
Mun-Ease News

Prescient Software jrtd, Inc.

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Mun-Ease 12.90 Ships! Mun-Ease 2008 on the Horizon

What's New with Mun-Ease

This newsletter is accompanied by our 12.90 CD. The 12.90 CD is our final interim update for our 2005 release. It is shipped to our current customers free-of-charge.

The 12.90 update contains some very important features. We've added a new effective interest method for amortizing issuance costs and new features to calculate the arbitrage yield limit when a bond issue contains both deep-discount term bonds and premium callable bonds. We've also added new options to take advantage of the additional screen space when users run Mun-Ease with a high screen display resolution. These and other features are discussed in detail later in the newsletter.

We plan to begin shipping our 2008 release in the Fall of this year. Our 2008 release will use the SQL Server database and will adhere to the new Windows Vista folder conventions (more about that later). Because we are sure the reader will have many questions about our 2008 release, we have included a *Question and Answer* section at the end of this newsletter.

Windows Vista

We are currently running Microsoft's new Windows Vista operating system in our office. For those wondering, both our current and upcoming versions are completely compatible with Vista. There

is one security wrinkle with the BDE Administrator. By default, the BDE Administrator stores some of its configuration settings in the Windows Registry. Under Windows Vista, changes to the Registry are not allowed unless you have administrative rights.

To circumvent this restriction, we recommend that you change an option in the BDE Administrator so that the configuration settings are NOT stored in the Windows Registry but instead in the *Idapi.cfg* file. You can do this by choosing the *Object / Options* menu option while running the BDE Administrator and clicking on the *Windows 3.1 and Windows 95/NT* radio button. Click OK and the BDE will store all of the settings in the *Idapi.cfg* file. These settings can then be updated/modified without the user having administrator rights.

What is our first impression of Vista? We'll go out on a limb and give you a few of our thoughts. First, it is apparent to us that most of the new features were created to address concerns about (a) competition from Apple and (b) the vulnerability of Windows to hackers and intrusions over the Internet.

With respect to our first point, Vista has an impressive new search feature and a new user interface that includes windows with "glassing" effects. The new security features are another matter. There is one new Windows Vista convention that is sure to give every PC user some degree of trouble. By default under Vista, applications are not to write to any data within the *Program Files* folder or subfolders (including INI files). Instead, data should be written to an *Appdata* folder under the user's ID contained in the Documents and Settings folder.

In this issue...

Windows Vista, our upcoming 2008 release, amortizing issuance costs using the effective interest method, class schedule revisions, and Mun-Ease webinars.

It is our estimate that probably more than half of all commercial applications violate this new edict from Microsoft. Microsoft has tried to ameliorate the impact of this new rule by adding a new virtual folder feature. Still for most organizations, it will not be an easy task getting existing applications to run under Vista unless they give their users administrative right to their own PC. *Note:* Our new 2008 release will follow the Windows Vista folder conventions.

Our Upcoming 2008 Release

We are planning to ship our upcoming 2008 release in October/November of 2007. This release will be shipped free-of-charge to our current customers along with a new set of manuals. The most important change is that we will migrate to the SQL Server database from the Borland Database Engine (BDE). If your organization is not currently running SQL Server, don't panic. Microsoft provides two free versions of SQL Server that you can use. These versions are SQL Server Express and its predecessor; the Microsoft Database Engine (MSDE). SQL Server Express is pre-installed when you purchase a PC with the business version of Vista. Because of the large resource requirements of SQL Server Express, we recommend that users install the MSDE if you are not currently running Microsoft Vista.

We know that our users will have lots of questions about our new 2008 version. Thus, we've included a *Question and Answer* section at the end of this newsletter. You can also call us if you have questions.

The New Effective Interest Method for Amortizing Issuance Costs

We've added a new option to amortize issuance costs on an effective interest basis. This may come as a surprise to many of our users since we previously removed this amortization option from Mun-Ease in 2004. So why the flip-flop? We'll explain in the following paragraphs.

We originally removed the effective interest method when we implemented the GASB 34 approach to amortizing original issue premiums / discounts (OID/OIP). Under GASB 34 the OID/OIP is amortized separately for each maturity in the bond issue.

In contrast to the GASB 34 approach, the old effective interest method amortized both the issuance costs and OID/OIP in aggregate. Under this method, the effective interest was calculated by multiplying the carrying value by the all-inclusive true interest cost (All-In TIC) of the bond issue. The amortization in any year would be the difference between the effective and nominal interest. (Note that the All-In TIC is the discount factor that equates a bond issue's future debt service to a target that includes the OID/OIP.)

Because the old method used the All-In TIC as the discount factor, it is not mathematically correct in a post-GASB 34 environment. The only way for the effective interest method to still be viable would be for us not to use the TIC as the discount factor, but instead use a custom discount factor that is computed for a target value that does not include the OID/OIP.

This is exactly what we have done with our new effective interest method. If you choose to amortize the issuance costs via the effective interest method, Mun-Ease will now allow you to choose/enter the issuance costs that are to be amortized. After you choose/enter the amount, Mun-Ease computes (and displays) a custom discount factor to be used in the amortization.

