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Mun-Ease News

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Mun-Ease 2008 v. 13.75

About this release

This newsletter is accompanied by a CD containing our third interim update (v. 13.75) for the 2008 release of Mun-Ease.

Our 13.75 release is extremely important. It contains significant new enhancements in the Arbitrage and Allocations modules. It also contains a new version for our Internet Add-On module that works with the Mun-Ease database in either SQL Server or BDE format. We've also updated our software and drivers so that they will work with computers that use a 64-bit processor. We'll discuss these and other enhancements in the following pages.

In addition to our discussion of the new features, this newsletter also discusses our plans for our 2010 release (version 14). That release will probably be issued in the first quarter of next year. We're also announcing a class in September that will be held in Baltimore.

New Arbitrage Features

Variable Rate Bonds

The arbitrage regulations contain special provisions for the yield calculations of variable rate bond issues. While the arbitrage yield limit for a fixed rate bond is initially calculated over the life of the issue, the issuer of a variable rate bond issue has the option of calculating a separate yield for each computation period. The computation period can be for any bond year up to (or through) the end of the fifth year.

In prior releases, we required the user to create a separate bond issue for each of the computation periods for which a yield calculation was performed.

In this release, we no longer impose this additional burden on the user. If the user chooses to compute a separate yield for yearly computation periods, he/she can do so within the same bond issue. The user can choose any beginning and ending dates for a computation period even if those dates do not fall on a coupon payment date. Mun-Ease will perform all necessary accruals of interest and credit enhancement fees for both the beginning and ending date of the computation period. We also allow the issuer to pro-rate a share of upfront costs that are to be included in the arbitrage target value to the computation period.

The yield limit feature works in conjunction with the Mun-Ease future-value calculations. The future-value calculations can be performed by selecting only the rebate transactions that are relevant to the computation period.

Data Entry Enhancements

We have modified the window that displays rebate transactions. The new grid eliminates the amount column. Instead the user enters data in the two columns that were previously "read-

only" and that were used to display the effects of the transaction amount. For nonpurpose investments, these columns are labeled "amount invested" or "amount received." For purpose expenditures, the columns are labeled "expenditure" or "adjustment to expenditure."

Background:

While our prior convention for the sign of the rebate transaction (+,-) was consistent with the way journal entries are recorded in the issuer's accounting system, many people (especially those who are not career accountants) found this convention confusing. In this release, the user no longer needs to be concerned about whether a transaction is entered as a positive or negative number. Instead Mun-Ease automatically adjusts the sign of the transaction based on the column that the transaction is entered.

64-bit Processors and Mun-Ease

We have modified our installation routines to recognize situations where Mun-Ease is being installed on a Windows computer with a 64-bit processor. Thus on a 64-bit computer, Mun-Ease, the Crystal Reports run-time engine, and related DLLs will be installed in *C:\Program Files (x86)* folder. We have also updated our hard key drivers so that they are compatible with the 64-bit operating environment.

Although Mun-Ease is currently a 32-bit application, we plan to release a native 64-bit version of Mun-Ease during the second half of 2010.

New Features in the Allocations Module

Before describing our new features in the Allocations module, we'll first provide a brief overview of the Allocations module.

Background

The Allocations module allows issuers to implement a charge-back system so that they can prorate debt service of a bond issue among funds, departments, cost centers, and/or projects. Some state entities also include an appropriation number and/or the legislative statute as part of their allocation coding scheme.

Mun-Ease provides two methods for allocating debt service. Under the first method, Mun-Ease allocates a portion of debt service <u>of individual maturities</u> in a bond issue. This method is often used when the projects to be funded by the bond issue have varying useful lives and the issuer desires to charge a portion of debt service to reflect that fact.

The second method allocates in aggregate a <u>percentage of gross debt service</u> to the different allocation entities. For variable rate bond issues, this method is mandatory.

The allocation coding block is structured hierarchically much like a general-ledger account number. It is composed of four 10-character alpha-numeric segments. Each segment is associated with an 80-character description.

Most reports in the Allocation module have input options that allow 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).

New Features

In prior releases of Mun-Ease, the issuer chose one of the two methods for allocating debt service. Each method had its own reports. In this release, we allow the user to generate reports that merge calculations from both methods. Thus the issuer can use the gross debt service method for some bond issues and the maturity-by-maturity method for other bond issues and then create reports that combine both sets of calculations. Reports that can be merged include the 64d through 64m debt service schedules.

Database Changes

The features of the 13.75 release require that we update the structure of the Mun-Ease database. These changes include: (a) a new allocations table for gross debt service allocations (*Dsvalloc2*), (b) new data types for arbitrage tax forms database table (*arbforms*) to increase the precision of calculations included on the 8038 forms, and (c) additional fields in the report database tables on the SQL Server database (*Rptdtl* and *Rpthead*). The changes to the report database tables allow our Internet Add-On module to generate reports directly from the server instead of the report tables located on the client.

