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# Mun-Ease News

Prescient Software jr, Inc.

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[www.mun-ease.com](http://www.mun-ease.com)

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## Mun-Ease 2003 is Now Shipping

### New GASB 34 & Continuing Disclosure Features

Our new 2003 release (version 11.0) contains many exciting new features. It is our first release that addresses the issuers' needs with respect to GASB 34 and the SEC requirements for continuing disclosure. We also provide over 1,000 pages of documentation with this release.

We've included our new Mun-Ease brochure and feature checklist with this newsletter that describe these and other new features. While the attached brochures describe the highlights of our new release, the space limitations of a brochure make it impossible to explain all of the new features. Thus we'll list by module, all of the new enhancements later on in the newsletter. Feel free to e-mail or call us if you have questions about the new features or pricing.

### Buy Mun-Ease Directly From Prescient Software

Prescient Software has discontinued its marketing and distribution agreement with the GFOA for Mun-Ease effective May 8, 2003. People interested in buying Mun-Ease or upgrading to newer versions should call us directly at 949-248-5788. You can also fax us at 949-248-5789 or e-mail us at [sales@mun-ease.com](mailto:sales@mun-ease.com). The GFOA has asked us to remind our customers that Prescient Software will no longer have any affiliation with the GFOA after May 7, 2003.

*In this issue...*

*Mun-Ease Release 11.0, 2003 Class Schedule, 10.98 Interim Update, New Maintenance & Support Policies*

### Prescient Software Helps Define New Data Interface Standard For SLGS

For many years now, Howard Stevens of the Bureau of Public Debt has been one of our featured speakers at our user group meeting. During the 2002 User Group meeting we had an excellent discussion that centered around the format of the daily SLGS rate table that is maintained by the Bureau of Public Debt.

Previously SLGS rate information was not in a format that could be loaded directly into Mun-Ease. Instead you had to perform a few intermediate steps: (A) Start Excel and import the SLGS table into Excel through the *Data / New Web Query* menu option. (B) Save the spreadsheet as a comma-delimited file. (C) Start Mun-Ease and import the SLGS rates from the comma-delimited file through the Settings | SLGS | Import menu option. Also while in Excel, you must disable the automatic date recognition feature since Excel will incorrectly convert the SLGS table if that capability is not disabled.

Recently Howard telephoned to inform us that the Bureau is undertaking a software project to convert the daily SLGS rates to a format that is more readily accessible by third-party programs like Mun-Ease. We suggested that the data be converted to comma-delimited file and provided the Bureau with a sample template of how data should be formatted. We also helped the Bureau of Public Debt test the interface. The Bureau is hoping to have this feature implemented in time for our 2003 User Group Meeting in May. *The 11.0 version of Mun-Ease supports this important new feature!*

## 2003 Class Schedule

Prescient Software plans to offer Mun-Ease classes several times a year at CompUSA locations throughout the country. Mun-Ease classes are comprehensive in nature; covering all aspects of debt management in the public sector. The classes are conducted by having the student solve real-life problems using Mun-Ease on a computer provided by CompUSA. Our classes are 2 <sup>1/2</sup> days in length and cost \$995. We'll limit each class to 12 students to ensure a productive learning experience.

The Classes page of the Mun-Ease site contains additional information including: (a) class syllabus, (b) directions to the class locations and hotels, (c) a downloadable class registration form in Word and PDF format, and (d) additional hotel information. You can register for a class by faxing or mailing the attached registration form to Prescient Software at 949-248-5789. You can e-mail us at [classes@mun-ease.com](mailto:classes@mun-ease.com). The registration form can be downloaded from:

