Exhibit MSD 11G

MOODY'S INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS Aa1 RATING WITH STABLE OUTLOOK TO NORTHEAST OHIO REGIONAL SEWER DISTRICT'S (OH) $338.3 MILLION WASTEWATER IMPROVEMENT REVENUE BONDS, SERIES 2010

Global Credit Research - 02 Nov 2010

Aa1 RATING AND STABLE OUTLOOK APPLIES TO $501.6 MILLION OF POST-SALE REVENUE DEBT

Water/Sewer
OH

Moody's Rating

ISSUE		RATING
Wastewater Improvement Revenue Bonds, Series 2010 (Federally Taxable - Build America Bonds - Direct Paments)		Aa1
Sale Amount	$338,290,000	
Expected Sale Date	11/09/10	
Rating Description	Revenue	

Opinion

NEW YORK, Nov 2, 2010 -- Moody's Investors Service has assigned a Aa1 rating and stable outlook to Northeast Ohio Regional Sewer District's (OH) $338.3 million Wastewater Improvement Revenue Bonds, Series 2010 (Federally Taxable - Build America Bonds - Direct Payment). Concurrently, Moody's has affirmed the Aa1 rating on the district's outstanding wastewater revenue debt, affecting $163.3 million.

RATINGS RATIONALE

The Aa1 rating reflects the district's large service area including most of the city of Cleveland (GOLT rated A1/stable outlook) and significant portions of 61 suburban communities; an extensive capital improvement program for control of combined sewer overflow events estimated at $3 billion over 20 to 30 years; ample senior lien debt service coverage ratios supported by annual rate increases; and adequate legal provisions. Assignment of the stable outlook is based on the district's strong historical financial performance and the expectation of solid financial operations over the near to medium term.

LEGAL SECURITY: The bonds are secured by a first claim on the district's net revenues. The rate covenant stipulates that net revenues equal 1.15 times annual debt service on senior lien bonds and 1.0 times annual debt service on all senior and subordinate lien obligations. The additional bonds test provides for the same test of 1.15 times (senior lien) and 1.0 times (senior and subordinate lien) though for maximum annual debt service. Senior lien obligations include the district's Series 2005 and Series 2007 revenue bonds, while subordinate lien obligations include loans from the Ohio Water Pollution Control Loan Fund. The district does not expect to have a debt service reserve fund for the current offering. While these legal covenants (the narrow rate covenant and lack of a debt service reserve) are relatively weak, we believe that the weaker covenants do not materially offset the overall strength of the credit as derived from the system's healthy financial operations and strong management policies.

USE OF PROCEEDS: Bond proceeds will finance construction and improvement of the district's wastewater facilities, including replacement of biosolid incinerators at the Southerly treatment plant, construction of the Euclid Creek storage tunnel, and construction of the Tunnel Dewatering Pump Station.

INTEREST RATE DERIVATIVES: None. The district's debt policy allows for the use of variable rate debt and interest rate derivatives, though the district does not have any outstanding.

STRENGTHS:

*Well-managed and stable independent political subdivision of the state of Ohio (Aa1/negative outlook) with independent rate-setting authority.

* Large service area serving in excess of one million residents.

* Solid financial operations with healthy liquidity.

* Rate increases approved and adopted through 2011. Additional annual rate increases expected to be approved through 2016.

CHALLENGES:

* Significant future capital costs related to combined sewer overflows, estimated at approximately $3 billion.

* Regional economic pressures (mainly manufacturing declines and above average unemployment) continue to contribute to population loss and reductions in treated volume.

LARGE SERVICE AREA EXPERIENCING REGIONAL ECONOMIC PRESSURES; EXTENSIVE FUTURE CAPITAL NEEDS

The Northeast Ohio Regional Sewer District covers a service area extending over 350 square miles, including the city of Cleveland and portions of 61 suburban municipalities in Cuyahoga (Aa1/stable outlook), Lorain (Aa2), Lake (Aa1), and Summit (Aa1/stable outlook) counties. The district currently only provides wastewater collection and treatment services, although it is in the process of forming a storm water utility as well. The district serves over one million residents in 320,000 households or businesses. The total number of customers has declined modestly since 2007, which officials attribute to downturns in the economy. The Cleveland metropolitan area has historically been dependent upon heavy manufacturing industries including steel and auto manufacturing. Both sectors have experienced prolonged job loss and will likely continue to decline in prominence within the region. Favorably, the manufacturing declines over the last decade have resulted in increased diversity of the tax base and the region benefits from a strong regional health care presence including the Cleveland Clinic (revenue debt Aa2/negative outlook; 28,500 employees) and University Hospitals Health System (revenue debt A2/stable outlook; 15,900 employees). The district's customer base is comparatively diverse, with the top customer, Cuyahoga Metropolitan Housing Agency, only comprising a modest 2.2% of revenues.

