
Mun-Ease News

Prescient Software jrtd, Inc.

www.mun-ease.com

April 10, 2006 p. 1

Mun-Ease 12.33 Ships!

An Abundance of Enhancements

It has been over six months since we first mailed our 12.0 release to users. Our initial plans were to distribute a CD in February containing the interim updates. But, as so often happens with software companies, we decided to delay the release so that we could add more features. We apologize for the delay, but *it is definitely worth the wait!*

So why are we so excited about these new features? In this section we'll mention just a few of them to pique your interest. Note though that the complete list of changes is shown at the end of this newsletter.

Some of the more important changes are: (a) new post-issuance features for capitalized interest and cross-over refundings, (b) automated e-mail alerts with mail-merge features, (c) several new reports that will help the issuer with his CAFR and annual debt reporting, (d) new report package features and refunding enhancements, (e) new features to track and report bond issuances against the authorizations, (f) an automated backup feature, and (g) a new version of Crystal Reports.

Post-Issuance Features for Capitalized Interest & Crossover Refundings

Features of Mun-Ease relate to either pre-issuance or post-issuance activities of debt management. For example, our Sizing and Refunding modules are integral parts of pre-issuance debt management. Post-issuance activities are equally important. They

In this issue...

New features of the Mun-Ease release 12.33, class schedule for the remainder of 2006.

include the day-to-day management, accounting, and reporting of your debt obligations and bond proceeds. Compliance with the arbitrage/rebate rules is another very important post-issuance task.

When you create a new-money bond issue in our Sizing module, Mun-Ease provides an option to include capitalized interest/principal as a use of funds. This feature also includes the ability to gross or net-fund capitalized interest funds.

Similarly, in a crossover defeasance, Mun-Ease will structure an escrow account of investments that can be used to pay the debt service of the refunding issue until the refunded bonds are called.

The 12.33 release now includes new post-issuance options to display individual or combined debt service schedules for reporting purposes that are net of disbursements from capitalized interest funds and crossover escrow accounts. These reports display a separate column for disbursements from the capitalized interest fund or crossover escrow account. Note though that debt service schedules generated for the purpose of calculating the true interest cost (TIC) and arbitrage yield limit do not show these disbursements.

These new features are designed to give the users ultimate control over how debt service is displayed. They are consistent with the approach that we have taken with advance-refunded bonds that contain called maturities. Recall that we provide report options to display debt service of refunded bond issues (a) up to the defeasance date, (b) through the defeasance date, (c) through the call date, and/or (d) through the original maturity date.

You can enter capitalized interest/crossover refunding disbursements through the *file | fixed rate bonds | new/edit* menu option. Go to the *Day Counts/Misc Info* tabbed window and press the *Adjust Debt Service* button.

Automated E-Mail Alerts

Our Event Calendar in the Base module allows you to display important bond-related events in a calendar format. It also has e-mail features. For

example, you could create an event for each debt service payment of a bond issue and include an option to e-mail a list of people about upcoming debt service payments. The text of your event might look something like:

To all concerned.

Please note that we have a debt service payment coming due on <CPNDT> for the bond issue <DESC>. The debt service payment is for <DSVPMT> and is payable to <PAYAGT>. That includes interest of <INTPMT> and a principal payment of <PRNPMT>.

Sincerely,
<SNDR>

The above text contains mail-merge tags that refer to different fields from the Mun-Ease database. These mail-merge tags are replaced before the event is e-mailed to a list of recipients defined by you. Thus the e-mail text would appear as follows:

To all concerned.

Please note that we have a debt service payment coming due on June 1, 2006 for the bond issue 2004 Refunding of 1999 Series. The debt service payment is for \$5,250,000 and is payable to the Bank of New York. That includes interest of \$2,000,000 and a principal payment of \$3,250,000.

Sincerely,
Jane Smith

We have provided detailed instructions for using the e-mail features of Mun-Ease in our release notes. They are contained in a file called Latest12.RTF located in the *Wmuni\Doc* folder.

2006 Class Schedule

Prescient Software has scheduled three classes for the remainder of 2006. The first class will be held at a client site. The latter two classes will be held at CompUSA training facilities.

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

Albany, NY June 5-7, 2006. (New York Dormitory Authority, 515 Broadway, Albany, NY.)