<http://www.mun-ease.com/class.html>

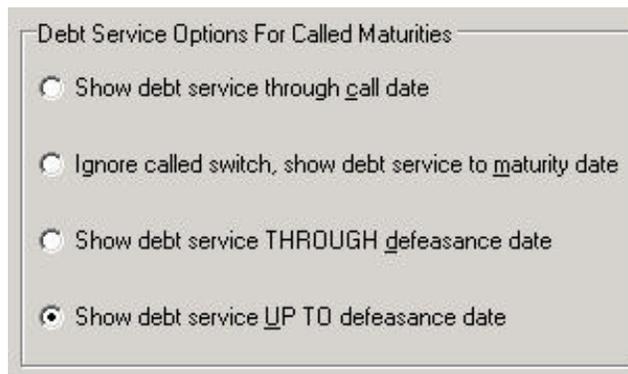
### 2003 Class Locations & Dates

**Mission Viejo, CA June 30-July 2, 2003.** (Mission Viejo CompUSA located at 25262 El Paseo, Mission Viejo, CA. Hotel Accommodation - Holiday Inn, 25202 E. La Paz Rd, Laguna Hills, \$89.00 plus 10% tax).

**St. Louis, MO, July 28-30, 2003.** (Bridgeton CompUSA located at 11970 St. Charles Road, Hilltop Plaza, Bridgeton, MO - Hotel Accommodation - Embassy Suites St. Louis Airport, 11237 Lone Eagle Dr., MO \$106.00 plus 14% tax).

**Orlando, FL September 29-October 1, 2003.** (Orlando CompUSA located at 7802 South Orange Blossom Trail, Orlando, FL - Hotel Accommodation - Adams Mark Hotel, 1500 Sand Lake Rd, Orlando, FL \$90.00 plus 11.5% tax).

We evaluated locations for Mun-Ease classes based on a number of different factors. We wanted geographically diverse locations that were close to airports, that had nearby hotels with reasonable rates and shuttle service, and that were served by airlines that offered discount airfares.



Debt Service Call Options Panel

## Features in Depth: New Debt Service Report Options

Whenever you request a combined or individual debt service report, the 2003 release of Mun-Ease displays a *call options* pop-up window (see above figure). This window requires that you choose one of four report options for bonds that contain maturities that have been refunded. They are:

1. Display debt service through the call date,
2. Ignore all calls; display debt service through the maturity date,
3. Display debt service through the defeasance date,
4. Display debt service up to (but not including) the defeasance date, (Use this option when you want a debt service schedule for accounting purposes.)

The above report options are important because issuers often have conflicting reporting requirements for debt service. From an accounting standpoint, option #4 allows a debt service schedule to be generated that reflects the legal liability of the issuer. Option #2 can be used to generate a debt service report that reflects the bond issue's original debt service. Finally option #1 can be used in connection with a refunding analysis.

The defeasance and call date information is entered through the *file / fixed rate bonds / call/defeasance dates* menu option. Note that the timing and amount of debt service payments will change in this window depending on the report options that you have chosen.

## New Help Features

We've recently expanded the *Troubleshooting / Tips* page of the Mun-Ease web site. On this page we provide detailed solutions to the problems that users occasionally encounter. The page is organized into four sections: *Report Problems, Database Problems, Driver Problems, and Calculation Problems*. Note that users who sign a maintenance and support agreement can always call Prescient Software at no charge whenever they have a question.

## Attention Service Providers - New Marketing Opportunities

Did you know that Google lists the Mun-Ease web site as one of the **top-rated web sites for municipal bond and arbitrage software**? We are expanding our site to include a web page that lists service providers who use Mun-Ease to provide arbitrage or financial advisory services to issuers. If you'd like to be listed on this page, call or e-mail us and we'll provide a link to your web site at no charge. This an excellent way for you to publicize your expertise in a particular field of public finance. To be listed, you must be using 11.0 version and provide a reciprocal link to the Mun-Ease web page somewhere on your web site.

## New Maintenance & Support Policy

With the 11.0 release, we will not longer require users to pay an upgrade fee. Instead users of the 10.0 version of Mun-Ease sign a maintenance & support (M&S) agreement to receive our new release and ongoing support (see below). Upon signing of a maintenance & support agreement, all upgrade charges will be waived.

