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FOR IMMEDIATE RELEASE

TSX Venture Exchange Symbol: MSM

## **Municipal Arranges \$1,000,000 Financing**

**VICTORIA, British Columbia, (December 13, 2004)** – Rob Bennett, President of Municipal Solutions Group, Inc. (“Municipal”) (TSX Venture: MSM), a provider of government enterprise solutions, announced today that Pender Growth Fund (VCC) Inc. (“Pender”), an arm’s length venture capital corporation registered under the Small Business Venture Capital Act (British Columbia), has been chosen to complete a non-brokered private placement of up to 10,000,000 units, at a price of \$0.10 per unit, representing a total investment of up to \$1,000,000 by Pender. Each unit shall consist of one common share in the capital of Municipal and one common share purchase warrant, entitling the holder to purchase one additional common share at the price of \$0.125 until the date that is 12 months from issuance or at the price of \$0.15 per share thereafter until the date that is 24 months from issuance. Bennett is pleased with Pender’s commitment to the long-term growth of the Company.

Bennett said, “This capital injection will allow us to accelerate development of our existing application software suite, and expand the product into new areas as desired by local government. It will further consolidate Municipal’s leadership in the local government marketplace.”

Mr. Bennett also announced the addition to the management team of Iain McLean. Mr. McLean, a graduate of the Harvard Business School and Imperial College of Science and Technology (London), has held leadership roles within a number of technology companies including, Vice-President and General Manager of Total Care Technologies a division of Ad-Opt Technologies, Chief Operations Officer of Sonigistix Corporation, Chief Executive Officer of AutoMed Corporation and Vice President Operations of Ballard Power Systems.

Kelly Edmison, Chairman of the Pender Group said, “We have been impressed with the competency of Municipal staff and the efficacy of their product line. We believe that by providing the additional financing and executive experience, Municipal will be better positioned to seize future opportunities and maintain its high level of customer service and satisfaction.”

The closing of this private placement will occur in two stages. On or before December 31, 2004, Municipal will issue 1,000,000 units to Pender for proceeds of \$100,000 with the remaining \$900,000 of Pender’s investment placed into escrow. Concurrently with this first closing, Troy Kusy will resign as a director of Municipal and Iain McLean and David Roberts, CEO of Pender Growth Fund, will be appointed to the Board of Directors of Municipal. This first closing will be subject to (i) Pender’s satisfaction with the due diligence investigation of the business and affairs of Municipal, (ii) the execution of a definitive subscription agreement containing customary terms for a private placement of this nature, (iii) approval of the TSX Venture Exchange for the private placement and all transactions contemplated thereby, and (iv) approval of Pender’s proposed investment by the Administrator under the Small Business Venture Capital Act (British Columbia).

On or prior to April 30, 2005, the remaining 9,000,000 units will be issued to Pender and the escrowed proceeds will be released to Municipal, subject to regulatory approval and the fulfillment of various conditions, including the following:

- (a) the appointment of Iain McLean as the new Chief Executive Officer of the Corporation (with Robert Bennett remaining as Municipal's President);
- (b) approval of an updated business plan for Municipal by the Board and by Pender;
- (c) shareholder approval of the private placement;
- (d) shareholder approval of (i) the establishment of a stock option plan, (ii) the repricing of the exercise price of existing options to \$0.10 per share, and (iii) the issuance of 100,000 options to each independent director of Municipal, having an exercise price of \$0.125 per share and expiring on December 31, 2007 and iv) the issuance of options for the new CEO.
- (e) shareholder approval of a consolidation of Municipal's common shares on an 8 for 1 basis.

Municipal intends to use the proceeds from the first stage of the private placement for general working capital purposes and the proceeds from the second stage of the private placement in the manner contemplated by the updated business plan and for general working capital purposes.

#### **About Municipal Software Corporation**

Municipal Software Corporation was a gold medal worldwide winner in the Packaged Application Category for the Microsoft Certified Partner Awards. The Company provides CityView 8.NET, a true enterprise solution that integrates functions across an organization and enables e-government.

CityView 8.NET helps governments automate business processes such as Building, Planning, Code Enforcement, Business Licensing, Public Works, Emergency Management, Cemetery Management and more. Award winning CityView integrates with existing systems, including financials, other departmental automation software, document management, IVR, cashiering, field data collection, and GIS. With clients in over 30 states and 5 provinces Municipal Software Corporation is the one-stop provider of everything government needs for an enterprise wide solution, including the software, the training, the services, and the post purchase support.

#### **About Municipal Solutions Group Inc.**

Municipal Solutions Group Inc. ([www.MunicipalSolutionsInc.com](http://www.MunicipalSolutionsInc.com)) was formed in January 2002 as the public financing arm for Municipal Software Corporation, to provide the overall strategic leadership and guidance for Municipal Software as it builds comprehensive solutions for local government on a global basis.

#### **About Pender Growth Fund (VCC) Inc.**

Pender Growth Fund (VCC) Inc. is an established, diversified venture capital fund that invests in technology companies within the province of British Columbia with the objective of long-term capital appreciation. Pender Growth Fund is now the first fund of its kind in British Columbia to focus specifically on expansion and restructuring opportunities within the technology sector that offer investors the potential for liquidity through either existing public listings or near term liquidity events. The Fund has approximately \$16 million of assets under management.

For further information please visit [www.penderfund.com](http://www.penderfund.com) or contact David Roberts at (604) 688-1511 or [droberts@penderfund.com](mailto:droberts@penderfund.com).

#### **Forward-Looking Statements**

*Certain statements in this news release are not historical and may constitute forward-looking statements reflecting Municipal Solutions Group Inc.'s current expectation in the local government sector. These*

*statements are subject to important risks, uncertainties and assumptions concerning future conditions that may ultimately prove to be inaccurate and may differ materially from actual future events or results.*

If you would like to be included on our regular distribution please email us at: [press@MunicipalSoftware.com](mailto:press@MunicipalSoftware.com) or fax to (250) 475-6080.

For further information please visit [www.MunicipalSolutionsInc.com](http://www.MunicipalSolutionsInc.com) or contact Rob Bennett at (800) 665-5647 or [rbennett@MunicipalSoftware.com](mailto:rbennett@MunicipalSoftware.com).

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.*