

Mun-Ease News

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Release 2012 - v. 15.50 Ships

This newsletter describes the features of our first interim update for the 2012 Release. The 15.50 version includes a new set of manuals and numerous enhancements. We will describe the new features in the following pages.

The newsletter is also accompanied by a CD containing the new release. The CD is mailed to the contact designated by the customer. Customers who have chosen not to receive the CD can download it from our web site.

New User Guide, Tutorials, and Report Samples Guide

We have updated the three volumes of our user documentation and the online help. The User Guide (vol. 1) and Tutorials Guide (vol. 2) are distributed in both hard-copy format and on a CD. The Report Samples Manual (vol. 3) is distributed only on the CD. You can install the online version of our documentation by running the *InstallDoc.Exe* file on the 15.50 CD.

We have also updated our online help that is included with Mun-Ease. The verbiage of the help file is essentially the same as the User Guide except that it does not include the screen shots of the software. The screen shots were not included because of size and space limitations of the help file.

Why Distribute a Hard Copy Version of our Manuals?

In today's world, it is not a trivial matter to create and distribute hard-copy versions of documentation. In spite of the time and cost of doing so, we feel that it is important.

Why? As our readers well know, the subject matter covered by Mun-Ease is extremely complex. Municipal bond calculations incorporate advanced concepts in the areas of tax, accounting, and finance. In fact, many of our support calls are not really about the software but instead about a particular tax or financial problem and how that problem might be solved with our software. Based on the experience of providing support to customers, we have concluded that comprehensive documentation is critically important to ensuring that users are successful with Mun-Ease.

When the user has a question, he or she can use (a) the online version of manuals, (b) the hard copy version, or (c) the online help. Are there situations when one form of documentation is more useful than the others?

The answer is a definite yes. The hard-copy versions of the manuals are especially useful when working through an exercise in the Tutorials or User guide and the user wishes to view both the computer and the documentation at the same time. On the other hand, the online version is a valuable resource if you are using Mun-Ease outside of your normal place of business and you do not have the manuals with you. Finally because our online help has context-sensitive capabilities, it enables the user to get help quickly and expediently although the information does not have the screen shots that are included with the other two forms of documentation.

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Build America Bonds (BABs) Affected by the Sequester

The Budget Control Act of 2011 requires that the Director of the OMB reduce spending levels to a level required by the Act. Among the spending cuts are reductions to the subsidies made to "direct pay" Build America Bonds. For the current fiscal year, the subsidy payments are to be reduced by 8.7%.

Mun-Ease has the capability to calculate BAB subsidies when the bond issue has more than one subsidy rate. To use this feature, perform the following steps:

1. Download the fixed rate debt service schedule to the variable rate module (*file | notes & variable rate bonds | download*).
2. In the *debt service payments* grid, set the "keeper" flag to "Y" for all debt service payments that were reimbursed with the original subsidy rate. (The "keeper" flag is normally used to distinguish between actual payments and future projections).
3. In the *periodic disbursement of fees* tabbed window, change the subsidy rate to the new rate, e. g., change the rate from 35% to 31.955%. ($35\% * (100\% - 8.7\%)$).
4. Return to the *debt service payments* grid. Press the *recalculate – fees only* button. Mun-Ease will recalculate the subsidy for all debt service payments that have the "keeper" flag set to "N."

Other Issues: If you "Google" this topic, you'll find that much of the discussion on the Internet relates to whether a change in subsidy rates qualifies as an "extraordinary event", thus allowing the issuer to immediately call the Build America Bonds.

One topic that has not been discussed is how the reduction in the subsidy rates might affect the calculation of the arbitrage yield limit. If the sequester continues past this fiscal year, we wonder if the IRS might allow the issuer to recalculate the arbitrage yield limit by incorporating the lower subsidy rate(s)? It is too soon to tell, but we think there is a good chance that the IRS may decide to do so – thus prepare yourself for a new 8038 tax form.

Minority Participation Reports

We have added six new minority participation reports. These reports provide statistics of participation of minorities in the bond issuances of the government entity. When setting up the standard lookup codes for underwriters, bond counsels, and financial advisors, the user can designate the code with a minority status: (e. g., African-American, Hispanic, Asian-American, Native-American, Women-Owned, Disabled Veteran or Other). Mun-Ease allows the user to associate an unlimited number of underwriters, bond counsels, and financial advisors with a bond issue.

The user can also define the responsibilities of the agent during the issuance process – for example, bond attorney roles can be defined as "general counsel, disclosure counsel, tax counsel, conduit borrower counsel, underwriter counsel, or other" and underwriter roles can be defined as "lead, co-lead, or syndicate member."

The user also has the option of entering the allotments made to individual syndicate members. If the user enters the syndicate member's allotments, Mun-Ease will compute the total and average takedown for each syndicate member based on the amount of bonds allotted to him. (Allotments are entered for each maturity in the bond issue).

Other Enhancements

New Debt Service by CUSIP # Report - We have added a new Combined Debt Service by CUSIP # report. This report displays by issuer-obligated and escrowed debt service for each CUSIP. The user can select specific bonds to be included in the report.

New Sizing Features - We added a new input option to the Sizing module. When sizing a bond issue with level debt service, the user can now choose whether the debt service is absolutely level or proportionally level. *Example:*

Assume that a bond issue pays interest and principal on a semi-annual basis and that Mun-Ease calculates a level debt service to be \$10 million on each debt service payment date. Also assume that stub period is only 90 days (1/2 of the normal number of days in a coupon payment period). If the user chooses the "proportionally level debt service" option, Mun-Ease calculates the debt service to be \$5 million in the stub period. If the user chooses the "absolutely level debt service" option, Mun-Ease calculates the debt service to be \$10 million in the stub period.

New Allocations Report - We added a new report (#124) to be Allocations module (gross debt service basis). This report displays combined debt service in 5-year increments. It is similar to the report #4e in the Stand-Alone Reporting module.

Computation Credits for 2013 – We updated the Arbitrage module to include the 2013 computation credits (\$1,590). Computation credits are automatically calculated for a bond year when you press the F11 function key while in the rebate transaction grid.

General Ledger Charge Codes – The *debt service by paying agent* reports in the Stand-Alone Reporting and Allocations modules display general ledger codes for the interest and principal payable accounts. Previously the account codes were set globally for all bond issues. We have modified Mun-Ease so that these general ledger account codes can be defined for each bond issue.

Build America Bonds Bug Fix – Previously Mun-Ease incorrectly computed the interest subsidy in the stub period when there was accrued interest in the bond issue. This problem is now fixed.

Other - We modified the process to generate 8038 tax forms to reduce the likelihood of encountering an "out-of-memory" error.

We now allow users to create a note with a principal payment occurring on the same date as the issuance date (leases are occasionally structured in this manner).