The M&S agreement covers a period of two years from the date of signing. Renewal of the agreement is at the option of the user. The prices and terms may change at conclusion of the two-year period.

The annual cost of this agreement is roughly about half of what we previously charged as an upgrade fee.

Thus from a financial standpoint, there is no downside for the customer to sign the M&S agreement.

### ***Services Provided Through M&S Agreement***

Prescient Software is dedicated to providing timely and professional technical support for Mun-Ease. Our goal is to respond to all phone calls and e-mails on the same day that the call was placed. We also strive to resolve all user questions or problems within 24 hours from the time that the issue is reported to us.

Prescient Software continually enhances Mun-Ease to ensure that it is current with changes in technology, accounting practices, and tax law. About 2-3 times a year, we mail to our users a CD-ROM that contains interim updates to Mun-Ease. Interim updates include bug fixes, minor enhancements, and revisions that were necessary because of changes in tax law. As we enhance Mun-Ease, we also place the interim updates on our web site. Users can download the interim updates at no charge. A password to download the enhancements is provided to you when you purchase a M&S agreement.

All of the above services are available to users who sign the Maintenance & Support (M&S) agreement. Users who do not sign a M&S agreement do not receive these benefits.

### ***Cost of Annual Maintenance & Support Agreement***

The cost of the maintenance & Support agreement is detailed in the attached brochure. Prescient Software provides the first year of maintenance and support to new users at no charge upon signing this agreement.

## Limited-Time Offer for Customers Who Own Older Versions Of Mun-Ease

As mentioned in the previous section, we are waiving all upgrade fees to our 10.0 customers who sign a 2-year maintenance and support (M&S) agreement. This offer is not available to customers of older versions of Mun-Ease. However in recognition of the fact that we still have many customers using older versions of Mun-Ease, we will waive this restriction for a limited time. If customers of older

versions of Mun-Ease sign a M&S agreement before September 1, 2003, we will waive the upgrade charges.

**After that time, these customers will have to purchase Mun-Ease 2003 at 50% of the original list price.**

## New Features In Our 2003 Release (Vsn 11.0)

While our new 2003 brochure provides a high-level overview of new features, it was not possible to list all of the new enhancements. In the following paragraphs we'll provide a detailed look at our new enhancements. We've chosen to organize this section by module so that the reader can more easily assess the impact of the changes on the way he or she uses Mun-Ease.

### **Base Module**

*New Continuing Disclosure/Document Management Features* – Place bond documents (official statements, bond transcripts, authorizations, financial statements, etc.), on your Mun-Ease database and link these documents to your bond issues. View the documents directly while performing calculations or functions within Mun-Ease. Mun-Ease supports a wide variety of formats including text, PDF, Word, Excel, and Word Perfect formats.

*New variable rate bond features* - Mun-Ease now maintains periodic resets (usually weekly) that are used to calculate interest on a variable rate bond. Mun-Ease will also calculate the interest payment based on the calculation options that you have chosen. Interest can be calculated on a 28-day, monthly, quarterly, semi-annual, or annual basis.

*New interfaces* - We now allow you to import bond issues that are in an Excel spreadsheet.

*New mail-merge features* - Create form letters within Mun-Ease and insert tags that will allow you to insert the results of the Base Module calculations into your form letters.

We've added new columns to the grid in the call /defeasance date window (*file | fixed rate bonds | call defeasance date* menu option). In addition to the call date, call price, and call switch columns, you can now enter the defeasance date and the Bond ID that refunded the maturity.

With the new defeasance date field (see prior paragraph), you can generate debt service schedules through either the call date or defeasance date. The Refunding Bond Id field is used in conjunction with the Refunded History Report. This

report shows all (or selected) refunded maturities sorted by the refunding Bond ID.

