
Mun-Ease News

New Software, New Manuals, and New IRS Rulings!

Release 10.25 Ships with New Manuals

We are pleased to announce our new 10.25 release of Mun-Ease. The features of this release are detailed later in this newsletter. More importantly though, we are shipping a new set of manuals to our 10.0 customers. Both the software and the manuals are shipped free-of-charge to our 10.0 customers. The manuals are now almost 1,000 pages in length and are in three volumes: *Volume 1 - The User Guide*, *Volume 2 - Report Samples*, and *Volume 3 - Tutorials*. We have invested a significant amount of time and money in developing these manuals because we believe that good documentation is the key for unlocking the full potential and value of our software.

Bucking the Trend: Comprehensive and Useful Documentation

It is not uncommon these days for software products to ship with either skimpy or no documentation. Even Microsoft seems to be adhering to this "less-is-better" trend. While we don't agree with this development, we can only speculate why the software industry has embraced this philosophy.

In our estimation, many software companies have done so because of cost/profitability pressures. There is also a widespread feeling among software developers that users don't read documentation. Our guess though is that there is a more insidious reason why documentation has been de-emphasized. The truth is that writing thorough and useful documentation is a long and arduous process. It is not a task that can be delegated to an inexperienced staff person. Nor is it something that can be done as an afterthought to the development process.

How We Create the Mun-Ease Documentation

We issue a new major release of Mun-Ease every 1 ½ to two years. With each new release, we ship new manuals. We also provide free telephone support to customers who are using the current release. Over the course of the time period during which the release is active, we field literally thousands

of support phone calls. We log each of these phone calls documenting both the questions and answers. We also keep one set of documentation at our side when we are answering support phone calls. As we help users, we review the manual to determine whether the user's question was adequately addressed in the documentation. Quite honestly, many times it is not. Thus over time we make hand-written notes and annotations to our user guide about areas where the documentation can be improved or topics that can be added or elaborated upon.

When we create documentation for a new release of software, we try to incorporate all of the hand-written comments and annotations that we have made in our manuals. In this way, our documentation reflects the needs and concerns of our users.

Our New Tutorials Volume

Our new Tutorials volume is used in conjunction with our Examples database that comes with the Mun-Ease software. It builds upon our experience of teaching Mun-Ease classes over ten years and is based on the exercises that we have used for those classes. It differs from our classroom exercises though in that it shows in a step-by-step fashion how to accomplish various calculations. We've done this by adding screen-shots and comments that lead the user through each step of the process.

We first completed the Tutorials volume in October of 2000. We used it to teach our October Mun-Ease class in Chicago and in several onsite classes that we have conducted since then. Based on these experiences we continued to revise and expand upon this material. With the revisions and enhancements, we feel that this volume will be well-received by our user community. It will be especially useful to new users.

New IRS Rulings

In a technical advice memorandum, the IRS has concluded that an issuer who asks for a refund for a prior overpayment can not future-value the rebate payment(s) that he previously paid. In effect, the IRS is not allowing the issuer to receive interest on the overpayment. To comply with this memorandum, Mun-Ease users who are performing calculations for subsequent rebate periods should not assign the actual payment date for a prior rebate

payment. Instead they should use the date that the calculation was performed (the future-value date).

The IRS has also issued a private-letter ruling (200036033) concerning a question from an issuer who had invested in a state-managed investment pool. The investment pool was actually two pools; one that was internally managed and invested in short-term securities and a second one that was externally managed and invested in longer-term, higher-yielding securities. The IRS concluded that issuer could assume that his rate-of-return reflected that of the internally managed investment pool. (Note: The facts of this case are somewhat involved and may not be relevant to other issuers.)

Both the full text of the technical advice memorandum and the private letter ruling will be placed on the Mun-Ease web site. Eventually, we will also include them in our arbitrage help file.

Demonstration of The Mun-Ease Add-On Internet Module

The Mun-Ease Internet Add-On module allows an issuer to place his database of debt on a web server. Users and other interested parties can then obtain debt service schedules and bond production reports with a web browser. The Internet Add-On module is easy to install and does not require any additional software other than what we provide.

You can view a demonstration of the Internet Add-On Module. It is running on Prescient Software's in-house web server and uses the Mun-Ease Examples database for the demonstration. Sign on to the Mun-Ease web site (www.mun-ease.com) and from the main menu choose the prices/features menu option. From there, click on Internet Add-On module hot link.

Features In Depth: About the Mun-Ease Private Activity Tests

We've decided that in this newsletter and in future newsletters, we'll choose a particular feature of Mun-Ease and cover it in-depth. In this newsletter, we'll discuss the Mun-Ease capabilities with regard to private-activity bonds.

Private-activity bonds are tax-exempt if they meet the 5% and 10% private-activity tests. The 5% test is for non-government-related private activities. The 10% test is for government-related private activities. If you define private-use percentages in the maturity-by-maturity allocations module, it is easy to determine if a bond issue is in compliance with the 5% and 10% tests.

