Mun-Ease News

Prescient Software [jrd, Inc.]

Mun-Ease 2008 v. 13.50

Our Second Interim Update for the 2008 Release

This newsletter is accompanied by a CD containing our second interim update (v. 13.50) for the 2008 release of Mun-Ease.

The CD includes two versions of Mun-Ease: one written for the SQL Server database and the other for the BDE database. With one exception, both versions contain the same enhancements. (We'll describe these enhancements later in this newsletter.) The CD is shipped to our current customers free-of-charge.

Class Schedule for 2009

We plan to hold three Mun-Ease classes during 2009. Our first class will be held in San Diego from March 2-4. The second class will be held in Austin, Texas from April 20-22. Our third class is not yet scheduled, however it will be held in Orlando during the September/October timeframe.

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 computer lab that we have hired. 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.

Class Locations & Dates

San Diego, CA Class, March 2-4, 2009 (Blue Star Learning located at 5703 Oberlin Drive, Ste. 102, San Diego, CA 92121) *SIGN-UP DEADLINE – February 17, 2009*

Austin, TX Class, April 20-22, 2009 (New Horizons Training Center, 300 Highland Blvd, Austin TX 78752) *SIGN-UP DEADLINE – March 16, 2009*

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 also e-mail us at *classes@mun-ease.com*. The registration form can be downloaded from:

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

New Allowance for Arbitrage Computation Credits

In September 2007, the IRS announced that the computation credits would be indexed for inflation. At that time, the allowance for computation credits increased from $1,000 to $1,400. Recently the IRS announced that the yearly computation credits will increase in 2009 to $1,490.

New Commercial Paper (CP) Features

We've added new features for the calculation and input of a commercial paper debt within Mun-Ease. Users can initiate these features by pressing the commercial paper button while in the

notes / variable rate bonds grid. When you press the commercial paper button, Mun-Ease displays a popup window to calculate either the yield, purchase amount, or maturity amount of the CP transaction and a button to paste the results back to the variable rate /notes grid.

Background: Tax-exempt commercial paper is usually structured with maturities (tranches) ranging from 30 to 270 days. As a tranche matures, it is typically rolled over into a new maturity at prevailing interest rates.

For the purpose of calculating the arbitrage yield, the different tranches of a commercial paper program are treated as a single bond issue if they are issued within 18 months of the original issue date and are part of a common plan of financing. In general, rollovers <u>after</u> the initial 18-month period are also treated as part of the same issue if there is no increase in the amount of outstanding indebtedness.

We have included detailed instructions for using our commercial paper features in the *latest2008.pdf* file that resides in the /doc folder of the user's personal directory. This .PDf file can be viewed through the *help / chgs to documentation* menu option.

New Features in the Stand-Alone Reporting Module

We have created two new reports in the Stand-Alone Reporting module (#4e, #4f) that can be included in an issuer's annual CAFR. These reports display yearly totals for combined debt service in the first five years; then summarize debt service in 5-year increments for the remaining years. Report #4f is similar to #4e except that is also sorted by the Issue Type code (*reports / combined debt service reports / combined in 5-year increments for CAFR*).

We've created a new combined debt service report that is sorted by Bond ID (#4g).

This report is created along with the other combined debt service reports (#4a,b & c) when you choose the *report / combined debt service / by date and ID* menu option.

We modified the combined debt service report (#4c) in the Stand-Alone Reporting module to correctly compute outstanding indebtedness when the report includes bond issues composed solely of zero-coupon bonds (CABs). In prior releases, the outstanding debt was not computed correctly because Mun-Ease displayed the debt service of a bond issue composed solely of CABs only when a CAB matured.

New Features in the Arbitrage Module

We've added a new option that allows the user to calculate the internal rate of return (IRR) on nonpurpose investments or purpose expenditures that fall beyond the temporary period. If the user calculates the IRR on investments or expenditures falling beyond the temporary period, he can generate an IRR verification report (#79c/d) (*arbitrage / rebate/penalty calculations*).

We have modified the yield-reduction payment calculation in the Arbitrage module to exclude computation credits.

We now provide an option to perform the arbitrage yield-to-call test using either the current rules under Section 1.148.4(b)-3 or the rules proposed by the IRS in September 2007. We anticipate that the new rules will be finalized during 2009. This option is available when you choose the *arbitrage / yield tests / yield-to-call test* menu option.