SQL Server Database Permissions

The above changes are made to the database when the first user initiates Mun-Ease subsequent to the installation of the 13.75 release. Upon start-up, Mun-Ease asks the <u>first</u> user to verify that he has sufficient rights (*db_owner* and/or *db_creator*) before attempting to make these changes. Thus the first user must have *db_owner* or *db_creator* permissions or the changes cannot be made. After the database changes have

been made by the first user, Mun-Ease will no longer inquire about permissions nor will users need them.

Note that the above discussion of permissions applies only to the SQL Server version of Mun-Ease. The BDE version of Mun-Ease can make database changes for any user regardless of their access rights.

New Internet Add-On Module

Our Internet Add-On module allows issuers to place their Mun-Ease database on a web server so that people outside of their immediate organization can obtain information about their debt. Among the reports that web users can run are individual and combined debt service schedules, combined indebtedness reports, and bond production reports. We also have features that allow an issuer to conduct a competitive bond sale over the Internet.

Our 13.75 CD contains two new versions of this program - one written for the BDE database and the other for SQL Server. We also made improvements to the report generation process so that reports are generated in less time. The Internet Add-On module now automatically depopulates the report database tables when a user finishes his/her session.

Miscellaneous Changes

We've added ten new allocation reports (#64h-m and 67h-m). These reports display allocated debt service and outstanding debt across a range of years defined by the user. The new reports provide numerous options for how debt service is sorted, summarized, and displayed (*allocate | by individual*

maturities | allocation reports | multi-yr dsv/paying agt or *allocate | by gross debt svc | allocation reports | combined debt svc on a cash basis*).

We have changed our help system to allow Mun-Ease to display help topics in either compiled HTML (.CHM) or classic help format (.HLP). Previously Mun-Ease only displayed help in classic help format. You can select a format by clicking on the User Ops speed button and checking the desired format in the bottom left-hand corner of the first tabbed window. *Background*: By default, Windows Vista supports only help in a compiled HTML format. Vista requires the user to install a separate program to display classic help files. This new change eliminates the need to install the program under Vista.

In previous versions of the 2008 version, the BDE version of Mun-Ease updated the private use database tables as defined by the *MuniDb* database alias instead of the *Mun-EaseMainDb* database. This problem affected only the BDE version and not the SQL Server version. We corrected this problem so that the correct database is updated.

We now provide an option for the user to include bond surety fees in the true interest cost (TIC) calculation. Previously, we included bond surety fees only in arbitrage yield limit calculation and NOT the true interest cost. *Background*: While we don't necessarily agree with this trend, we are seeing more and more reports where the underwriter includes bond surety fees in the true interest calculation. We provide this option to facilitate the reconciliation of the user's calculations to those of the underwriter. You can initiate this option by choosing the *file | fixed rate bonds | edit* menu option and clicking on the *day counts / misc info* tabbed window. This option is displayed in the *TIC Calculation Options* group box. (This

group box also includes an option to include upfront credit enhancements in the All-Inclusive TIC target value and not the regular TIC target value.

September Class in Baltimore

We are scheduling our third class in 2009 to be held in Baltimore, Maryland from September 21 through 23.

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 21/2 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 Location & Date

Baltimore, MD Class, September 21-23, 2009

New Horizons Computer Learning Center of Baltimore | 6940 Tudsbury Road | Baltimore, MD 21244

Sign-Up Deadline - August 24, 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

In the Future: About Our Mun-Ease 2010 Release

We've already begun work on our next version of Mun-Ease (Release 2010, version 14). We anticipate that this version will be mailed to our current users during the first quarter of 2010. Shown below are some of the new features that will be included in this release:

- A new feature to allow the user to size new-money and refunding bond issues with multiple series (bifurcated bond issues). The Sizing and Refunding reports will then display up to three series horizontally across the page along with horizontal totals. Reports in this format will include a source and use of funds, debt service schedule, and a summary of calculations.

- A new version of our graphics engine - The new graphics engine will provide additional graphical wizards and export capabilities.

- Implementation of a business calendar and related reports - The business calendar will be stored in a separate database table that will contain a holiday schedule. This new Business Calendar table will facilitate new reporting capabilities. For example, an issuer could run a combined debt service report requesting Mun-Ease to show debt service payments "x" business days before they are due. Another use of this table would be in the Sizing and Refunding modules. For example, a user could use this table to size a note that pays interest on the second Wednesday of every month unless that day is a holiday. Then the interest payment would be back-dated by one day.

- A new report that displays the interest and penalties assessed for a late payment of a rebate liability.

- New versions of Mun-Ease that can use either the 10g database from Oracle or the Access database from Microsoft. As with the SQL Server version of Mun-Ease, both of these versions will use the Active Data Objects (ADO) technology from Microsoft.

- Implementation of a 64-bit version of Mun-Ease. We are planning to migrate Mun-Ease to a native 64-bit application during the second half of 2010.

- New User Guide, Tutorials, and Report Samples manuals. We plan to greatly expand our Tutorials guide to illustrate the new features and reports that we have added over the past two years.