Over time a bond issue may violate the private-activity tests if certain maturities are refunded. That's because the remaining unrefunded maturities may have a higher

percentage of private-use activities associated with them whereas the refunded maturities may have been used to fund the public-use activities. Thus the private-use rules can be a severe limitation when an issuer decides to undertake a refunding. An issuer of private-activity bonds must consider not only the economic opportunities associated with a refunding but must determine whether a refunding scenario will place him in non-compliance of the private-use rules.

System Features

The Allocations module has features that allow you to maintain the 5% and 10% private-use percentages for a given allocation coding block. These percentages are stored in the database table *Privuse.db*. Note that the private-use percentages are defined only for the allocation coding block and not for a particular bond issue or for a maturity within a bond issue.

To determine whether a bond issue is in compliance with the private-use rules, Mun-Ease first reads the private-use percentages for an allocation coding block from the private-use table and then finds all outstanding maturities in a bond issue that have allocations to that coding block. It then sums up the allocated principal for each of the outstanding maturities and multiplies that amount by the private-use percentages. This number is the amount of outstanding debt allocated to private-use activities.

Mun-Ease repeats this process for all of the allocations in a bond issue. Mun-Ease then determines whether a bond issue is in compliance by adding up the amount of outstanding debt allocated to private-use activities and dividing it by the total outstanding debt of the bond issue. If the percentages are greater than the 5% or 10% limitations, the bond issue is not in compliance with the private-use rules

A Final Note

The private-use report is for only a specific point in time during the life of the bond issue. Thus the issuer must monitor the percentages over time to ensure continued compliance with the private-use rules. In many cases, the private-use percentages are constantly changing.

As an example, consider a health care facility in which areas of the building are rented to doctors in private practice. The Regulations require that private-use percentages be determined based on the square footage of the building devoted to private and public use activities. Because renters will move in or out of the building during the life of the bond issue, the amount of the building dedicated to private-use activities will also change.

Version 10.25

Release 10.25 contains the following enhancements:

1. We've added new examples and revised existing examples on the Examples database so that they correspond to the Tutorials volume of documentation. Specifically, we've added new examples to demonstrate (a) the wrap-around escrow capabilities of Mun-Ease and (b) the ability of Mun-Ease to create an optimized portfolio of investments to meet a user-defined draw schedule.
2. We completely revamped the Mun-Ease help system. The help system now features split panel windows where the section topics are in the left-hand panel and the verbiage is in the right-hand panel. The new help system is based on the 10.0 documentation.
3. We've included a new version of our graphics engine. This version is more flexible and has additional features that will allow easier customization of graphics produced by the user.
4. We've changed the Import function for SLGS rates. *Background:* Mun-Ease has the ability to import the Bureau of Public Debt's SLGS rates that are saved to a comma-delimited file. In the Fall of 2000, Microsoft changed the way Excel saves data in a comma-delimited format. The format of a Excel-created comma-delimited file is now different from that created by Quattro Pro or Lotus. The new import function automatically detects the format of the file and will use the appropriate translation routine to load the SLGS data.
5. We've added an additional prompt in the *rebate calculations* window that asks the user if he/she is performing the final rebate calculation. If the user answers no, Mun-Ease computes 90% of the rebate liability (in addition to full rebate liability) and inserts the 90% value in the 8038T taxform. (Users have the ability to override the value computed by Mun-Ease.)
6. We've added additional copy and paste features to the *arbitrage commingled bond proceeds* window. The new features should help reduce the amount of data entry.
7. We've added additional data entry features to the Sizing project maintenance data entry window. By using function keys, the user is able to reduce the amount of data entry needed to enter project cash flows. The project maintenance window is also used when creating revenue projections for the debt service coverage report.
8. We've added e-mail capabilities to the calendar events module of Mun-Ease. By pressing the <F3> function key while in the data grid tabbed window, Mun-Ease will copy the calendar event to the Windows clipboard along with boiler-plate text stored in the Calevent.txt text file. The user can then initiate his/her e-mail program and paste the information into the letter being composed. The Calevent.txt file is stored in the user's personal directory.
9. We've changed the way we compute the disbursements from the debt service reserve account during a capitalized interest calculation. Previously, we computed the disbursement on a simple-interest basis. In this release, we compute the disbursement on an exponential basis.
10. We've changed the page size for the indexes to the Report database tables. The increased page size increases the maximum number of records that can be placed in the tables. In the past, some sites would exceed the maximum limits thus causing a "index-out-of-date" error. With the increased page size, users will be able to add up to two billion records to the tables.
11. We've added a new summary report to the Allocations Multi-Year Debt Service menu option. Previously, the report showed details by the allocation coding block and bond issue. The new report displays summary totals just by the allocation coding block.

Errata:

Because we changed the way we compute DSR disbursements in the capitalized interest calculation, the answers to the first sizing exercise in the Tutorials volume have changed slightly. The new answers are:

Par amount of bonds:	\$72,835,149.30
Accrued interest:	337,046.88
OID	-410,625
TIC/AYL	6.2175019/6.105773

Help!!!!

***Please forward this newsletter
to other Mun-Ease users and/or
interested parties in your organization***