



DETROIT PUBLIC SCHOOLS  
Division of Finance  
3011 W. Grand Blvd., 11<sup>th</sup> Floor, Fisher Bldg.  
Detroit, MI 48202

# DETROIT PUBLIC SCHOOLS

## Division of Finance

### Office of the Chief Financial Officer

---

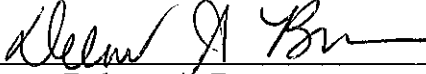
February 15, 2010

Via Facsimile: (614) 775-5631  
The Bank of New York  
6525 West Campus Oval, Suite 200  
New Albany, OH 43054

Attention: Vice President  
Municipal Credit Group

Ladies and Gentlemen:

Pursuant to Section 6.2(a)(v) of that certain Reimbursement Agreement among the Michigan Municipal Bond Authority, the School District of the City of Detroit (the "District") and The Bank of New York Trust Company, N.A. (the "Bank"), dated as of March 1, 2005, the District, through its undersigned official, hereby certifies that except as otherwise known and provided by law, the District has not taken any action or failed to take any action as of the date hereof that will result in the state withholding State Aid payments.

By:   
\_\_\_\_\_  
Delores A. Brown  
Deputy CFO and Chief Accounting Officer

By:   
\_\_\_\_\_  
Ricardo Kisner  
Chief Financial Officer

CERTIFICATE AS TO SET ASIDE REQUIREMENTS

(Pursuant to Section 3.3 of the Financing Agreement dated as of March 1, 2005 (the "Agreement") between the Michigan Municipal Bond Authority and the School District of the City of Detroit (the "District"))

The undersigned, the Emergency Financial Manager and Authorized District Officers of the District, hereby certifies that he/she has projected the District's monthly receipt of State School Aid for each month in the Projection Period (as defined in the Agreement) and compared such receipts to the corresponding monthly Set Aside Requirements (as defined in the Agreement) and has determined that at this time Section 3.3 of the Agreement:

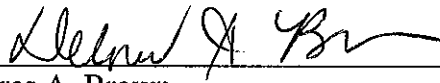
DOES NOT REQUIRE the establishment of new Set Aside Requirements

DOES REQUIRE the establishment of new Set Aside Requirements which, for each Series of Obligations currently Outstanding, are as follows:

[For each series of Obligations identify new Set Aside Requirements]

This 15th day of **February**, 2010

[To be filed monthly 5 days before Funds Transfer Date]



Delores A. Brown  
Title: Deputy CFO and Chief Accounting Officer



Ricardo Kisner  
Title: Chief Financial Officer



Robert C. Bobb  
Title: Emergency Financial Manager

**DETROIT PUBLIC SCHOOLS**  
**General Fund Estimated Cash Flow (In Thousands)**  
**July 2009 - June 2010**  
**January/ February 2010 State Aid Advance**

