
Mun-Ease News

Prescient Software jr.d, Inc.

www.mun-ease.com

August 30, 2005 p. 1

Mun-Ease 2005 Ships!

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Mun-Ease release 12.0, class schedule for the next six months, tips, & features in depth.

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**Features in Depth:
Authorizations & Expenses**

Typically, legislative bodies of government entities appropriate funds for capital expenditures and authorize the issuance of one or more bonds to fund these expenditures. (The legislative body may be a state legislature, a county board of supervisors, or a city council.) In these situations, the government entity's accounting system will track expenditures against the original appropriation to ensure that expenditures do not exceed the amounts authorized for the project.

While accounting systems have the ability to track the expenditures against appropriations, they often lack the ability to link expenditures to the bond issues funding the capital projects. This is unfortunate, because this capability is often necessary for the purpose of calculating the entity's arbitrage liability.

Luckily, the Allocations module of Mun-Ease does have this capability. Mun-Ease can pro-rate expenditures among the bond issues funding the projects on a first-in, first-out (FI-FO) basis. As money is expended on a project, Mun-Ease will record the amounts spent against the allocations. Mun-Ease first pro-rates the expenditures to the bond issue dated earliest in the calendar. When the amounts expended exceed the allocation, Mun-Ease then begins pro-rating expenses to the next earliest bond issue. It continues this process until all of the expenditures have been pro-rated among the bond issues funding the project.

Example:

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Year Issued	Par Amount of multi-purpose bond issue	Amount allocated to toxic waste project	Funds spent on the toxic waste project	Funds available for expenditure
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2004	\$200 mil.	\$12 mil.	\$12 mil.	\$0
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Total	\$550 mil.	\$50 mil.	\$40 mil.	\$10 mil.

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features. These databases provide the backbone behind some of the largest online systems in the world including those that handle airline reservations, online shopping, and specialized database retrievals. Their power is made possible by the fact that they are designed around the SQL database programming language. With just a few SQL statements, users have the ability to read and process huge amounts of data and to summarize that data into professional looking reports. When executing SQL statements on a server, enterprise databases are without equal.

Yet for all their power, SQL databases do some things very poorly. For example, the enterprise databases are really not designed for environments where users want to scroll through large database tables in data grids. And unlike many record-oriented desktop databases, (which maintain both forward and backward links to data), indexes on enterprise databases are designed for forward navigation only.

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When the user has finished his updates, information is uploaded to the server. After the user has uploaded the updated information, we will also update the semaphore database table on the server (*lock removed*).

Unlike our LAN version, each user in the Enterprise version has his own report database tables. These tables reside on the client PC and are also in Paradox format. An advantage to this convention is that our Crystal Report specifications are completely compatible with our single-user and workgroup (LAN) versions.

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New Housing Bond Features – Issuers of housing bonds are legally required to redeem a pro-ratable portion of a bond issue when borrowers prepay principal on their loans. This legal requirement results in the issuer performing frequent partial refundings of specific maturities of a bond issue. Thus over time, a bond issue could be split into several hundred (over even thousands) of maturities. Our new housing bond feature allows issuers to create and maintain a bond issue with unlimited number of maturities and an unlimited number of calls. Maturities can be easily split into two or more maturities for partial refundings. (*Base Module*)

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Premium CABs – Issuers who face legal restrictions on the amount of indebtedness often structure a bond issue with premium CABs. The 12.0 release now allows the user to structure a bond issue with premium CABs. (*Base, Sizing, Refunding Modules*)

Swaps Accounting Report - A new Swaps report shows the difference in debt service between the variable rate schedule and the synthetic fixed rate schedule. Users can easily simulate future interest rate scenarios. (*Stand-Alone Reporting Module*)

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www.mun-ease.com

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While we are holding the line with regard to price increases, we will begin charging a 3% fee to customers who purchase Mun-Ease using a credit card. (This fee will cover the charges assessed on us by credit card companies.)

Mun-Ease Class Schedule for the Next Six Months

Prescient Software has scheduled two classes for the next six months. Classes will be held at CompUSA training facilities.

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 CompUSA. 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.

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Mun-Ease release 12.0, class schedule for the next six months, tips, & features in depth.

