Mun-Ease News

Prescient Software ^jrd, Inc.

Mun-Ease 12.70 Ships!

A Summary of New Features

This newsletter is accompanied by our 12.70 CD. The 12.70 CD is our second interim update and the result of seven months of work. It is shipped free-of-charge to our current 12.0 customers. In the following paragraphs, we'll highlight a few of the major improvements.

In the Arbitrage module, we have a new Yield Reduction Payment report. We also created new database indexes that allow you to view rebate transactions in different sort sequences.

We've added new features for the calculation of periodic fees that are associated with notes, variable rate bonds, and swaps.

Finally we've added and/or enhanced many reports in the Stand-Alone Reporting and Allocations modules. These new reports were designed to help users with their annual long-term debt and CAFR reporting.

In addition to a discussion of the features, this newsletter will discuss our 2007 training initiatives.

New Arbitrage Features

Anyone who has performed arbitrage calculations has probably experienced the tedium and boredom of entering hundreds (sometimes thousands) of transactions. We have long known that data entry is a key frustration to users and an area where many errors occur. Thus we've tried to help users by including features and reports to facilitate the reconciliation of data entered to source documents. We also include an interface that allows users to import data from an Excel spreadsheet and a feature to automatically generate rebate transactions whenever you perform a price/yield calculation on an investment. Yet, we still felt that we could do more to help the user.

In this release, we've added two new very important features that should assist with data entry. First, we added two new database indexes to the rebate transaction file. These indexes allow the user to view/enter transactions by (a) date, (b) group ID, (c) fund ID, or (d) in the order that they were entered. The last option allows you to enter data without transactions constantly moving to different areas in the transaction grid.

Warning: We implemented this option by creating a new database table for the rebate transactions. When you start up the 12.70 release for the first time, Mun-Ease will copy your transactions from the old database table (*rebate.db*) to the new table (*rebatev2.db)*. Thus if you are running in a multi-user environment, you should upgrade everyone to the 12.70 release before entering data.

We've also added a new data entry option for users who run Mun-Ease at high screen resolution. Before discussing this new feature, we'll provide some background information about this option. Mun-Ease screens are designed to be viewed at a 800x600 DPI screen resolution. If you have chosen a higher screen resolution, fonts will be smaller and it will appear that Mun-Ease is taking up only small portion of the available screen space.   However, if you click on the new *high screen res.* radio button while in the rebate transaction grid, Mun-Ease will expand the screen and the rebate transaction grid to take advantage of the additional space. The increased size of the rebate transaction grid should be an immense help to the user when entering data.

Finally, we've added a new yield reduction payment report (#79b). This report displays a side-by-side comparison of the future-value liability and the yield reduction payment calculation.

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New Features for Variable Rate Bonds, Notes, & Swaps

Whenever you create a note or variable rate bond issue, Mun-Ease displays a screen with three tabbed windows. The first tabbed window displays the debt service payments and periodic fees for the note or variable rate bond. The second tabbed window displays the setup options for how the periodic fees are to be calculated. You can include up to five periodic fees with each debt service payment. Examples of periodic fees are broker/dealer fees, swap fees, LOC fees, and auction agent fees.

Periodic fees are calculated based on the amount of outstanding debt as of each debt service payment. Fees can be calculated on a actual/actual, actual/365, 30/360, or actual/360 day basis.

Our 12.70 release adds several new options to calculating periodic fees. First, the user can define the heading to be displayed in all reports in addition to a the 60-character description for each fee. Users also have the option of choosing whether the fee is to be paid on a periodic or yearly basis. Finally, the user can define whether the fee is be included in the arbitrage yield limit calculation.

New Housing Bond Features

Issuers of housing bonds are legally required to redeem a pro-ratable portion of a bond issue when borrowers prepay principal on their loans. This legal requirement results in the issuer performing frequent partial refundings of specific maturities of a bond issue. Thus over time, a bond issue could be split into several hundred (over even thousands) of maturities.

We've added a new feature that will greatly simplify the data entry for partial refundings of individual maturities.

To use this feature, you first choose the *file* / *housing bonds* menu option to view all of the maturities in the bond issue. While viewing the maturities, click on the *with call ops* radio button. Mun-Ease will then display additional columns for the (a) amount to be refunded (b) call date, and (c) defeasance date, and (d) call price.

After you enter the portion of each maturity that is to be partially refunded and other call information, you press the *split all maturities with calls* button. Mun-Ease will split all maturities with amounts entered in the *amount to be refunded* column into separate

maturities (part refunded and part uncalled). Note that you can enter an unlimited number of maturities in a housing bond issue.