Columbia, MD, August 7-9, 2006. (Columbia CompUSA located at 6171 Columbia Crossing Circle, Columbia, MD.)

Orlando, FL October 16-18, 2006. (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 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. The registration form can be downloaded from:

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

Additional Training Opportunities

Prescient Software is now offering classes at its facility in Dana Point, CA. These classes are offered upon request. Class size is limited to 4 students.

Conflicts & Resolutions

In early February, we received a support call from a CPA documenting a problem with Crystal Reports. After talking to the user, we discovered that the customer also had another application (ProSystems Tax software) that used the same version of Crystal Reports. ProSystems released an update of their software that contained Service Pack 6 for Crystal Reports. This update in turn caused a problem in our version of Crystal.

We have now resolved this problem by including a version of Crystal on this CD that also has Service Pack 6 installed.

In another instance, we received a support call from a user who encountered problems with the *Restore* function of Mun-Ease. The *Restore* function restores a database that has been backed up in zip format. Our *Restore* capability relies on the latest zip/unzip utility from Innermedia.

We called Innermedia for advice. They stated that the problem was caused by another vendor using an outdated DLL (dynamic link library) of their software. After some investigation, we discovered that the McAfee anti-virus software uses a much older version of this utility. One of the more frustrating aspects of this incident is that McAfee loads this DLL upon start-up and keeps it in memory for the entire user's session, thus making it very difficult to work around this problem. After consulting with vendor, we decided to switch to an Active X version of this utility which will allow both versions to run without conflict.

Recommendation: To ensure that you do not encounter these conflicts, we recommend that you do a

complete installation of version 12.33. The complete version installs the new versions of Crystal and Innermedia's zip/unzip utility.

New Annual Debt Reporting Features

Issuers spend a significant amount of time at year-end preparing their annual CAFRs (comprehensive annual financial report). Additionally, some issuers prepare a separate annual report of their long-term debt. With assistance from a few of our governmental users, we have now added several new reports that you can use in preparing these year-end documents. Among the new reports are:

- A report that summarizes outstanding debt by coupon rate (report #97),
- A report that displays yearly amounts of principal retired and payout percentages. Payout percentages are defined as yearly principal payments divided by the current starting fiscal year's outstanding debt. (#4a).
- Newly revised debt service summaries in the *Base*, *Stand-Alone Reporting*, and *Allocations* modules that display beginning and ending balances of outstanding debt for a fiscal year. Also included in these reports are columns showing semi-annual interest totals for the fiscal year (report #s 24e, 4b, 36e, 36f).
- New reports in the allocations module that display outstanding debt by allocation. We provide several reports that showing varying levels of detail. (report #s 36g, 36h, 36i).

Automated Backups

We've added some important new backup options with the 12.33 release. First, we now provide an automated backups option that can be set through the *User Ops* speed button. When this option is enabled, Mun-Ease will automatically back up your database at the end of each session. The database is backed up to a file called <DOW>Munidb.zip where <DOW> is the day of week, e. g., MondayMunidb.zip. The backup file resides in the *Backup* subfolder one level below your database folder. When you choose this option, you are assured of at least 7 generations of backups (one for each day of week).

If you choose to manually perform backups through the *Backups* speed button, you can select (a) a generic name for your backups (munidb.zip), (b) a name that incorporates the date (<YYYYMMDD>Munidb.zip), or (c) a name that incorporates the day of week (<DOW>Munidb.zip).

New Report Package Features

Our Sizing, Refunding, and Arbitrage modules provide a report package feature. We are able to provide this capability by creating a master report in Crystal Reports and inserting the various subreports as "conditional footers" to the master report. By inserting the reports as a "conditional footers", the user is able to choose from a list of reports to be included in the report package.

One downside to the Crystal's subreport feature is that there are no page headers on subreports. Thus subreports that are more than one page in length do not contain header information after the first page.

In prior versions, we worked around this limitation by allowing the user to create the subreport separately with the correct page number and then insert that document into the report package. For obvious reasons, this was not an optimal solution.

Good News Though! Our 12.33 release now overcomes this limitation. We've accomplished this task by creating an additional group header in each subreport with programmatic attributes that allow the group header to act as a page header. Thus the subreports will have page headers on all of their pages. Our new report package also includes a table of contents. Previously, the table of contents was generated separately from the report package.