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The Classes page of the Mun-Ease site contains additional information including: (a) class syllabus, (b) directions to the class locations and hotels, (c) a downloadable class registration form in Word and PDF format, and (d) additional hotel information. You can register for a class by faxing or mailing the attached registration form to Prescient Software at 949-248-5789. You can e-mail us at classes@mun-ease.com. The registration form can be downloaded from:

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New Housing Bond Features - Issuers of housing bonds are legally required to redeem a pro-ratable portion of a bond issue when borrowers prepay principal on their loans. This legal requirement results in the issuer performing frequent partial refundings of specific maturities of a bond issue. Thus over time, a bond issue could be split into several hundred (over even thousands) of maturities. Our new housing bond feature allows issuers to create and maintain a bond issue with unlimited number of maturities and an unlimited number of calls. Maturities can be easily split into two or more maturities for partial refundings. (*Base Module*)

New Calendar Event and Email Features - We've added several new features to our Calendar Event Module. The Calendar Event Module allows you to view important bond-related events in a calendar format similar to Outlook or Sidekick. You can specify up to five e-mail recipients for each event in the Calendar Event database table. Mun-Ease automatically e-mails recipients in the background, a notice of the event if the notification date of the event occurs on the current day's calendar. Users can schedule multiple upcoming event notices based on the periodicity and date parameters defined for the event. Users also easily change in mass, the people who are to receive e-mail notices of current and future events. (*Base Module*)

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principal frequency of the refunding note the notes can occur on a 28-day, monthly, 35-day, quarterly, semi-annual, or yearly basis. This refunding feature contains the same input options available for fixed-rate bond refundings. (*Refunding Module*)

Premium CABs – Issuers who face legal restrictions on the amount of indebtedness often structure a bond issue with premium CABs. The 12.0 release now allows the user to structure a bond issue with premium CABs. (*Base, Sizing, Refunding Modules*)

Swaps Accounting Report - A new Swaps report shows the difference in debt service between the variable rate schedule and the synthetic fixed rate schedule. Users can easily simulate future interest rate scenarios. (*Stand-Alone Reporting Module*)

New Fund Selection Options For Rebate Calculations – Mun-Ease now contains a feature that allows the user to perform rebate calculations for all or selected funds in a bond issue (up to 10 funds at a time). The user can also view rebate transactions for all or selected funds. (*ArbitrageModule*)

New Allocations Features - A new feature in the Allocations Module allows users to track expenditures of bond proceeds against amounts authorized by appropriation. Expenditures are then pro-rated among bond issues on a FI-FO (first-in, first-out) basis (*Allocations Module*).

New Features in Internet Add-On Module - Our Internet Add-On Module contains a new feature for conducting competitive bond sales over the Internet. Underwriters can enter their bids through the Add-On Module and Mun-Ease will compute the TIC of each bid. The issuer has the option of allowing bidders to view competitor bids during the sale period. The Internet Add-On Module runs on an issuer's web server and does not require any other additional software other than what we provide. (*Internet Add-On Module*).

New Report Package Features – The report package feature allows users to combined reports into a single report with a table of contents. We now provide this feature with the menu options to size a new-money or refunding note. (*Sizing and Refunding Modules*)

Enhanced Optimization Routines for Refundings – Our new optimization routines for structuring escrow portfolios eliminate (or greatly reduce) the need for an issuer contribution to the escrow by adjusting the dollar amount of the contingency fund. The routines now allow for better modeling of cash flows to meet the debt service requirements of the refunded bonds. (*Refunding Module*)

Improved Data Entry Conventions – We simplified the window in the Sizing module to enter draw schedules. We've eliminated the need to tab through the Maturity grid when performing price/yield calculations on a maturity. We've also changed the color scheme of certain screens so that they are more readable when the user's display is a flat-panel monitor. (*All Modules*)

Enhanced Tutorials Guide – We've revamped our Tutorials guide. It now contains new step-by-step instructions for performing analyses in the Arbitrage, Refunding, and Sizing Modules.

Mun-Ease News

Prescient Software jr, Inc.

www.mun-ease.com

August 30, 2005 p. 1

Mun-Ease 2005 Ships!