The district is nearing the end of negotiations with state and federal agencies on a plan for controlling the district's combined sewer overflow (CSO) events. The CSO events total approximately 4.7 billion gallons annually, and management proposes to significantly reduce the CSO events via construction of seven tunnels designed to collect and store the overflows for treatment, expansion of secondary treatment capacity, treatment facility upgrades, and diverting storm water from combined sewers. Total costs for the project are expected to reach $3 billion and the district is currently in negotiations with the Environmental Protection Agency (EPA) over the final details including the timeframe, which will likely range somewhere between 20 and 30 years. District officials expect final resolution of the terms of the agreement in the near term.

SOUND FINANCIAL OPERATIONS; STRONG COVERAGE RATIOS SUPPORTED BY ANNUAL RATE INCREASES

Given the district's independent rate setting authority and annual rate increases, we expect the district's sound financial operations will continue despite the additional capital borrowing needs. In fiscal 2009, Moody's calculation of the system's net working capital stood at $320 million, or a healthy 342.1% of operating and maintenance (O&M) expenses. Unrestricted cash represented $105.6 million, or a strong 112.9% of operation and maintenance expenses, above the district's goal to maintain 90 days of working capital on hand. The district designates portions of its working capital for an equipment and replacement reserve, self insurance reserve, and a rate stabilization account. Senior lien debt service coverage ratios are healthy, though have declined as capital borrowing needs have increased. Fiscal 2009 senior lien debt service coverage was a healthy 4.95 times, down from an ample 10.35 times in fiscal 2006. The strength of the district's senior lien coverage ratios in part reflects frequent usage of the state loan fund programs, which are junior lien obligations. Issuer projections of future debt service coverage ratios show a similarly strong 4.74 times coverage in fiscal 2011, declining to 3.18 times by fiscal 2013 as additional debt obligations come on line. The projections assume modest declines in usage and annual rate increases.

The district has raised rates every year since 2003 and typically sets rate increases on a five-year schedule. Current annual rate increases of approximately 9.7% per year are set through 2011. Management expects the district board to adopt additional rate increases for years 2012 through 2016, with the current proposal at a 13% annual increase. We note that the district's practice of setting rates on a five-year schedule reduces flexibility somewhat should treated volume continue to fall, as it has in recent years, or should unexpected expenditures arise. However, the board does have full authority to reopen rates at any time. Management has indicated that the district could revise rates during the interim period or defer non-CSO capital projects if needed. Maintenance of strong debt service coverage is further supported by board policy to maintain senior lien debt service coverage at a minimum of 1.25 times annual debt service and total debt service coverage at a minimum of 1.05 times debt service, above the district's rate covenant.

AVERAGE DEBT RATIO; SUBSTANTIAL FUTURE BORROWING EXPECTED TO INCREASE DEBT RATIO

At the end of fiscal 2009, the system's debt ratio was a favorable 31.1% of net fixed assets and net working capital. After the current issuance, the district's debt ratio will increase to an estimated 49%, which remains manageable and typical of large urban sewer systems that are managing substantial consent decree related upgrades. Principal amortization on the system's revenue debt is below average, with 14.4% repaid within ten years, largely due to the current issuance. The current issuance is offered as Build America Bonds, with principal amortization set to begin in 2026 in order to structure the current offering around outstanding debt service and to maximize the U.S. Treasury subsidy. The district expects to borrow approximately $1.0 billion in additional senior and junior lien obligation through 2016 for regular capital improvements and the CSO program. While this additional borrowing will significantly increase the district's debt ratio, we expect the borrowing will remain affordable due to the district's regular rate increases and prudent financial management.

Outlook

The stable outlook reflects our expectation that the district will maintain strong debt service coverage and healthy liquidity over the near term.

WHAT COULD MOVE THE RATING - UP

- Maintenance of strong debt service coverage ratios and liquidity levels

- Sustained customer growth

-Moderation of debt levels and overall capital needs

What could change the rating - DOWN

- Deterioration in annual debt service coverage and liquidity

- Significant leveraging of net revenues above affordable levels

- Unfavorable resolution of CSO issues leading to significant financial impact on the district

KEY STATISTICS:

System: Wastewater collection and treatment

Service area population: 1 million

Number of Customers (2009): 319,629 (-0.65% average annual decrease since 2005)

FY2009 Net working capital: $320 million (342.1% of FY2009 operations)

FY2009 Operating ratio: 56.8%

FY2009 Debt ratio: 31.1%

FY2009 Debt service coverage (senior lien): 4.95x

FY2011 Pro Forma debt service coverage (senior lien): 4.74x

Principal amortization (ten years): 14.4%

Post-sale revenue debt outstanding: $501.6 million

PRINCIPAL METHODOLOGY

The principal methodology used in rating Northeast Ohio Regional Sewer District was Analytical Framework For Water And Sewer System Ratings rating methodology published in August 1999. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

REGULATORY DISCLOSURES

Information source(s) used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, and public information.

Moody's Investors Service considers the quality of information available on the credit satisfactory for the purposes of assigning a credit rating.

MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

Analysts

Emily Robare
Analyst
Public Finance Group
Moody's Investors Service

Henrietta Chang
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
USA

MOODY'S INVESTORS SERVICE

STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

 All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. (“MJKK”) are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, “MIS” in the foregoing statements shall be deemed to be replaced with “MJKK”. MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody’s Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.