Mun-Ease News

Mun-Ease 2008 v. 13.25

Our First Interim Update for the 2008 Release

This newsletter is accompanied by a CD containing our first interim update for our 2008 release. We are shipping the CD to our current customers <u>free-of-charge</u>.

The CD includes important new enhancements to the Sizing, Refunding, and Stand-Alone Reporting modules. These new features are described later in this newsletter.

We've also included a new version of the BDE (Borland Database Engine) version of Mun-Ease. This version is included on our CD along with the SQL Server version of Mun-Ease. Our new BDE version uses a database that has the same architecture as our SQL Server version. (In other words, the database tables, data fields, and the field sizes are the exactly the same in both versions. Like the SQL Server version, our BDE version now runs in a "locked down" environment. In a locked-down environment, the user is given only minimal rights to his computer and server.

The 2008 BDE Version

The 13.25 CD contains installation routines for both the SQL Server and BDE versions of Mun-Ease. If you don't currently have SQL Server installed at your site or your I.T. Department is not able to support the SQL Server version of Mun-Ease, we recommend that you continue to use the BDE version. (Remember that you can always convert your database at a later time to SQL Server. The conversion will take no more than a minute or two.)

When you install the BDE version, the installation routine creates three databases: *Mun-EaseMainDb, Mun-EaseExamplesDb,* and *Mun-EaseEmptyDb.* These three database correspond to the databases included in our prior BDE versions *(MuniDb, MuniExamples,* and *MuniEmpty.* As with our prior releases, you can create custom or test databases by copying the contents of the *Mun-EaseEmptyDb* database to a new folder and registering the database with the BDE Administrator.

Once installed, you'll immediately notice is that many field sizes have been increased. Bonds on your database are now identified by 20-character string consisting of a 10-character issuer code, 4-digit dated year, and a 4-character suffix with each segment separated by hyphens.

New Sizing and Refunding Enhancements

We've added new features to the Sizing and Refunding modules. Our first new feature relates to the entry of individual line items for the *other issuance costs* input box. In the Base, Sizing, and Refunding modules, you click on the *details* button and Mun-Ease displays a data grid that allows you to enter an unlimited number of line items that are summed to derive the amount of the "other issuance costs." The "other issuance costs" field is included as a use of funds in the sources and uses of funds statement. In the 13.25 release, users have the option of either entering a fixed amount for each line item or entering a percentage of par amount. Thus the amount of the line item and the total of other issuance costs are determined during the

sizing process and not during the input process. Also, all of the line items that are used to derive the amount other issuance costs are now saved to the sizing/refunding profiles. We also save the calculation basis (percentage or fixed amount) to the profile.

Our second new feature relates to the rate scale that Mun-Ease uses to assign coupon rates to the maturities in the bond issue. Often users will specify a rate scale and then subsequently override one or more rates that Mun-Ease assigned to the maturities during the sizing process. After the user saves his inputs to a profile, the user may decide to rerun the sizing/refunding analysis using the previously saved profile. A question then arises as to which values should be used assign coupon rates for the maturities in the new bond issue: Should Mun-Ease use the values from the rate scale or the values from the previously saved profile? In our 13.25 release, Mun-Ease prompts the user with this question and then uses the rates that the user specified. In previous versions, Mun-Ease always chose values from the rate scale.

In addition to these features, we've included new calculation options for letter of credit fees. This feature is discussed at the end of this newsletter.

New Features in the Stand-Alone Reporting Module

The Stand-Alone Reporting module includes a new monthly accruals report (#105). We've created this report at the request of users who are required to book monthly journal entries in their enterprise funds for the accruals of current interest and accretions of zero-coupon interest. We provide two versions of this report; one version is sorted in date order and the other in bond issue order.

Class Schedule for the Remainder of 2008

We plan to hold two Mun-Ease classes during the second half of 2008. Our first class will be held in Indianapolis from September 8-10. The second class will be held in Orlando from October 20-22.

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 the New Horizons Training Center. 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. Our classes will be conducted using the SQL Server version of Mun-Ease.

The Classes page of the Mun-Ease site contains additional information including: (a) 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.

Class Locations & Dates

Indianapolis, IN Class, September 8-10, 2008 (New Horizons Training Center located at 11611 N. Meridian Str., Ste. 200, Carmel, IN 46032. ph. (317)575-7600. ***Sign-up Deadline - August 20, 2008.***

Orlando, FL Class, October 20-22, 2008. (New Horizons Training Center located at 1221 Lee Rd., Orlando, FL 32810. ph. 407-210--4201. ***Sign-up Deadline - September 5, 2008.***

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 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

Status of Proposed Arbitrage Regulations

In late September 2007, The IRS proposed new rules for calculating the arbitrage yield limit when there are premium callable bonds. The IRS also proposed new rules for computation credits. The proposed rules increase the yearly computation credit from $1,000 to $1,400. The computation credits will be indexed for inflation.