### **Arbitrage Module**

*New interfaces* - We now allow you to import rebate transactions that are in an Excel spreadsheet.

*New/Revised Tax Forms* - We now generate completed 8038R tax forms (for rebate refunds). We've revised the 8038T tax form to reflect the most recent changes made in 2002.

*Updated Arbitrage Regulations* - The help file containing the arbitrage regulations to include recent changes/additions to the regulations, technical advice memoranda, field service advice memoranda, letter rulings, and court decisions.

*New Fast Navigation Features* - We've added fast navigation features that allow you to move more quickly between functions within the Arbitrage module. These features allow you to move between the arbitrage transactions window, the rebate calculations window, and IRR calculations window without returning to the main menu.

*New Temporary Period Restricted Yield Calculations* - We've added new calculations/reports to determine whether a bond issue is in violation of the temporary period yield restriction rules.

*New IRR Calculation Features* – We now allow you to calculate the internal rate of return of a group or all of your purpose expenditures. (Prior releases only allowed you to calculate the IRR of nonpurpose investments.)

*New mail-merge features* - Create form letters within Mun-Ease and insert tags that will allow you to insert the results of the arbitrage calculations into your form letters.

### **Sizing Module**

*New statistical functions (normal curves and chi-square distributions)* – Automatically create construction draw schedules based on these functions. Simulate various scenarios based on different standard deviations, skew factors, and/or time horizons.

*Multi-Project Capabilities* – Include up to 30 separate draw schedules when you size a bond issue. Each draw schedule can have its own construction yield and can be either gross or net funded.

*New Mail-Merge Features* - Create form letters within Mun-Ease and insert tags that allow you to insert the results of the sizing calculations into your form letters.

*Other Sizing Enhancements* - The sizing input screens have been redesigned for greater flexibility of input. The report options panel has been moved to the Results window and we have added new presentation-style reports to the module.

### **Stand-Alone Reporting Module**

*GASB 34 reporting* - We've added a new combined debt service report that shows debt service on an accrual basis.

*Expanded Report Selection Criteria* - We've added two new code sets to the report selection criteria window. Users can now select bond issues by bond suffix and dated year.

*New Refunding History Reports* - These reports display all (or selected) called maturities on the database. Each line in the report displays the bond issue that refunded the maturities (Stand-Alone Reporting Module). Report #82 is sorted by the refunding Bond ID while report #82b is sorted by the refunded Bond ID.

*New Defeasance Date Reporting* - Mun-Ease provides several new report options whenever you request an individual or combined debt service schedule. These options are helpful when one or more maturities in a bond issue have been called. You can generate a debt service schedule through the call date, defeasance date, maturity date (ignoring any calls) or up to (but not including) the defeasance date.

### **Refunding Module**

*GASB 34 Capabilities* - We've added a new report to amortize excess indebtedness from refundings in accordance with GASB rules.

*New statistical functions (normal curves and chi-square distributions)* - Use these functions to estimate the probability of different interest rate scenarios.

*New mail-merge features* - Create form letters within Mun-Ease and insert tags that allow you to insert the results of the refunding calculations into your form letters.

*Analysis of swaps* - We now include features to assess the cost-effectiveness of fixed-to-variable or variable-to-fixed swap transactions. (Refunding module).

*Other Refunding Enhancements* - The refunding input screens have been redesigned for greater flexibility of input. The report options panel has been moved to the Results window and we have added new presentation-style reports to the module.

*New Interfaces* - We can now import SLGS data directly from the Bureau of Public Debt's web site.

### **Allocations Module**

*GASB 34 reporting* - New gross debt service allocations report that shows debt service on an accrual basis

*Enhanced Private-Use Reporting* - We've added a new database table to store private use percentages for an allocation coding and bond issue. This allows you to define

private use percentages that are unique to specific bond issues.

*New Maintenance Features* - We've added a feature that allows you to move all or a portions of allocations from one maturity to another. This feature is especially useful when you partially refund a maturity within a bond issue.