|  | July             | August           | September        | October          | November         | December         | January          | February         | March            | April            | May              | June             | TOTAL              |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| Beginning Balance                        | \$47,021         | \$22,458         | \$242,012        | \$195,522        | \$119,865        | \$70,158         | \$50,139         | \$39,249         | \$16,697         | \$224,937        | \$159,029        | \$93,822         | \$47,021           |
| <b>Cash Receipts</b>                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| State Aid                                | 55,423           | 63,663           | -                | 66,983           | 64,588           | 46,415           | 94,506           | 20,977           | 56,977           | 56,977           | 56,977           | 56,977           | 620,464            |
| Property Taxes                           | 6,648            | 30,341           | 21,247           | 4,589            | -                | -                | 19,589           | 5,344            | 6,300            | -                | -                | 8,043            | 102,101            |
| Grants                                   | 42,025           | 32,205           | 13,884           | 6,679            | 10,500           | 38,528           | 14,680           | 21,528           | 20,000           | 15,000           | 12,000           | 18,000           | 244,829            |
| State Stabilization Funds - State Aid    | 31,959           | -                | -                | -                | -                | -                | 19,952           | 12,000           | -                | -                | -                | -                | 63,911             |
| State Aid Note Proceeds                  | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  |
| 2009B State Aid Note Proceeds            | -                | 228,652          | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | 228,652            |
| 2010A State Aid Note Proceeds            | -                | -                | -                | -                | -                | -                | -                | -                | 229,000          | -                | -                | -                | 229,000            |
| <b>Other Receipts</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| WCRESA -Net                              | -                | -                | 7,832            | 7,832            | 7,332            | 7,447            | 7,332            | 7,469            | 7,400            | 7,400            | 7,400            | 7,400            | 74,844             |
| Food Service-Reimbursement               | 2,039            | -                | 44               | 35               | 1,864            | 4,236            | 3,361            | 1,356            | 2,801            | 2,949            | 1,952            | -                | 20,637             |
| -Deposits                                | 3                | 8                | 56               | 420              | 212              | 146              | 240              | 128              | 51               | -                | 51               | 51               | 1,366              |
| -RD                                      | -                | -                | 12               | 101              | 113              | 149              | -                | 285              | 250              | 426              | -                | 173              | 1,509              |
| RD-Other                                 | 43               | 3                | -                | 14               | -                | 11               | -                | 17               | 17               | -                | -                | 17               | 122                |
| Interest                                 | 7                | 11               | 10               | 33               | 19               | -                | 13               | 6                | 19               | 73               | 36               | 18               | 245                |
| Miscellaneous                            | 1,739            | 62               | 703              | 2,341            | 164              | 2,739            | 766              | 128              | 848              | 139              | 297              | 42               | 9,968              |
| E-Rate reimbursement                     | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  |
| Outreach Medicaid                        | -                | 448              | 449              | 449              | 938              | 449              | 477              | 1,043            | -                | -                | -                | -                | 4,253              |
| Fee for Service Medicaid                 | -                | -                | -                | 46               | -                | -                | -                | 382              | -                | 594              | 255              | -                | 1,277              |
| <b>Total Cash Receipts</b>               | <b>119,886</b>   | <b>355,393</b>   | <b>44,237</b>    | <b>89,522</b>    | <b>85,730</b>    | <b>100,120</b>   | <b>160,916</b>   | <b>70,463</b>    | <b>323,663</b>   | <b>83,558</b>    | <b>78,968</b>    | <b>90,721</b>    | <b>1,603,178</b>   |
| <b>Total Available Funds</b>             | <b>166,907</b>   | <b>377,851</b>   | <b>286,249</b>   | <b>285,044</b>   | <b>205,595</b>   | <b>170,278</b>   | <b>191,055</b>   | <b>109,712</b>   | <b>340,360</b>   | <b>308,496</b>   | <b>237,997</b>   | <b>184,543</b>   | <b>1,650,199</b>   |
