

Mun-Ease News

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Release 2012 - v. 15.75 Ships

Welcome! In this newsletter we'll discuss some recent developments affecting municipal bonds and we'll describe the features and enhancements that are part of our new 15.75 release. We'll also talk about our plans for Mun-Ease in the near future.

The newsletter is also accompanied by a CD containing our new interim update. 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.

Build America Bonds (BABs) – The Saga Continues

The Bipartisan Budget Act of 2013 that was passed recently by Congress extends cuts to Build America Bonds subsidy payments. *Background:* The original BABs program allowed state and local governments to issue taxable bonds in 2009 and 2010 and to receive a subsidy from the federal government equal to 35% of the interest (45% for economic recovery zone bonds).

In FY 2013, the subsidy payments were reduced by 8.7%. In this fiscal year, the subsidy payments are reduced by 7.2%.

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 32.48%. ($35\% * (100\% - 7.2\%)$).
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.”

Our Upcoming Release of the 64-Bit Version of Mun-Ease

We have been working on a 64-bit version of Mun-Ease for well over a year. We are making great progress and anticipate that it will ship late July, 2014.

There are many advantages of a native 64-bit program over one using older 32-bit technology. They are: (a) an ability to use more memory (32-bit applications can only address 4-gigabytes of memory while a 64-bit Windows application can address up to 192 gigabytes of memory), (b) newer user interfaces – the Delphi XE5 compiler that we use supports the latest Windows enhancements including the Metropolis interface that is used on Windows tablets, and (c) an ability to compile our software to other hardware platforms. While we don't have any plans to do so, the XE5 compiler allows us to cross-compile Mun-Ease to other devices – e. g., Apple MACs, iPads running iOS, and Android computers/tablets.

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Arbitrage Computation Credits for 2014

We updated Mun-Ease to include the 2014 arbitrage computation credits (\$1,620). Mun-Ease automatically computes the yearly computation credits when you press the <F11> function key while in the Rebate Transaction grid. The value of the credit is determined by the transaction year entered by the user.

April Class in Indianapolis

We are scheduling a Mun-Ease class in Indianapolis, Indiana from April 14 through 16, 2014. The class will be held in the training facility of the London Witte CPA firm. This newsletter contains a sign-up form on page 3.

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 database.

Enhancements Included in this Release

We added a new Combined NIC (net interest cost) and Weighted Average Maturity (WAM) report to the Stand-Alone Reporting module. This report calculates the net interest cost and weighted average maturity for a portfolio of bonds defined by the user. The NIC and WAM are calculated as of a date specified by the user and are calculated individually for each bond and as an average for the portfolio. Note that the calculations are restricted to

fixed-rate bonds and for bonds issued on or before the user-specified calculation date.

We have revamped the help file that is distributed with the 2012 release of Mun-Ease. *Background:* We use a third-party tool to create the help file. The help file is in a compiled HTML format and uses our user guide as a source of information. We recently noticed that the help utility was not correctly translating many of the fonts and style templates that we use in the user guide. Thus we revamped our user guide so that the verbiage would be correctly formatted in the help file.

We have made several changes to the maturity grid that is used to create or edit a bond issue on the database.

(a) When entering the amount of principal for a maturity, the user can press the <F2> function key and Mun-Ease will multiply the amount entered by \$1,000. *Example:* Assume that user is entering a principal amount of \$20 million. The user enters the \$20 and presses the <F2> function key twice. Mun-Ease changes the amount to \$20 million (\$20 x 1000 x 1000).

(b) We renamed the *reset dates* button to *define dates*. This button initiates a pop-up menu that contains four options. The first two options allow the user to reset the call dates and term dates to their default values. These options are useful when there are overlapping maturities. The third and fourth menu options are new. The third option allows a user define a call scenario for a range of maturities. The fourth option allows a user define the maturities that comprise a term bond. Previously the user defined these attributes by entering the call and term dates within the maturity grid.

We changed the *file | fixed rate bonds | partial calls* menu option. This menu option allows you to partially call one or more maturities. Each maturity that the user flags in this process is split into two

pieces: one part that is called and another part that is left uncalled.

In previous versions, Mun-Ease would insert a called maturity directly after a maturity that was flagged to be partially called. It would then renumber all succeeding maturities. This process could be problematic if there were allocations for the bond issue and the user had previously chosen to allocate bond proceeds using the maturity-by-maturity method. Because the maturities are renumbered, they would no longer be linked to the original allocation. With the 15.75 release, we no longer insert the called maturity after the original maturity. Instead, we insert the called maturity at the very bottom of the maturity list. Thus the partial calls menu option will no longer invalidate the links between the Allocations database table and the Maturity database table.

We added a new field to the Maturity database table. This field is called the "previous maturity number." In most cases, the value of this field is zero. However, if a maturity has been split into two parts (one part called and another part uncalled) then the value of this field for the called portion of a maturity contains the original maturity number. The value of this field can be viewed through the *file | fixed rate bonds | call and defeasance dates* menu option.

We corrected a bug that occasionally occurred when the user pressed the *reset dates* button while in the maturity grid. The *reset dates* button allows the user to reset the term dates and called dates back to their default values. In some instances, the values were not reset.

We modified the edit routines in the bond calculator. When calculating the yield on an investment, the prior routines required that the user enter a yield greater than or equal to 0.5%. We lowered this number to 0.006%.

We added a new "Remaining Debt Service by Type of Bond Issue" report (#44d) to the Stand-Alone Reporting module.

We changed the 8038-T tax form. Previously some long text fields in the form were truncated.

We made changes to reports 61 and 67d in the Allocations module and 04G in the Stand-Alone Reporting module. Previously there were instances when fiscal year-end totals for debt service and outstanding debt were not displayed.

We added new edits to the *arbitrage / yield tests / yield-to-call test* menu option. Mun-Ease will now check all of the call scenarios entered by the user to determine if the user needs to perform this test. If the call scenarios do not meet the test requirements, the user is notified that the test is not necessary.