

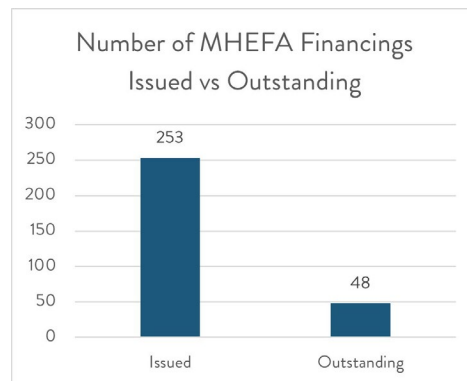
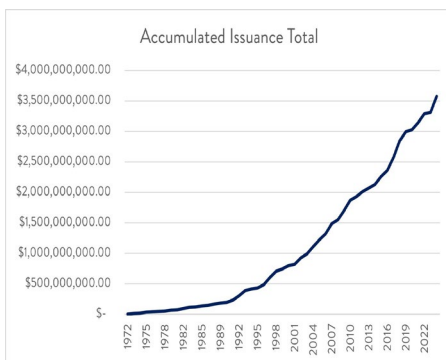


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Minnesota Higher Education Facilities Authority (“MHEFA” or “Authority”) - History

- The Authority was established in 1971 to assist not-for-profit higher education institutions finance capital projects
- The Authority has issued 253 financings, for over with \$3.57 billion of debt
- There are 48 debt issues for 17 schools worth over \$1.2 billion outstanding at March 17, 2025
- Debt issued by the Authority is not supported directly or indirectly by the State of Minnesota
- Debt issued by the Authority does not affect the debt capacity of the State of Minnesota
- Debt issued by the Authority does not affect the credit rating of the State of Minnesota
- The Authority receives no tax revenue, no appropriations, no grant funds, and no external State or Federal support
- The Authority funds 100% of its operations by fees assessed to borrowers
- The Authority has never had a bond default with any loss to investors
- The Authority has an award-winning website <https://mnhefa.org> and a LinkedIn page
- The Authority assists schools before, during, and after the project financing process
- The Authority is extremely efficient, with only 2 full-time staff



The bonds issued by the Authority are not legal or moral obligations of the State of Minnesota or the Authority, nor do they constitute a debt for which the faith and credit of the State, or the taxing powers of the State, are pledged. The Authority has no taxing power.



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Expansion of Issuing Authority – Benefits of Expanding MHEFA Financing Assistance.

The Minnesota Higher Education Facilities Authority (“MHEFA” or “Authority”) proposed legislation expands its issue authority to include Not-for-Profit Healthcare and Senior Living facilities in addition to not-for-profit higher education.

The healthcare organizations currently can use local government entities to issue debt for their capital needs. Adding the Authority as an additional financing option will improve access to investors and reduce costs for borrowers.

Higher Education and HealthCare financing have many common elements. There are 14 states, including Wisconsin, Illinois, South Dakota, and Michigan, who already have state agencies that issue bonds for not-for-profit healthcare and not-for-profit higher education institutions in their state.

Adding healthcare to higher education financing will help stabilize the overall financial health of the Authority. Hilltop Securities (Municipal Market 2025 Credit Outlook) projects that healthcare entities will see improved financial outcome in 2025 due to improved patient volume and a stable labor market. They project higher education will be challenged in 2025 due to rising costs and enrollment challenges.

Having both types of organizations in the Authority portfolio enhances the long-term stability of the Authority and improves the ability of the Authority to fulfill its statutory mandate described in MN Stat. 136A.27.

The Minnesota Higher Education Facilities Authority has operated since 1971 and has issued 253 financings, with \$1.2 billion of debt outstanding as of March 15, 2025.

The bonds issued by the Authority are not legal or moral obligations of the State of Minnesota or the Authority, nor do they constitute a debt for which the faith and credit of the State, or the taxing powers of the State, are pledged. The Authority has no taxing power.



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Expansion of Issuing Authority – No Effect on State Bonding Capacity or Credit Rating.

The Minnesota Higher Education Facilities Authority (“MHEFA” or “Authority”) has proposed legislation which expands its issue authority to include Not-for-Profit Healthcare and Senior Living facilities. Adding the Authority as a financing option will improve access to the debt market and reduce costs for borrowers.

The proposed legislation increases the Authority’s Bonds Outstanding limit to \$5 Billion (the current limit is \$2 Billion). The capacity is allocated \$2.25 billion for higher education and \$2.75 billion for healthcare.

- **The increase will have no effect on the bonding capacity of the State**
- **The increase will have no effect on the credit rating of the State**
- **The increase will have no effect on the interest rate on State of Minnesota bonds**

Debt issued by the Authority is not supported in any manner by the State. The debt and the interest on debt issued by the Authority will never be considered debt of the State of Minnesota. Authority issued debt shall not be considered a liability of the State of Minnesota or a charge against the credit of the Authority or the State of Minnesota or the taxing power of the State of Minnesota. The Authority has no taxing power.

There is no monetary support, nor any direct or indirect tax support, nor any moral obligation support for Authority debt by the State.

The Minnesota Higher Education Facilities Authority has operated since 1971 and has issued 253 financings, with \$1.2 billion of debt outstanding as of March 15, 2025.



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Expansion of MHEFA's Conduit Issuing Authority – Benefits for Local Governments

- Preserve annual \$10 million Bank Qualification bonding authority for local government
- Remove any risks for local government conduit issuance
- No estimate of direct or indirect local government costs required
- No need to estimate fees or charges as there are no costs to offset
- Eliminate local issuer cost of conduit issuance
- Reduced local issuer legal counsel costs
- Enhance economic development in the local community
- Development of projects to benefit the local community
- Improve quality of life for local community residents

The Authority is a full-service conduit bond financing authority that receives no State of Minnesota financial or credit support. The Authority is completely funded by fees charged to borrowers. Fees are substantially lower than allowed by the Internal Revenue Service and represent solid value for borrowers.

The Minnesota Higher Education Facilities Authority has operated since 1971 as a conduit bond financing authority authorized by Minnesota Statutes to provide tax-exempt or taxable financing to nonprofit colleges and universities within the State of Minnesota for capital improvements such as construction of new or renovation of existing campus facilities, or to refinance existing debt incurred for campus capital projects.

The expansion would align Minnesota with 14 other states having similarly authorized Authorities, allowing the Authority's expertise to benefit local government at no cost to them.

The bonds issued by the Authority for borrowers are not legal or moral obligations of the State of Minnesota or the Authority, nor do they constitute a debt for which the faith and credit of the Authority or the State, or the taxing powers of the State, are pledged. The Authority has no taxing powers.