| <b>Cash Disbursements</b>                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| Payroll                                  | (57,806)         | (38,954)         | (39,305)         | (62,205)         | (47,059)         | (47,671)         | (53,783)         | (45,472)         | (45,896)         | (58,321)         | (45,896)         | (45,896)         | (588,264)          |
| FICA                                     | (4,569)          | (3,185)          | (3,168)          | (4,014)          | (3,901)          | (3,864)          | (5,362)          | (3,660)          | (3,694)          | (3,694)          | (3,694)          | (3,694)          | (46,499)           |
| Retirement                               | (11,076)         | (11,577)         | (7,753)          | (7,956)          | (10,409)         | (10,307)         | (15,543)         | (10,193)         | (7,703)          | (7,775)          | (9,880)          | (7,775)          | (117,947)          |
| <b>Non-Payroll Expenditures</b>          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| Fringe Benefits                          | (842)            | (528)            | (597)            | (2,182)          | (1,521)          | (3,380)          | (1,007)          | (1,500)          | (2,000)          | (1,600)          | (2,500)          | (2,100)          | (19,757)           |
| Fringe Benefits-Wired                    | (15,371)         | (16,207)         | (12,169)         | (15,692)         | (12,440)         | (3,482)          | (13,165)         | (8,945)          | (8,600)          | (11,399)         | (16,524)         | (12,393)         | (146,387)          |
| Account Payable                          | (9,096)          | (21,520)         | (27,714)         | (24,401)         | (10,910)         | (15,252)         | (23,550)         | (15,799)         | (19,000)         | (17,000)         | (17,000)         | (17,000)         | (218,242)          |
| Additional Accounts Payable              | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  |
| Food Service Transfer                    | (3,189)          | (2,039)          | (21)             | -                | (35)             | (7,080)          | -                | (4,717)          | (2,801)          | (2,949)          | (1,952)          | -                | (24,783)           |
| Capital Leases                           | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  |
| Adult Education                          | -                | -                | -                | -                | (430)            | (374)            | -                | -                | -                | -                | -                | -                | (804)              |
| <b>Set Aside Payments on Debt</b>        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                    |
| 2005B Bonds- Principal                   | -                | -                | -                | (1,487)          | (1,487)          | (1,487)          | (1,487)          | (1,487)          | (1,487)          | (1,487)          | (1,487)          | -                | (11,899)           |
| 2005B Bonds - Interest                   | -                | -                | -                | (1,242)          | (1,245)          | (1,242)          | (1,242)          | (1,242)          | (1,242)          | (1,242)          | (1,242)          | -                | (9,935)            |
| 2008 Note - Principal                    | (42,500)         | (41,829)         | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | (84,329)           |
| 2008 Note - Interest                     | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  |
| 2009A Note - Principal                   | -                | -                | -                | (46,000)         | (46,000)         | (46,000)         | (31,000)         | -                | -                | -                | -                | -                | (169,000)          |
| 2009A Note - Interest/Fees               | -                | -                | -                | -                | -                | -                | (5,667)          | -                | -                | -                | -                | -                | (5,667)            |
| 2009B Note - Principal                   | -                | -                | -                | -                | -                | -                | -                | -                | (23,000)         | (44,000)         | (44,000)         | (47,000)         | (158,000)          |
| 2009B Note - Interest                    | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                  |
| <b>Total Set-Aside Payments</b>          | <b>(42,500)</b>  | <b>(41,829)</b>  | <b>-</b>         | <b>(48,729)</b>  | <b>(48,732)</b>  | <b>(48,729)</b>  | <b>(39,396)</b>  | <b>(2,729)</b>   | <b>(25,729)</b>  | <b>(46,729)</b>  | <b>(46,729)</b>  | <b>(47,000)</b>  | <b>(438,830)</b>   |
| <b>Total Cash Disbursements</b>          | <b>(144,449)</b> | <b>(135,839)</b> | <b>(90,727)</b>  | <b>(165,179)</b> | <b>(135,437)</b> | <b>(140,139)</b> | <b>(151,806)</b> | <b>(93,015)</b>  | <b>(115,423)</b> | <b>(149,467)</b> | <b>(144,175)</b> | <b>(135,858)</b> | <b>(1,601,514)</b> |
| <b>Ending Balance with Note Proceeds</b> | <b>\$22,458</b>  | <b>\$242,012</b> | <b>\$195,522</b> | <b>\$119,865</b> | <b>\$70,158</b>  | <b>\$30,139</b>  | <b>\$39,249</b>  | <b>\$16,697</b>  | <b>\$224,937</b> | <b>\$159,029</b> | <b>\$93,822</b>  | <b>\$48,685</b>  | <b>\$48,685</b>    |
| <b>Balance without Note Proceeds</b>     | <b>(186,277)</b> | <b>(152,592)</b> | <b>(199,082)</b> | <b>(228,739)</b> | <b>(232,446)</b> | <b>(226,465)</b> | <b>(189,403)</b> | <b>(211,955)</b> | <b>19,285</b>    | <b>(2,623)</b>   | <b>(23,830)</b>  | <b>(21,967)</b>  | <b>(21,967)</b>    |
| <b>Debt Service Coverage</b>             | <b>0.83</b>      | <b>1.52</b>      | <b>0.00</b>      | <b>1.37</b>      | <b>1.33</b>      | <b>0.95</b>      | <b>2.40</b>      | <b>7.69</b>      | <b>2.21</b>      | <b>1.22</b>      | <b>1.22</b>      | <b>1.21</b>      | <b>1.41</b>        |