(Note: This newsletter was written before Hurricane Katrina. Our thoughts are with our customers and others affected by this catastrophe.)

It's Out the Door

After a long, hot summer of working on the 12.0 release, we can finally say that WE ARE DONE! We shipped Mun-Ease 2005 (release 12.0) to all of current customers during the last week of August. Along with the CD, we included newly revised documentation. The manuals are now over 1,100 pages in length. We spent a great deal of time revising the content of the three volumes of documentation. More importantly, we improved the Tutorials guide by adding new advanced examples and better step-by-step instructions.

Release 12.0 is a major milestone for us. We now offer a new version of Mun-Ease written for the SQL Server database. This version is a three-tier database application designed for users who need to integrate their Mun-Ease database with other SQL Server applications.

The theme of this release is "*bond software with intelligence.*" While there are many new features in this release of Mun-Ease, we also worked very hard to make the existing features of Mun-Ease easier to use. Users of the Arbitrage, Sizing, and Refunding modules will notice differences immediately. The major enhancements are described later in this newsletter and in the fliers and brochures included with this newsletter.

Finally, the 12.0 CD ROM and manuals are sent to all of our current customers free of charge. If you believe that you are entitled to receive the 12.0 release and have not received it by the September 8, 2005, please call us and we will investigate.

Mun-Ease Licensing Fees Remain Unchanged

Prices for Mun-Ease 2005 are virtually **the same as the 2003 release**. (The only change is that the price for the Stand-Alone Reporting module has increased from \$795 to \$895). We also decided not to increase the prices charged for our standard 2 1/2 day class. The cost will remain at \$995.

We firmly believe that there are advantages to having a product that is affordable to both large and small government entities and service firms. While many software companies try to charge different prices based on the size of the buying entity, we charge the same prices to everyone. Generally our philosophy is to have simple, straightforward, and transparent prices.

While we are holding the line with regard to price increases, we will begin charging a 3% fee to customers who purchase Mun-Ease using a credit card. (This fee will cover the charges assessed on us by credit card companies.)

Mun-Ease Class Schedule for the Next Six Months

Prescient Software has scheduled two classes for the next six months. Classes will be held at CompUSA training facilities.

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 CompUSA. 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.

In this issue...

Mun-Ease release 12.0, class schedule for the next six months, tips, & features in depth.

Class Locations & Dates

Orlando, FL October 31- November 2, 2005. (Orlando CompUSA located at 7802 South Orange Blossom Trail, Orlando, FL. Suggested Hotel - Florida Mall Hotel, 1500 Sand Lake Rd, Orlando, FL. \$99.00 plus tax).

Encinitas, (San Diego) CA February 6-8 2006. (Encinitas CompUSA located at 1046 El Camino Real, Encinitas, CA. Suggested Hotel - Holiday Inn Express San Diego-Encinitas, 607 Leucadia Blvd, Encinitas, CA. \$89.00 plus tax).

The Classes page of the Mun-Ease site contains additional information including: (a) class syllabus, (b) directions to the class locations and hotels, (c) a downloadable class registration form in Word and PDF format, and (d) additional hotel information. You can register for a class by faxing or mailing the attached registration form to Prescient Software at 949-248-5789. You can e-mail us at classes@mun-ease.com. The registration form can be downloaded from:

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

E-Mail & the Event Calendar

The 12.0 release of Mun-Ease contains significant enhancements to our Event Calendar feature of the Base module. The Event Calendar allows you to view debt service schedules and other important bond-related events in a calendar format similar to Outlook. Our 12.0 release now includes the ability to e-mail individuals about current and upcoming events in the Event Calendar. These e-mails are sent by Mun-Ease in the background at start-up time. Besides the event date and time, you can define a notification lead-time and a list of individuals who are to be notified via e-mail about the event. We also provide an ability to change, in mass, the sender or recipients of e-mails. Thus, if an individual were to leave an organization, Mun-Ease can easily change all of the former employee's scheduled e-mails to a new employee.