Screen Resolutions

Many times we receive phone calls from users asking why the Mun-Ease screens do not take full advantage of the screen space on their monitor. Before answering this question, we will review the relationship between the screen resolution and the font size on your PC. You define your screen resolution by clicking on the Display Settings icon in the Control Panel. If you run with a high screen resolution, fonts and programs will appear smaller. Conversely, a lower screen resolution will increase the size of fonts and windows on your PC.

Mun-Ease screens are designed to viewed at 800x600 DPI. With this release, we have added a new option to many screens that will allow you to expand the window if you are running with a screen resolution higher than 800x600 DPI. You do so by clicking on a *high resolution* radio button at the bottom of the affected screens.

2007 Class Schedule

Prescient Software has scheduled two classes for the remainder of 2007. Please note that the class locations have changed since our last newsletter.

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 us. 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.

Class Locations & Dates

Des Moines, IA Class, May 7-9, 2007 (Ahlers Cooney Law Firm located at 100 Court Ave., Ste. 600 Des Moines, IA, 50309)

Altmonte Springs (Orlando), FL Class, October 22-24, 2007. (Altamonte Springs CompUSA located at 130 E. Altamonte Drive, Altmonte Springs, FL 32701)

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>

Mun-Ease Webinars

Do you have difficulty taking time off to attend a formal Mun-Ease class? Or perhaps you have a special interest in just one module or topic covered in our Mun-Ease classes.

We have a solution for you. Prescient Software is now offering Mun-Ease classes over the Internet (which we'll refer to as webinars). Each webinar will cover one module of Mun-Ease over a period of three hours. You can attend the class while sitting at your own desk or in a conference room. You and other students will enter into a dialog with the instructor via a conference call from your telephone. Just like our formal classes, you'll work through Mun-Ease exercises on your PC while also viewing the instructor's screen. We'll offer webinars for just your organization or to multiple groups that have similar interests and schedules. Contact us at classes@mun-ease.com and we can work out a time and date that is convenient for you.

Detailed List of New Features

We've added two new reports to the maturity-by-maturity allocations module. Report #34e displays a summary of debt

service sorted by paying agent. Report #64e displays a multi-year debt service schedule summarized at the highest level in the allocation hierarchy (*maturity-by-maturity allocations*).

We've added a new option to amortize issuance costs on an effective interest basis (reports | amortization reports | issuance costs - effective interest method). *Please see page 2 of the newsletter for background information about this new option. (stand-alone reporting)*

We've added a new 14-day payment frequency for the creation of notes, variable rate bonds, and swap contracts. Notes can now be created for 7-day, 14-day, 28-day, monthly, 35-day, quarterly, semi-annual and yearly payment frequencies (*Base Module*).

We've updated the web addresses for the Web menu option on the Mun-Ease main menu. (Several of the referenced sites have changed in recent months.)

We now allow users who are running Mun-Ease with a high-resolution monitor to resize data entry grids and parent windows to take advantage of additional screen space. The user resizes the grids/windows by clicking on the "high resolution" button at the bottom of the affected screens. Users can now resize (a) the maturity grid for a fixed rate bond issue, (b) the variable rate transaction grid/window, (c) the TIC/ Bid verification window, and (d) the call/defeasance date grid/window (*all modules*).

Transactions that are included in the Yield Reduction Penalty Calculation report (#79b) are now weighted by the pool percentage field. In prior versions, Mun-Ease assumed that the pool percentage field had a value of 100% (*Arbitrage Module*).

We've added two new reports to the Transferred Proceeds Calculation menu option. The first report displays the line-by-line details for the transfer of unspent proceeds of the refunded issue to the refunding issue (#54b). Report #54c displays transferred proceeds for situations in which the bond proceeds of the refunded issue are invested in money market instruments (*Refunding Module*).

We've streamlined the process to create mailing addresses and labels. Mun-Ease will now insert mailing address information into the 8038 tax forms (8038, 8038G, 8038GC, 8038T, and 8038R) if this information exists for the issuer. Previously this information needed to be manually entered (*Base and Arbitrage Modules*).

We now automatically update the issuance costs and debt service reserve fund fields in the 8038 and 8038G tax forms with information stored in the Bond Master file (*Arbitrage Module*).

We've enabled the *duplicate* button in the *Call/Defeasance Dates* data entry window. Prior versions mistakenly disabled this button (*Refunding Module*).

We added new features to the arbitrage yield limit calculation

for deep-discount term bonds: (1) Mun-Ease can now perform this calculation for super-sinkers. (2) Mun-Ease now performs an additional test when it calculates the yield to be used for the deep discount adjustments. Mun-Ease will now check the "exclude from credit enhancements" flag on each maturity before calculating the yield used to revalue the deep discount sinkers. *Background:* The calculation of the yield for deep-discount sinkers requires that lump-sum credit enhancements be included in the target value. Mun-Ease will only include pro-rata share of the credit enhancements if the issuer purchased bond insurance on the deep-discount maturity. (3) Mun-Ease can now calculate the arbitrage yield limit when there are both yield-to-call maturities and deep-discount term bonds within a single bond issue (*Arbitrage Module*).