**DETROIT PUBLIC SCHOOLS**  
**General Fund Estimated Cash Flow (In Thousands)**  
**July 2010 - June 2011**  
**January/ February/March 2010 State Aid Advance**

|                                       | July      | August    | September | October   | November  | December  | January   | February  | March     | April     | May       | June      | TOTAL       |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| Beginning Balance                     | \$48,685  | \$14,489  | \$228,979 | \$176,587 | \$91,262  | \$31,584  | \$267     | (57,007)  | (99,195)  | \$132,578 | \$60,684  | (8,478)   | \$48,685    |
| <b>Cash Receipts</b>                  |           |           |           |           |           |           |           |           |           |           |           |           |             |
| State Aid                             | 56,977    | 56,977    | -         | 54,176    | 54,176    | 54,176    | 54,176    | 54,176    | 54,176    | 54,176    | 54,176    | 54,176    | 601,537     |
| Property Taxes                        | 6,449     | 29,431    | 20,610    | 4,451     | -         | 9,700     | 9,301     | 5,184     | 6,111     | -         | -         | 7,802     | 99,038      |
| Grants                                | 39,083    | 29,951    | 12,912    | 6,211     | 9,765     | 37,007    | 12,476    | 19,835    | 18,600    | 13,950    | 11,160    | 16,740    | 227,691     |
| State Stabilization Funds - State Aid | 2,231     | 2,231     | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | 4,462       |
| State Aid Note Proceeds               | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| 2010A State Aid Note Proceeds         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| 2010B State Aid Note Proceeds         | -         | 232,000   | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | 232,000     |
| 2011A State Aid Note Proceeds         | -         | -         | -         | -         | -         | -         | -         | -         | 250,000   | -         | -         | -         | 250,000     |
| Other Receipts                        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| WCRESA -Net                           | -         | -         | 7,832     | 7,832     | 7,332     | 7,447     | 7,332     | 7,469     | 7,400     | 7,400     | 7,400     | 7,400     | 74,844      |
| Food Service-Reimbursement            | 1,020     | -         | 22        | 18        | 932       | 2,118     | 1,681     | 678       | 1,401     | 1,475     | 976       | -         | 10,319      |
| -Deposits                             | 2         | 4         | 28        | 210       | 106       | 93        | 100       | 64        | 26        | -         | 26        | 26        | 683         |
| -RD                                   | -         | -         | 6         | 51        | 57        | 75        | -         | 143       | 125       | 213       | -         | 87        | 755         |
| RD-Other                              | 43        | 3         | -         | 14        | -         | 11        | -         | 17        | 17        | -         | -         | 17        | 122         |
| Interest                              | 15        | 27        | 61        | 69        | 28        | 11        | 0         | -         | 34        | 49        | 13        | -         | 307         |
| Miscellaneous                         | 696       | 62        | 281       | 936       | 66        | 1,099     | 303       | 51        | 339       | 56        | 119       | 17        | 4,025       |
| E-Rate reimbursement                  | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| Outreach Medicaid                     | -         | 448       | 449       | 449       | 938       | 449       | 477       | 1,043     | -         | -         | -         | -         | 4,253       |
| Fee for Service Medicaid              | -         | -         | -         | 46        | -         | -         | -         | 382       | -         | 594       | 255       | -         | 1,277       |
| Total Cash Receipts                   | 106,514   | 351,134   | 42,201    | 74,463    | 73,398    | 112,185   | 85,846    | 89,041    | 338,228   | 77,912    | 74,124    | 86,263    | 1,511,311   |
| Total Available Funds                 | 155,200   | 365,623   | 271,180   | 251,050   | 164,661   | 143,769   | 86,112    | 32,034    | 239,034   | 210,489   | 134,808   | 77,785    | 1,559,996   |
| <b>Cash Disbursements</b>             |           |           |           |           |           |           |           |           |           |           |           |           |             |