**Features in Depth:
Authorizations & Expenses**

Typically, legislative bodies of government entities appropriate funds for capital expenditures and authorize the issuance of one or more bonds to fund these expenditures. (The legislative body may be a state legislature, a county board of supervisors, or a city council.) In these situations, the government entity's accounting system will track expenditures against the original appropriation to ensure that expenditures do not exceed the amounts authorized for the project.

While accounting systems have the ability to track the expenditures against appropriations, they often lack the ability to link expenditures to the bond issues funding the capital projects. This is unfortunate, because this capability is often necessary for the purpose of calculating the entity's arbitrage liability.

Luckily, the Allocations module of Mun-Ease does have this capability. Mun-Ease can pro-rate expenditures among the bond issues funding the projects on a first-in, first-out (FI-FO) basis. As money is expended on a project, Mun-Ease will record the amounts spent against the allocations. Mun-Ease first pro-rates the expenditures to the bond issue dated earliest in the calendar. When the amounts expended exceed the allocation, Mun-Ease then begins pro-rating expenses to the next earliest bond issue. It continues this process until all of the expenditures have been pro-rated among the bond issues funding the project.

Example:

Assume that a state legislature has authorized the expenditure of \$50 million in funds for a project to clean up toxic waste. Assume also that this capital project is funded through the issuance of multi-purpose bonds, issued in years 2003, 2004, and 2005. If the State has spent \$40 million on this project, Mun-Ease would pro-rate the expenditures against the bonds funding the toxic waste project in the following manner:

Year Issued	Par Amount of multi-purpose bond issue	Amount allocated to toxic waste project	Funds spent on the toxic waste project	Funds available for expenditure
2003	\$100 mil.	\$13 mil.	\$13 mil.	\$0
2004	\$200 mil.	\$12 mil.	\$12 mil.	\$0
2005	\$250 mil.	\$25 mil.	\$15 mil.	\$10 mil.
Total	\$550 mil.	\$50 mil.	\$40 mil.	\$10 mil.

Features in Depth: The SQL Server Version of Mun-Ease

Anyone who has ever worked with an enterprise database like SQL Server, Oracle, or DB2 cannot help but be impressed with their power, speed, and wealth of

features. These databases provide the backbone behind some of the largest online systems in the world including those that handle airline reservations, online shopping, and specialized database retrievals. Their power is made possible by the fact that they are designed around the SQL database programming language. With just a few SQL statements, users have the ability to read and process huge amounts of data and to summarize that data into professional looking reports. When executing SQL statements on a server, enterprise databases are without equal.

Yet for all their power, SQL databases do some things very poorly. For example, the enterprise databases are really not designed for environments where users want to scroll through large database tables in data grids. And unlike many record-oriented desktop databases, (which maintain both forward and backward links to data), indexes on enterprise databases are designed for forward navigation only.

The Solution: A Three-Tier Database Design

Our Enterprise version uses a three-tier database design. In addition to the enterprise database on the server, we maintain temporary local database tables on the client. Thus if you decide to edit a bond issue, we will download the information for the requested bond ID to database tables located on the user's PC. (The local database tables are in a Paradox format.) Prior to downloading the information to the user's PC, Mun-Ease will update the *semaphore* database table on the server (*lock inserted*) to notify other users that the bond issue in question is being updated.

When the user has finished his updates, information is uploaded to the server. After the user has uploaded the updated information, we will also update the semaphore database table on the server (*lock removed*).

Unlike our LAN version, each user in the Enterprise version has his own report database tables. These tables reside on the client PC and are also in Paradox format. An advantage to this convention is that our Crystal Report specifications are completely compatible with our single-user and workgroup (LAN) versions.

Look for us at the NAST Conference

Prescient Software will have a booth at the NAST (*National Association of State Treasurers*) conference in Lake Tahoe, NV from September 18 - 22, 2005.

We will also be participating in the debt management session.

Tips: Running Mun-Ease in a Novell Network Environment

A new customer recently encountered problems running Mun-Ease in a Novell Netware environment. These problems occurred when the user placed his database on the server. After considerable research, we discovered that there is a glitch in the Novell client software that affects databases that use pessimistic locking (e. g., Access and Paradox). We resolved these problems by downloading the latest patches for the Novell client from the Novell web site. We believe that users running versions 4.83 and 4.91 should download these patches.

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