Tracking Authorizations & Issuances

Our Allocations module is typically used to charge different entities for their share of debt service in a multi-purpose bond issue. These entities include funds, cost centers, departments, or projects and are defined in the Allocations coding block. The Allocations coding block is a hierarchical, alpha-numeric string with up to 4 breaks that is 32 characters long. It is structured much like a general ledger account number.

You can also use the Allocations module to track bond issuances against bond authorizations. This feature requires that the bond authorization be coded in one of the four segments of the Allocation coding block. If included, Mun-Ease can generate reports that show the amount of bonds originally authorized, issued, and "authorized, but unissued." These reports also display the original and current indebtedness of the bond issues recorded under each authorization.

Our 12.33 release contains new reports for tracking authorizations and issuances. These reports display

authorizations/issuances in both a detailed and summary format.

New Refunding Features

The 12.33 release includes a new report that summarizes information about the refunded bonds included in the analysis (#98). We've also added new calculation options for the treatment of outside sources and/or uses of funds. This new feature can now accommodate the special circumstances that occasionally arise when a non-standard source or use of funds is included in the refunding analysis.

Finally, we've added a new option for structuring a refunding issue's debt service. This option allows the user to wrap the debt service of the refunding issue around the outside source of funds. *Background:* The arbitrage regulations require that the issuer include the unspent proceeds of the refunded issue (e.g. a liquidated debt service reserve fund) as an outside source of funds in the refunding analysis. This rule prevents an issuer from using those funds for purposes outside of the refunding. Our "wrap" feature allows the issuer a way to legally circumvent this rule. By wrapping the refunding issue's debt service around the outside source of funds, the issuer obtains access to the funds through the savings calculation. (The first year's refunding savings will be increased by the amount of the outside source of funds.)

Summary of Mun-Ease 12.33 Features

We added an "automated backups" feature to Mun-Ease. You set this feature by clicking on the "User Ops" speed button below the main menu. When this option is to true, Mun-Ease will automatically back up your database before it terminates. We added a new input option to the Mun-Ease backups window. You now have option of specifying a unique name that incorporates the current date (<YYYYMMDD>munidb.zip.) (*All modules*).

We changed the Restore function of Mun-Ease to use the Active X version of zip utility instead of the DLL version (see previous discussion on this topic) (*All modules*).

We changed our rounding routines for coupon rates that are three decimals in length (e. g., 4.125%). We made these changes in consultation with paying agents in the industry. Although there are no industry regulations that govern how the rounding should be done, our routines are now in compliance with their own procedures (*All modules*).

We updated our version of the Crystal Reports utility that is

distributed with Mun-Ease. We are now using Crystal Reports version 9.2.2.68 (*All modules*).

We enhanced the Variable Rate Module so that you can define the column headings for the various periodic fees associated with the bond issue/note. *Background:* The variable rate module can be used for notes, variable rate bonds, and swaps. Mun-Ease allows to define up to 6 separate periodic fees associated with these instruments and options to determine how the fees are calculated. Examples of these fees are remarketing fees, liquidity fees, auction agent fees, and letter of credit fees. In addition to a 30-character description of these fees, you can now define their column headings. These column headings will be shown in all reports and online displays where the fees are displayed (*Base module*).

New E-Mail Features - We now include mail-merge capabilities with the Event Calendar & E-Mail functions. You can save the text of an event in a text template along with mail-merge tags. When an e-mail is sent, we'll replace the mail-merge tags with information from the Mun-Ease database. To view these capabilities, choose the *File | Calendar Events | Edit/add/delete* menu option (*Base module*).

We have changed the calculation for the weighted average maturity (WAM) that is inserted in the 8038G and 8038 tax forms. This calculation has changed only in situations when there are maturities in the bond issue that meet the yield-to-call (YTC) tests as described in section 1.148.4(b)-3. The new calculation will ALWAYS use the maturity date for the WAM calculation. Previously we used the call date in the WAM calculation if a maturity met the arbitrage YTC test. We now include the WAM and arbitrage NIC calculation when you create a variable rate bond issue through the *file | notes & variable rate bonds | create/edit/delete* menu option (*Base module*).

We added new features that facilitate the data entry of draw-down loans. These loans are entered through the *file | notes/variable rate bonds | variable rate bonds | new* menu option (*Base module*).

