Exhibit MSD 11J

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## Summary:
# Northeast Ohio Regional Sewer District; Water/Sewer

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**Summary:**

# Northeast Ohio Regional Sewer District; Water/Sewer

| Credit Profile | | |
|---|---|---|
| US$338.29 mil wastewtr imp rev bnds (federally taxable- build america bnds ser 2010 due 11/15/2040 | | |
| *Long Term Rating* | AA+/Stable | New |
| Northeast Ohio Regl Swr Dist wastewater imp rev rfdg bnds ser 2005 | | |
| *Long Term Rating* | AA+/Stable | Upgraded |
| **Northeast Ohio Regl Swr Dist wastewater** | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Upgraded |

Many issues are enhanced by bond insurance.

## Rationale

Standard & Poor's Ratings Services raised its long-term and underlying (SPUR) ratings on Northeast Ohio Regional Sewer District's previously issued bonds to 'AA+' from 'AA'. At the same time, Standard & Poor's assigned its 'AA+' long-term rating to the district's series 2010 wastewater improvement revenue bonds. The upgrade reflects the district's maintenance of financial metrics, which we consider very strong, consistent rate increases that have supported the district's financial operations, and our belief that these trends will continue. The outlook is stable.

Other credit characteristics that support the rating include our opinion of:

- A large and stable service area that includes the city of Cleveland and most of Cuyahoga County;
- Treatment capacity that well exceeds average daily usage;
- A competitive rate structure that is not subject to outside regulation; and
- Adequate bond provisions.

Offsetting these strengths is our opinion of a substantial amount of debt needs related primarily to combined sewer overflow (CSO) issues. The district's 2011-2016 capital improvement program (CIP) totals $1.3 billion, of which 93% is financed with long-term debt or loans.

Management believes that this CIP would cover the financing needs related to a CSO U.S. EPA consent decree that is being finalized, as well as its other capital costs. Although resolution of this consent decree provides us with some comfort that the costs of the capital program is now more certain than in previous years, we believe that the district will still need to continue implementing rate increases in order to maintain financial metrics consistent with historical results and to fund additional debt service costs. In time, this has the potential to erode the district's competitive rate position, in our opinion.

Payment of debt service is secured with the net revenues of the district. The 2010 bonds are being issued as Build America Bonds. Pursuant to trust agreement amendments upon closing of the bonds, subsidy payments received from the federal government are deposited directly into the debt service fund. These revenues can then be used to offset the calculations for additional bonds and the rate covenant. Debt service charges will be funded net of subsidy payments, but only once they are deposited into the debt service fund.

The district serves nearly all of the city of Cleveland and all or portions of 61 municipalities in Cuyahoga, Summit, Lake and Lorain counties. Serving a population of over 1 million, the district's customer base of 320,000 has remained relatively stable since at least 2002, but it has declined 5% from a peak of 334,856 in 2007. Usage within the district is divided roughly in half between the city of Cleveland (45% of usage) and suburban areas (55%). In addition, the customer base is diverse, with the top 10 users accounting for just 8% of annual billings.

Between three wastewater treatment plants, total treatment capacity of 800 million gallons per day (MGD) exceeds average MGD usage of 219 MGD by 3.65x. Additional CSO storage capacity of 300 MGD is located adjacent to the district's westerly treatment plant. A portion of the 2010 bonds will be used for additional CSO tunnel and basin storage.

Usage fees are competitive for users both within Cleveland and located in the suburban service areas. The district is split into two billing districts, which are essentially Cleveland (Subdistrict 1) and outside of Cleveland (Subdistrict 2). For 2011, standard Subdistrict 1 rates are $44.75 per 1,000 cubic feet, while the charge is $48.00 for Subdistrict 2 users; a fixed charge equal to the rate for 1,000 cubic feet is added to each quarterly bill as well. Rates have been raised on a regular basis, with the annual increases ranging from 7% to 10%. The district has typically approved rate increases in five-year increments, although the board has the ability to adjust its rates at any time. During 2011, management expects the board to approve another five-year rate structure for 2012-2016.

Strong debt service coverage and liquidity have been maintained historically, although are projected to drop somewhat as additional debt is issued. For all fiscal years from 2005-2009, annual debt service coverage on senior-lien bonds was at least 5.0x, and was 5.1x for the fiscal year ending Dec. 31, 2009. Including junior lien debt service for state loans, aggregate debt service coverage in 2009 was still, in our view, a strong 1.3x. In addition, cash and investments have remained at over 400 days' cash since 2005.

The district has indicated that as additional debt is issued to finance its CIP, the total annual debt service charges should remain about level over the entire amortization schedule. Incorporating annual rate increases of about 13% from 2012-2016, total debt service coverage should be at least 1.3x. As additional debt is layered pursuant to the district's CIP, the district expects that total coverage should remain at or above 1.1x; however, senior lien coverage could drop to about 3.0x since that debt would represent proportionally more of the district's outstanding debt.

Governing legal provisions for the bonds are, in our opinion, adequate. The rate covenant and additional bonds test is constructed with net revenues (using 12 consecutive months from the prior 18) representing at least 1.15x senior lien debt service and 1.0x junior and senior lien debt service; annual debt service is used to compute the rate covenant, while maximum annual pro forma debt service is used to compute the additional bonds test. The flow of funds is closed and allows for deposits into a working capital reserve and rate stabilization fund. No debt service reserve fund will be funded for the series 2010 bonds.

## Outlook

The stable outlook on the rating reflects our expectation that as additional debt is phased in, the district will maintain financial metrics that are consistent with the rating level, as well as continue to implement planned rate increases to support its revenue base. The breadth of the Cuyahoga county and Cleveland economy also lends stability to the rating.

## Related Criteria And Research

USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008

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