We've enhanced the report selection options for the rebate / penalty calculations menu option *(arbitrage / rebate/penalty calculations)*. In previous versions, users only had the option of performing rebate / penalty calculations for all transactions in a bond issue or for selected funds. In this release, we have included a new selection option that allows the user to perform calculations for all or a range of Group IDs.

Users should find this feature useful when they choose to perform separate rebate calculations for each bond year in a variable rate bond issue. For example, you could assign rebate transactions for the 2009 bond year with group IDs ranging from 20090000 to 20099999. Then by selecting this range, you can perform rebate calculations for just the 2009 bond year.

New Features in the Allocations Module

We added new reports to the Allocations module that summarize combined debt service to a level defined by the user.

Background: The allocation coding block is structured hierarchically much like a general-ledger account number. It is composed of four 10-character alpha-numeric segments. When the user generates report #64, Mun-Ease requires the user to define the allocation hierarchy (i. e., the sort order for the four 10-character allocation segments) and the summarization level (the report can be summarized to (a) the top level, (b) top two levels, (c) top three levels, or (d) at the detail level (all four levels). To use this feature, choose either the *allocate | by individual maturities |allocation reports | multi-year debt service* menu option or the *allocate | by gross debt service | combined debt service on a cash basis (#64d)* menu option.

We modified the combined debt service report (#64) in the Allocations module to include an additional column showing outstanding indebtedness as of each coupon payment date (*allocate | by individual maturities |allocation reports | multi-year debt service*).

We added a new feature in the Allocations module to allow the user to update the description of an allocation coding block across bond issues. *Background*: Initially the allocation description is entered for a single bond issue. This new capability allows the user to update "in-mass" all allocations instead of modifying them individually for each bond issue (*allocate | by individual maturities |edit/view/delete allocations | add a global description*).

We made cosmetic changes to the single-year indebtedness reports in the Allocations module. In some instances, the date column was truncated.

New Performance Enhancements for the SQL Server version

We've modified the SQL Server version of Mun-Ease to use client data sets for the Rebate transaction table. *Background*: Previous versions of Mun-Ease updated the Rebate transaction table directly on the network server. Users who have a large number of rebate transactions reported that they were experiencing slow response time. To enhance performance in these situations, Mun-Ease now filters the rebate transaction data by Bond ID, and moves the filtered rebate transactions to a temporary table residing on the user's PC. The user makes all changes to this temporary table. Once he has finished updating the rebate data, all modified transactions are applied back to the server.

In certain instances, the SQL Server database cache was not emptied before a user would generate a report through Crystal Reports. We modified Mun-Ease to force SQL Server to apply all updates in its database cache prior to calling Crystal Reports.

New Features for Variable Rate Bonds

We've added new date fields to the initial setup window for the *file | variable rate bonds | setup* menu option. We've added these fields in case the user desires to override the calculated fields from the variable rate debt service table.

We now save the variable rate ceiling field to the variable rate bond issue. Because many banks calculate letter of credit (LOC) fees based on the interest rate ceiling instead of the effective interest rate, Mun-Ease now provides similar LOC fee calculation options.

We now save the tranche identifier to the bond master file. Previously the tranche identifier was only saved to the variable rate database table.

We now allow you to duplicate the periodic disbursements of credit enhancements by pressing the F12 function key while in the variable rate grid. The amount is duplicated for all remaining payment periods of the note or variable rate bond.

Miscellaneous Changes

We now provide an option to disable the bankers' rule for rounding interest. If the bankers' rule is enabled, half-penny amounts are rounded to the nearest even number. If the rule is disabled, half-penny amounts are rounded to the nearest penny (*setup / user options / edit your own profile*).

We have added new security features that can be optionally implemented by the Mun-Ease administrator. If the administrator restricts a user to only reporting functions and the user has purchased modules in addition to the stand-alone reporting module, then the user is allowed to run reports within the modules that he has purchased. However, the user is restricted from the update functions of the modules that he has purchased.

We corrected the spreadsheet interface for loading bond transactions. Previously call information was not loaded from the spreadsheet.

We changed the default location for the databases in the BDE version so that it does not exceed 30 characters. *Background*: The Mun-Ease interface with Crystal Reports requires that we pass the folder path to Crystal through DDE (dynamic data exchange). Crystal limits the length of the path to 80 characters. Also the utility that we use to backup the database to a zip file limits the path to 30 characters. Note that these length limitations apply only in the BDE version and not the SQL Server version. (The SQL Server version of Mun-Ease uses UDL file connection strings which can store path names of unlimited length.)

Please feel free call us if you need assistance in changing the location of your database tables.