We added two new features for creating and maintaining notes. The first feature allows you to size a note with a negative amortization feature. The second feature allows you to re-amortize an existing note over a longer or shorter period of time (*Base and Sizing modules*).

New Post-Issuance Features - We now include new post-issuance options to display individual or combined debt service schedules for reporting purposes that are net of disbursements from capitalized interest funds and crossover escrow accounts. These reports display a separate column for disbursements from the capitalized interest fund or crossover escrow account. Note though that debt service schedules generated for the purpose of calculating the true interest cost (TIC) and arbitrage yield limit do not show these disbursements.

Background - When you create a new-money bond issue in our

Sizing module, Mun-Ease provides an option to include capitalized interest/principal as a use of funds. This feature also includes the ability to gross or net-fund capitalized interest funds. Similarly, in a crossover defeasance, Mun-Ease will structure an escrow account of investments that can be used to pay the debt service of the refunding issue until the refunded bonds are called. While the Sizing and Refunding modules have always had these capabilities, we did not (until recently), have features in place to show disbursements from a capitalized interest fund or a crossover escrow account in the Stand-Alone Reporting module (*Base and Stand-Alone Reporting Modules*).

We have added three new reports to the Stand-Alone Reporting module that can be inserted into your annual CAFR. Report #97a is called the Outstanding Debt by Coupon Rate. It aggregates your debt by coupon rate and provides a one-page summary of these statistics. Report #4a provides a report showing yearly principal, interest, and debt service payments along with yearly payout percentages. The yearly payout percentages are equal to the yearly principal payments divided by the original indebtedness. Report #4b displays yearly debt service and segregates the debt semi-annual interest payments into separate columns (*Stand-Alone Reporting Module*).

We added new menu options to track bond authorizations under the maturity-by-maturity allocations menu. Mun-Ease will calculate the amount of bonds issued under the authorization and will determine that amount that is authorized but unissued. We provide two reports. One report is by detailed authorization and the other report provides summary totals up to highest level in the allocation coding block (*Allocations module*).

We have new reports to the maturity-by-maturity allocations module. The reports display beginning and ending indebtedness along with two columns showing semi-annual debt service in the first and second halves of each fiscal year. We've modified the one-year indebtedness report to display a range of coupon rates for the allocations within a bond issue (*Allocations module*).

We added new input windows for the *allocations / maturity-by-maturity / reports / refunding candidates* report and the *allocations / maturity-by-maturity / reports / refunding non-candidates* report menu options. We now include options to specify a date range and an option to excluded maturities that have already been refunded (*Allocations module*).

We enhanced the Remap function in the Allocations module. The Remap function renames a group of allocations defined by you. This process can be lengthy depending upon the number of allocations that you are renaming. The 12.33 version allows you to terminate this process before it has ended by pressing the Cancel button on the Progress window (*Allocations module*).

We added two new rebate transaction reports that are generated when you press the Reports button in the rebate transactions grid. Report 27c displays running totals for each Group ID and Report 27d displays running totals for each rebate type of transaction (nonpurpose or purpose) (*Arbitrage module*).

We added a new feature for tracking bonds under the act that authorized their issuance(s). Report #58b displays the authorization and a list of bonds that have been issued under that authorization. We display the amount originally issued and the amount of outstanding indebtedness as of the beginning of the current fiscal year (*Allocations module*).

We added new features to the Crystal report packages that are included the Arbitrage, Sizing, and Refunding modules. The report package now includes a table of contents. (Previously, the table of contents was generated separately from the report package.) We modified the subreports in the report packages to include additional group headers. These group headers have programmatic attributes that allow them to act as page headers. (*Sizing, Arbitrage, and Refunding modules*).

We added three new features and reports to the Refunding Module. (a) The refunding analysis now includes a summary report of the refunded bonds (#98). (b) We added new features that allow for a more flexible treatment of the outside sources and uses of funds. (c) We now provide an option to wrap the refunding issue's debt service around the outside source of funds. By wrapping the refunding issue's debt service around the outside source of funds, the issuer obtains access to the outside source of funds that would not ordinarily be available to him. These funds are released from the refunding by increasing the first year's savings calculation by an amount equal to the outside source of funds. (*Refunding module*).