Booking Journal Entries

We've received a few phone calls from users asking if there are reports that they can use to book the journal entries for the payment of debt service. In response to these inquiries, we have modified several reports in the Stand-Alone Reporting and Allocation modules (reports 44, 34c, 35c, 52, and 52c) to display the general ledger charge codes for debt service payments. The charge codes are free-formatted 60-character field defined through the User Ops speed button. Associated with the charge code is a 60-character description of the account code structure that is displayed in the column heading of the reports. For example, you could code the GL charge codes as *I12345-P9999* with a column heading of *Interest Expense / Bonds Payable*.

2007 Class Schedule

Prescient Software has scheduled three classes for 2007. The classes will be held at CompUSA training facilities 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 us. Our classes are $2^{1/2}$ days in length and cost \$995. We limit each class to 12 students to ensure a productive learning experience.

Class Locations & Dates

San Francisco, CA February 26-28, 2007. (San Francisco CompUSA Training Center located at 760 Market Street, Ste. 435 San Francisco, CA 94102.)

Des Moines, IA May 7-9, 2007. (Clive CompUSA located at 1021 University, Ste. D1, Westridge Shopping Center, Clive, IA.)

Orlando, FL October 22-24, 2007. (Orlando CompUSA located at 7802 South Orange Blossom Trail, Orlando, FL.)

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

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

Announcing Mun-Ease Webinars

Since early Spring, we've been using a product from Citrix called GotoMeeting. This product has been a godsend to us. It has allowed us to perform Internet demonstrations to prospective customers and allowed us to troubleshoot user problems by directly viewing Mun-Ease on his/her computer. While using this product, it occurred to us that it can be used to conduct Mun-Ease classes over the Internet.

We plan to begin conducting our webinars at the end of the first quarter in 2007. (We'll announce the dates in our next newsletter.) The webinars are open to customers who are currently running our 12.0 version. Each session will be limited to 11 people, conducted on Thursdays/Fridays from 10AM to 1PM (Pacific time), and devoted to a specific area in Mun-Ease. The cost will be $200 per session. Tentatively, we've decided on the following topics:

o Base module Part I, Introduction to fixed-rate bonds.
o Base module Part II, Variable rate bonds, notes, and swaps.
o Sizing module.
o Stand-alone reporting module (including a discussion of GASB 34) / Allocations Module.
o Arbitrage module.
o Refunding module.

We think that webinars offer several benefits to our customers. Customers can now take a class on just the topics that are of interest to them. Secondly, customers can attend a Mun-Ease class without ever having to leave their office. Finally, the webinars can be an economical alternative for users since it eliminates the cost of travel.

While webinars are another tool in our training arsenal, we would like to stress the benefits of formal Mun-Ease classes. We still believe that the formal classes offer the most fastest and most comprehensive way of gaining proficiency with Mun-Ease.

Detailed List of New Features

We've enhanced the input options for entering periodic resets used to calculate the effective interest rate for a variable rate bond. You can now set the intervals for the periodic resets to one of eight values: (daily, weekly, end-of-month, every 35 days, quarterly, semi-annual or yearly) *(Base module).*

We modified the summary debt service schedule (24e). This debt service schedule is a one-page summary for bonds that make annual principal payments and pay semi-annual interest. Issuers often include this report in their CAFR and

Annual Long-Term Debt Summary. Report 24e now displays a separate column for outstanding indebtedness. The column headings for interest and principal payments have been changed to display the month and day of the interest/principal payment. We also provide an option to select a date range for payments included in the report (*file | fixed rate bonds | debt service*) *(Base module).*

We've added a new column containing a Y/N boolean value to the periodic fees grid that is displayed when you size or edit a variable rate note. This column allows you to choose whether the periodic fee is to be included in the arbitrage yield limit calculation *(Base module).*

We added a feature for notes that allow the user to merge debt service payments that occur on the same date into a single payment. (Users can merge payments by pressing the F11 function key while in the debt service payment grid.) *Background*: Duplicate debt service payment transactions can occur on the same date if a user has merged multiple notes into a single issue *(file | notes & variable rate bonds | edit/add/delete) (Base module).*

We added a new "merge" command in the fixed rate bonds menu. This option allows the user to merge maturities from two or more bond issues into a single bond issue (file | fixed rate bonds | merge bond issues) *(Base module).*

We corrected two bugs in the "automated e-mail alert" feature. In cases when multiple e-mails were sent during a user session, the "sent" flag was only set to true on the first e-mail. Also, if a user sent more than one e-mail in a session, the CC list was not reinitialized after the first e-mail *(Base module).*

We can now compute interest and periodic fees on a note or variable rate bond issue on an actual/365, actual/360, actual/actual, or 30/360 day basis. Prior versions of Mun-Ease did not have the capability to perform calculations on an actual/365 basis *(Base module).*