Our last newsletter estimated that these rules would be finalized during the first half of 2008. After talking to the IRS, it now appears that rules will not be finalized until early 2009. Note that issuers are allowed to perform their rebate calculations using the proposed rules even though they have not been officially adopted.

Using Electronic Funds Transfer (EFT) for Paying Mun-Ease Invoices

Several customers have inquired whether they can electronically pay our invoices instead of physically paying by check. We've adopted new procedures to allow customers to easily obtain information needed to pay our invoices via the ACH (automated clearing house) system. As of August 1, 2008, all of our invoices will include a link to a page on the Mun-Ease web site with our checking account information. This link includes all information needed to make an electronic funds transfer payment.

Important Installation Reminders

We have one very important reminder to our customers that are upgrading their current BDE version to our new BDE version: *Do not specify the same database location as the 2005 version of Mun-Ease.*

Why? When you run the new BDE version for the first time, Mun-Ease will detect that fact and will automatically convert your old data to the new format. If you choose the same location for new databases as your old location, we won't be able to convert your data to the new format.

Prior versions of Mun-Ease usually installed your main database (*MuniDb*) in the *<x>:\wmuni\db* folder where <x> is the drive letter containing the database.

The default location for the new database is *<x>:\Documents and Settings\All Users\ Application Data\Mun-EaseDbs\Mun-EaseMainDb*.

Mun-Ease also provides a menu option to convert <u>custom</u> databases to our new format. After you create the custom database through the BDE Administrator, you convert your data by choosing the *file | database maintenance | convert database from 12.0 to 13.0* menu option.

Detailed List of New Features in the 13.25 Release

We have changed the way line items for the *other issuance costs* field are entered. Users now have the option of entering either a fixed amount for each line item or a percentage of par amount. Thus amount of the line item and the total of other issuance costs are determined during the sizing process and not during the input process. All of the line items are saved to a refunding/sizing profile. *(Sizing and Refunding modules).*

We now provide a new option to users who are sizing a new-money or refunding bond issue using an existing profile. Users can request Mun-Ease to use the rate scale specified during data entry or the rates that were saved in the profile from previous analysis. *(Sizing and Refunding modules).*

We have added a new monthly accruals report (#105) that can be used to book journal entries for the monthly accruals of current interest and accretions of zero-coupon interest. We provided this report at the request of users who are working with enterprise funds. *(Stand-Alone Reporting Module).*

We have added new options for the calculation of letter of credit (LOC) fees. LOC fees can now be calculated as a percentage of outstanding debt or outstanding debt plus interest. Because LOC fees for variable rate bonds are often calculated based on the maximum interest rate allowed (the ceiling), we provide an option to input an interest rate to be used in the calculation of the LOC fees. Users can request the calculation of the LOC fee on a 30/360, actual/actual, or actual/360 day basis. *(Base, Sizing, and Refunding modules).*

We now provide an option to save all of the periodic fees to a sizing or refunding profile. Previous versions only saved only the first two periodic fees. *(Sizing and Refunding modules).*

We've included a new version of BDE version of Mun-Ease. This version will run in a "locked-down" environment. The new BDE database has the same architecture as our SQL Server version. In other words, the database tables, data fields, and the field sizes are the exactly the same in both versions. *(All Modules).*

Importing Coupon Rates - We added a routine to initialize coupon rates for all 40 years even if the rate scale to be imported does not contain rates for certain years. Background: The rate scales in the Wall Street Journal do not display rates for all the years after year 20. *(Base Module).*

We enhanced the rounding routines in the sizing module. We also eliminated a disk IO error message that occurs when a user is resizing a bond issue using a bond ID that currently exists. *(Sizing Module).*

We corrected a bug that occurs when a user attempts to merge two or more variable rate bond issues into a single bond issue. *(Base Module).*

We corrected a bug in the combined indebtedness report. The accruals and accretions were not computed correctly if the report date occurred within a bond's initial stub period. *(Stand-Alone Reporting Module).*

We provide a new option to disable the database browse window that the SQL Server version displays at startup. We also provide another option to disable the backup reminder that Mun-Ease displays when you exit Mun-Ease. Both options can be disabled by clicking on the User Ops speed button below the main menu. *(All modules - SQL Server version).*