| Payroll                               | (56,419)  | (38,954)  | (45,896)  | (58,321)  | (45,896)  | (56,419)  | (46,322)  | (45,472)  | (45,896)  | (58,321)  | (45,896)  | (45,896)  | (589,708)   |
| FICA                                  | (4,541)   | (3,135)   | (3,694)   | (4,694)   | (3,694)   | (4,541)   | (3,728)   | (3,660)   | (3,694)   | (4,694)   | (3,694)   | (3,694)   | (47,463)    |
| Retirement                            | (7,688)   | (9,450)   | (6,525)   | (7,688)   | (9,769)   | (7,688)   | (9,450)   | (7,759)   | (7,617)   | (7,688)   | (9,769)   | (7,688)   | (98,779)    |
| Non-Payroll Expenditures              | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| Fringe Benefits                       | (800)     | (528)     | (567)     | (2,073)   | (1,445)   | (3,211)   | (957)     | (1,425)   | (1,900)   | (1,520)   | (2,375)   | (1,995)   | (18,796)    |
| Fringe Benefits-Wired                 | (14,603)  | (16,207)  | (11,561)  | (14,907)  | (11,818)  | (5,152)   | (10,663)  | (8,498)   | (8,170)   | (10,829)  | (15,698)  | (11,773)  | (139,878)   |
| Account Payable                       | (8,641)   | (21,520)  | (26,328)  | (23,181)  | (10,365)  | (15,271)  | (21,591)  | (15,009)  | (18,050)  | (16,150)  | (16,150)  | (16,150)  | (208,406)   |
| Additional Account Payable            | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| Food Service Transfer                 | (1,020)   | -         | (22)      | (18)      | (932)     | (2,118)   | (1,681)   | (678)     | (1,401)   | (1,475)   | (976)     | -         | (10,319)    |
| Capital Leases                        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| Adult Education                       | -         | -         | -         | -         | (430)     | (374)     | -         | -         | -         | -         | -         | -         | (804)       |
| Set Aside Payments on Debt            | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| 2005B Bonds- Principal                | -         | -         | -         | (1,675)   | (1,675)   | (1,675)   | (1,675)   | (1,675)   | (1,675)   | (1,675)   | (1,675)   | -         | (13,400)    |
| 2005B Bonds - Interest                | -         | -         | -         | (1,054)   | (1,054)   | (1,054)   | (1,054)   | (1,054)   | (1,054)   | (1,054)   | (1,054)   | -         | (8,428)     |
| 2009B Note - Principal                | (47,000)  | (25,000)  | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | (72,000)    |
| 2009B Note - Interest                 | -         | (21,850)  | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | (21,850)    |
| 2010A Note - Principal                | -         | -         | -         | (28,000)  | (46,000)  | (46,000)  | (46,000)  | (46,000)  | (17,000)  | -         | -         | -         | (229,000)   |
| 2010A Note - Interest                 | -         | -         | -         | (18,177)  | -         | -         | -         | -         | -         | -         | -         | -         | (18,177)    |
| 2010B Note - Principal                | -         | -         | -         | -         | -         | -         | -         | -         | -         | (29,000)  | (46,000)  | (49,000)  | (124,000)   |
| 2010B Note - Interest                 | -         | -         | -         | -         | -         | -         | -         | -         | -         | (17,400)  | -         | -         | (17,400)    |
| 2011A Note - Principal                | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| 2011A Note - Interest                 | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -           |
| Total Set-Aside Payments              | (47,000)  | (46,850)  | -         | (48,905)  | (48,729)  | (48,729)  | (48,729)  | (48,729)  | (19,729)  | (49,129)  | (48,729)  | (49,000)  | (504,255)   |
| Total Cash Disbursements              | (140,711) | (136,644) | (94,593)  | (159,787) | (133,077) | (143,503) | (143,119) | (131,229) | (106,456) | (149,805) | (143,286) | (136,196) | (1,618,407) |
| Ending Balance with Note Proceeds     | \$14,489  | \$228,979 | \$176,587 | \$91,262  | \$31,584  | \$267     | (57,007)  | (99,195)  | \$132,578 | \$60,684  | (8,478)   | (58,411)  | (58,411)    |
| Balance without Note Proceeds         | (9,163)   | 22,410    | (29,982)  | (69,130)  | (82,808)  | (68,125)  | (243,399) | (241,587) | (242,815) | (268,308) | (291,470) | (292,403) | (292,403)   |
| Debt Service Coverage                 | 1.21      | 1.22      | 0.00      | 1.11      | 1.11      | 1.11      | 1.11      | 1.11      | 2.75      | 1.10      | 1.11      | 1.11      | 1.19        |