We added a new option to the millage impact reports. The user now has the option to display the impact of a bond issue on property tax rates in hundredths of a point or thousands of a point. Prior versions of Mun-Ease only displayed the impact in thousands of a point (*Stand-Alone Reporting Module*).

We added two new bond issues to the Examples database. The *Deepdisc-2006-A* bond issue demonstrates how to calculate the arbitrage yield limit when there are both deep-discount sinkers and yield-to-call maturities in the bond issue. The *Deepdisc-1998-A* bond issue demonstrates how to calculate the arbitrage yield limit when there are deep-discount super-sinkers (*Arbitrage Module*).

We created a new version of the Escrow Portfolio report (#29). This report displays totals by date of purchase and can be used when the refunding escrow contains rollover SLGS (*Refunding Module*).

We have made several cosmetic changes to reports in the Sizing, Refunding, and Arbitrage modules. The appearance of packaged reports has been greatly improved.

We corrected a bug in the combined indebtedness report (#7) (*Stand-Alone Reporting Module*).

We've changed Mun-Ease to ensure that the database buffers are flushed whenever a user adds or edits a bond issue or rebate transactions within a bond issue. *Background:* To minimize the impact on server resources, the Borland Database Engine (BDE) applies many database updates in memory. The BDE does not flush these buffers until it determines that the server is not busy. To ensure that updates are applied in a timely manner, we now force the BDE to empty its buffers at various points in the program.

Questions and Answers About our Upcoming SQL Server Version

Background

Since 1996, Mun-Ease has used the Borland Database Engine (BDE) to store data. The BDE is a multi-user database that allows users to store data in several different formats. These database formats include *Paradox*, *Dbase*, and *Access* as well as enterprise databases of *SQL Server*, *DB2*, and *Oracle*. The BDE is able to store data to enterprise databases using a Borland developed technology called "SQL Links."

Currently the Mun-Ease single-user and workgroup versions store data through the BDE in a *Paradox* format. Our enterprise version of Mun-Ease also uses the BDE and stores data in both *SQL Server* and *Paradox* formats. (Data on the server is stored in a *SQL Server* format while temporary data is stored in a *Paradox* format on the user's PC.)

Beginning with our 2008 release, all versions of Mun-Ease will store data only in a *SQL Server* format. We will no longer use the BDE. Instead, we will use a Microsoft developed technology called "Active Data Objects" (ADO). Our 2008 release is scheduled for shipment in the October/November timeframe of 2007.

Questions and Answers

- Q. Will there be an additional cost to upgrade to the Mun-Ease SQL Server version?
- A. No. We will ship the SQL Server version along with a new set of manuals free-of-charge to customers who are current with their maintenance and support.
- Q. Our organization does not own a copy of the SQL Server database. Do we need to purchase a copy of the SQL Server database before we install the 2008 version of Mun-Ease?
- A. No. Microsoft provides two free versions of SQL Server that can be used in environments with 4 or fewer users. The two versions are the Microsoft Database Engine (MSDE) and SQL Server Express. We recommend that users install the MSDE if they are running in a Windows XP/2000 environment. Users who are using Windows Vista should use SQL Server Express. (SQL Server Express is automatically installed on your PC if you are running the business version of Vista.) Our CD will include a copy of the MSDE that you can install in your organization.
- Q. Our organization is running an older version of SQL Server (SQL Server 2000). Is the 2008 version of Mun-Ease backward compatible with the SQL Server 2000?
- A. Yes. Our 2008 release is backward compatible with SQL Server 2000.
- Q. Will we need to go through a conversion to use the 2008 version of Mun-Ease?
- A. When you install the 2008 version, we will place a conversion icon within the Mun-Ease program group. This icon will initiate a program that will allow you to move data back and forth (upload and download) between the BDE and SQL Server. The conversion will take about 1-2 minutes.
- Q. Will we be able to run both the BDE versions and the SQL Server versions at the same time?
- A. Yes. The conversion program can upload and/or download data from the BDE. Thus, you can run both versions of Mun-Ease at the same time. We are providing this capability for users who may want to gradually transition to the 2008 version.
- Q. Is there a steep learning curve to using the 2008 version?
- A. No. The user interface and the report formats of both versions of Mun-Ease are exactly the same.
- Q. Are there advantages to using SQL Server over the BDE?
- A. Most large organizations in government and industry have standardized on either SQL Server or Oracle. Thus there is a greater likelihood that your I.T. department will have people knowledgeable with SQL Server. SQL Server is also compatible with Microsoft's .NET technology. Borland is not updating the BDE to take advantage of .NET.
- Q. Will Prescient Software develop an Oracle version of Mun-Ease in the future?
- A. The ADO technology that we used to develop the SQL Version is also compatible with Oracle. Therefore, there is a strong likelihood that we will develop an Oracle version in the future.