### **Graphics Module**

*Interest Rate Probabilities Graph* - Graph the results of interest rate probabilities based on the new statistical functions (normal curves and chi-square distributions).

*Construction Draws Graph* - Generates a graph of a construction draw schedule.

### **Internet Add-On Module**

*New Continuing Disclosure / Document Management Features* - Place bond documents (official statements, bond transcripts, authorizations, financial statements, etc.), on your Mun-Ease database and link these documents to your bond issues.

*New Reporting Features* - These new features include combined debt service, combined indebtedness, statistical summary, and allocations reports. The Internet Add-On Module provides the same report selection criteria as used in the Windows version of Mun-Ease.

We've also added a report that displays a debt service schedule for an individual maturity. This report has separate columns for issuer-obligated debt service and escrowed debt service. Finally, we've added a "search by cusip" function to the Internet Add-On Module.

## **10.98 Interim Update**

Even though we are now shipping our 11.0 release, we have continued to add new features to our 10.0 release. You can download these enhancements from the Mun-Ease web site. Shown below are the changes that we have made to Mun-Ease in this interim update:

- We've increased the size of many windows within Mun-Ease. The increased size of the windows will allow you to view data without scrolling through the fields. (See our discussion later in this newsletter about our decision to optimize the screens for a 800x600 resolution instead of a 640x480 screen resolution.)
- Mun-Ease now provides two ways to calculate the call premium on zero coupon CABS. The call premium can now be based on either the original principal or the accreted value as of the date of call. Prior versions always calculated the call premium based on the original principal.

- Transferred Proceeds Calculations for Refunded Bonds - If you request Mun-Ease to update the investment portfolio of the refunded bond issue, Mun-Ease generates mirror images of the transferred investment cash flows that were made to the refunding issue. We changed the present-value factor used on each transfer date for the transferred cash flows. The present-value factor is now based on the IRR of refunded issue. In prior releases, the present value factor was based on the AYL of the refunded issue.
- We corrected a bug that impacted how interest was computed on a note when the note pays interest on a simple interest, Actual/360 day basis.
- In the case of SLGS, the bond calculator now sets the default value of the dated date to a value equal to the settlement date.
- We corrected a bug in the Combined Indebtedness Report. The amount of indebtedness of a bond issue was incorrectly computed in the first coupon period if the first coupon period were a long stub period.
- We refined the Assumption Analyzer routines in the Refunding Module. We now provide a better recommendation for the "user-entered restricted yield" field when the initial estimate was higher than both the arbitrage yield limit and IRR of the escrow portfolio.
- We fixed a bug in the allocations remap utility.
- Combined debt service by allocation entity for a group of bonds selected by the user,
- A comprehensive statistics report for a bond selected by a user,
- A "search-by-cusip" function,
- An ability to view disclosure documents related to a particular bond issue.

The Internet Add-On Module is easy to install and does not require the user to purchase any additional software. You should be up-and-running within an hour of starting the installation process.

We provide a demonstration of the Internet Add-On Module on the Mun-Ease web site. Go to the <http://www.mun-ease.com/featmain.html> page and press the *Click here to view a Internet demonstration* button located on the bottom left-hand side of the web page.

## Features in Depth: The Mun-Ease Internet Add-On Module

Are you spending a lot of time answering questions about your debt from investment bankers, DTC, and other departments outside of your organization? If so, you may want to consider the purchase of the Mun-Ease Internet Add-On Module. The Add-On Module can help reduce the time spent on these inquiries while also helping you meet continuing disclosure requirements mandated by the SEC.

Shown below are some of the reports/features provided by Internet Add-On Module:

- Debt service schedules for individual bond issues,
- Bond production reports for individual bond issues,
- Debt service schedule for a maturity within a bond issue.
- Combined debt service schedule for a group of bonds selected by the user,
- Combined indebtedness report for a group of bonds selected by the user,