We've added several new options to facilitate the data entry of swaps. These include: (a) an ability to size a note that pays interest/principal on a weekly basis, (b) a new 8-character alpha-numeric code that can be used to identify a debt service payment with a specific tranche, and (c) a yearly principal payment feature for notes that pay interest on a weekly, 28-day, or 35-day basis. We modified the Swaps Accounting report so that the user can include multiple tranches within the analysis *(Base & Stand-alone Reporting modules).*

We added a feature to facilitate partial calls of housing bonds. To use this feature, choose the *File | Housing Bonds | Edit* menu option. While in the Maturity Grid, click on the "with call ops" radio button. Mun-Ease displays four new columns: (a) the call price, (b) call date, (c) call switch and (d) portion to be refunded. Enter the portion to be refunded and the other call information. Mun-Ease will automatically split the maturities that have the call information into separate maturities reflecting the refunded and non-refunded portions *(file | fixed rate bonds | partial calls) or (file | housing bonds | edit) (Base module).*

We've added a new report to the Arbitrage module (#79b). This report displays separate columns for the future-value rebate

liability and the calculation of the temporary period yield reduction payment *(Arbitrage module)*.

We've updated our Examples database to include an example of how to calculate a yield reduction payment. We've also enhanced the rebate calculations input window to allow the user to perform a yield reduction payment calculation at the same time that he/she is performing future value calculation. Previously the user could not perform both calculations at the same time. We also updated our comprehensive example of performing arbitrage calculations on multiple funds *(Arbitrage module)*.

We've added two new sort options for viewing the rebate transaction database table. Users can now view the rebate transactions sorted by (a) Group ID, (b) transaction date, (c) Fund ID, or (d) in the order entered. Users also have the ability to enlarge the screen and the rebate transaction grid. We added this feature for users who run Mun-Ease at a high screen resolution (higher than 800x600 dpi). By choosing this option, users will be able to take full advantage of additional screen space that results from the higher screen resolution *(Arbitrage module)*.

We changed the WAM (weighted average maturity) calculation that is used to determine whether sinking fund adjustments are required on a deep discount term bond. Previously, we calculated the WAM from the dated date. We now calculate the WAM from the delivery date *(Arbitrage module)*.

We fixed a problem with the report package feature. The problem occurred in situations where the user has placed the database in a folder other than the default location *(Sizing, Refunding and Arbitrage modules)*.

We've modified the combined indebtedness report (#07). This report will now display outstanding indebtedness as of the specific date input by the user. Previously Mun-Ease displayed the outstanding debt to the coupon anniversary date that was nearest to the user-input date *(Stand-alone Reporting module)*.

We've added a new enhancement to all of the paying agent reports in the Stand-Alone Reporting and Allocations modules (reports 44, 34c, 35c, 52, and 52c). We now display a column in these reports for the general ledger charge codes associated with the debt service payment. The charge codes and an associated description are defined in the User Options window (via the User Ops speed button). Users can also override the default values at the time that they generate the report *(Stand-alone Reporting module)*.

We corrected a bug in the Remaining Debt Service report (#44c) *(Stand-alone Reporting module)*.

We added a new input option to the Sizing module. Users now have the option to structure debt service that is level after taking into account disbursements from the debt service reserve fund *(Sizing module)*.

We disabled the "net-funding" option if a user has chosen to size a bond issue by modeling the debt service after a revenue stream. The "net-funding" option is only available for construction projects and NOT for revenue projects *(Sizing module)*.

We added a new report (Combined Debt Service Allocated on a Cash Basis) to the Allocations module. The report displays allocated interest, principal, debt service, and outstanding debt for a period of time defined by the user. Users can initiate this report by choosing the *Allocate | By Gross Debt Service | Reports | Combined Debt Service on a Cash Basis* menu option *(Allocations module)*.

We have added a new menu option to the allocations module. We now allow you to import allocations into the Mun-Ease database from a comma-delimited text file. We provide two options for importing allocations. The first option imports allocations on an amount basis for the specific maturities in a bond issue. The second option imports transactions that are expressed as a percentage of principal of individual maturities in the bond issue (*allocate | by individual maturities | load data from text file*) *(Allocations module)*.

We've modified the format of the single year indebtedness report (36j) and the combined debt service on an accrual basis (77). These reports now display an additional column for the description of the bond issue. Because of the additional space requirement, these reports are now displayed in landscape format *(allocate | by gross debt service | allocation reports | ...)(Allocations module)*.

We added new page headers to Allocation reports 34c, 35c, 36c. These reports can be lengthy if the user has created a large number of allocations. Users that generate long reports have requested that we duplicate the group header information on each page header (*allocate | by individual maturities | allocation reports | ...*) *(Allocations module)*.

We changed several reports in the Allocations module to display the full description in addition to the allocation coding block. Reports that have been changed include the reports 50, 58, 58B, 59, and 62 *(Allocations module)*.