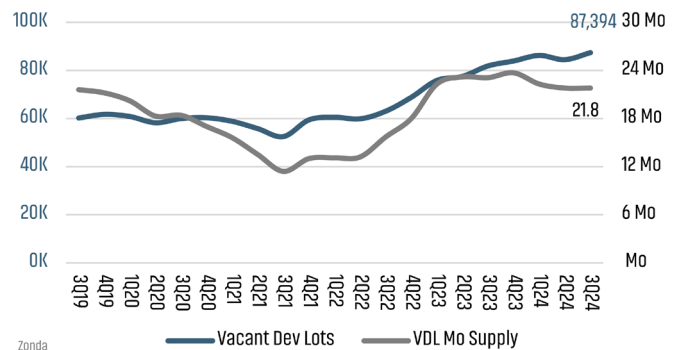
Houston Vacant Developed Lot Supply



Dallas Single Family & Multi-Family Permits



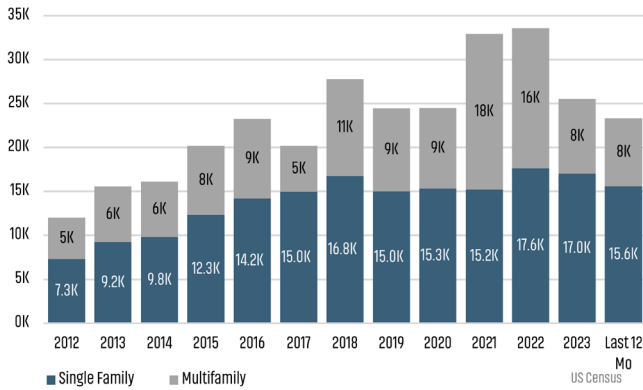
Dallas Vacant Developed Lot Supply



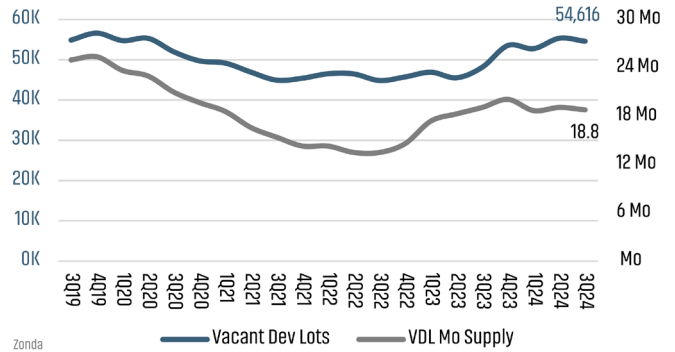


MARKETS AT A GLANCE - ORLANDO, TAMPA, JACKSONVILLE (3Q24)

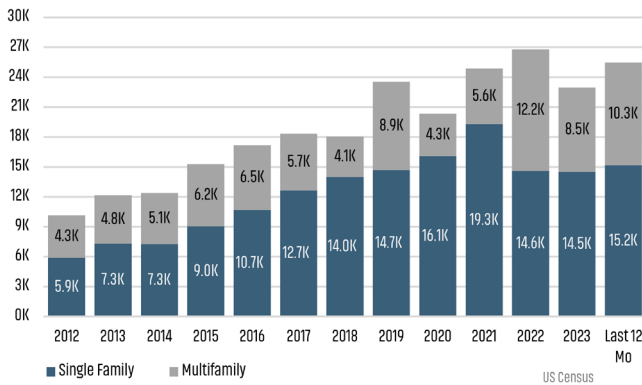
Orlando Single Family & Multi-Family Permits



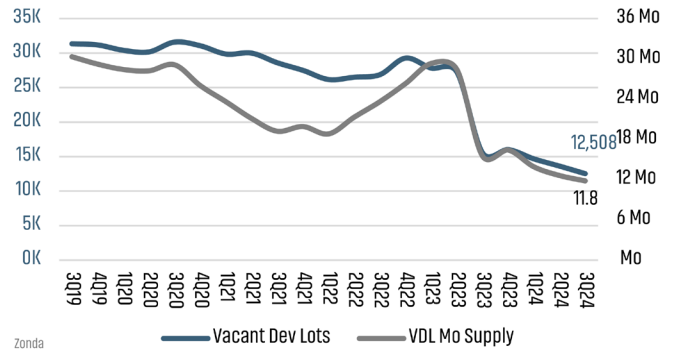
Orlando Vacant Developed Lot Supply



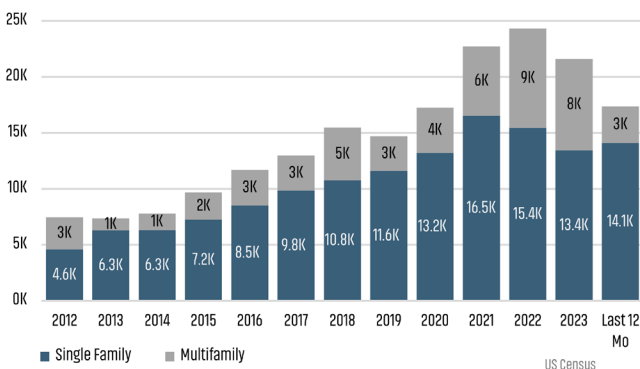
Tampa Single Family & Multi-Family Permits



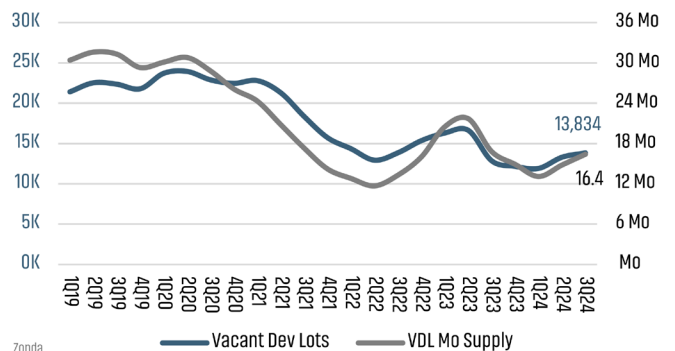
Tampa Vacant Developed Lot Supply



Jacksonville Single Family & Multi-Family Permits



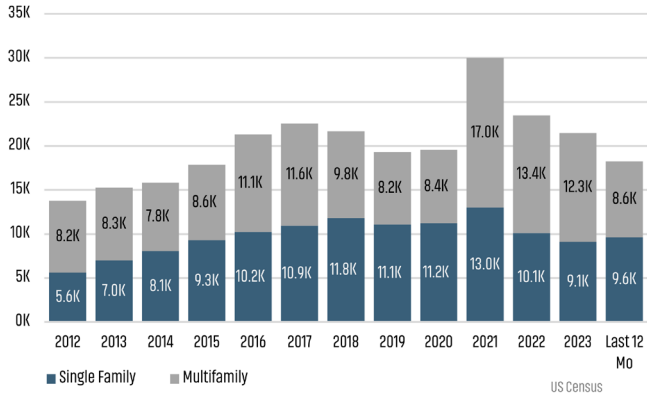
Jacksonville Vacant Developed Lot Supply





MARKETS AT A GLANCE - DENVER (3Q24)

Denver Single Family & Multi-Family Permits



Denver Vacant Developed Lot Supply

