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### **Higher Education Facilities Authority**

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**AT A GLANCE**

- The Minnesota Higher Education Facilities Authority (MHEFA) assists nonprofit institutions of higher education in financing capital projects through the issuance of tax-exempt and taxable debt in the form of bonds and private bank notes.
- Since 1971, 24 nonprofit, post-secondary institutions in Minnesota have utilized MHEFA's program 243 times to realize interest savings on financing capital improvements.
- MHEFA is authorized to have a maximum total of \$1.3 billion outstanding principal.
- In FY 2022 MHEFA issued three bank notes and two bond series totaling \$145,923,000.
- Total principal outstanding at 6/30/2022 was approximately \$1.1 billion.

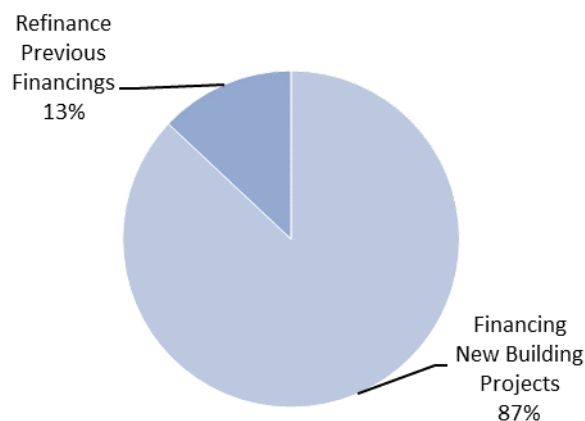
**PURPOSE**

The Higher Education Facilities Authority (MHEFA) was created by the state legislature (136A.25- 136A.42) in 1971 to assist nonprofit institutions of higher education throughout Minnesota with financing or refinancing capital construction projects by issuing revenue bonds and notes. MHEFA receives no general fund tax dollars or any legislative appropriations. Operating funds come from fees charged to the institutions that benefit from the financings and investment earnings. MHEFA operates under the leadership of a ten-member board of directors, eight of whom are appointed by the Governor. One member is a representative from the MN Office of Higher Education and one member is the President of the MN Private College Council. The staff consists of two full-time employees.

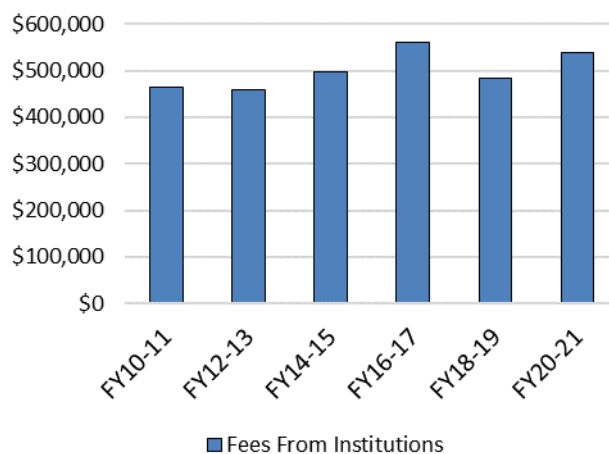
MHEFA financing activity contributes to educating significant numbers of Minnesota residents and results in a savings of tax money for non-profit, post-secondary institutions.

**BUDGET**

**\$266,158,000 Bonds and Notes Issued**  
**FY 2021-2022**



Source: FY2021 Annual Report/FY2022 MHEFA Financials

**Historical Spending**

Source: MHEFA Financials

**STRATEGIES**

MHEFA is authorized to issue tax-exempt and taxable bonds and private bank notes for private post-secondary institutions in Minnesota. In 1988, the legislature gave MHEFA additional authority to issue bonds and notes for

limited scope of projects at public higher education institutions. MHEFA is authorized to have up to \$1.3 billion of debt outstanding. The outstanding principal as of June 30, 2022, is approximately \$1.1 billion. MHEFA issues tax-exempt and taxable revenue obligations and enters into agreements with higher education institutions to be responsible for the use of the loan proceeds and to repay the bondholders or noteholders. The State of Minnesota or MHEFA have no liability to repay bondholders or noteholders.

MHEFA also provides education for its constituents on the process of issuing tax exempt bonds and notes, assists with credit rating agency relations, provides support on secondary market disclosure, and post issuance compliance matters.

## RESULTS

Since its creation in 1971, MHEFA has completed 243 bond and note issues totaling over \$3 billion. There has never been a default in payment on any bonds or notes issued. Operational efficiencies are used to keep expenses low, thereby keeping fees low. MHEFA is able to provide a consistent and efficient process for obtaining financing and has educated the institutions through newsletters, one-on-one information sessions, and an annual educational conference on market, legal and accounting considerations of tax-exempt and taxable debt financing. The nonprofit colleges and universities of Minnesota have facilities that offer an education competitive with other educational institutions in the nation. Many students that are educated in Minnesota stay in the state after graduation and provide a well-educated workforce.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantitative	MHEFA Bonds and Notes issued for private post-secondary institutions	\$120,235,000	\$145,923,000	FY 2021 & FY 2022
Quantitative	Tax Exempt Interest Savings for private post-secondary institutions	\$19,035,630	\$21,504,509	FY 2021 & FY 2022
Qualitative	Percentage of Administrative cost to amount issued	.04%	.04%	FY 2021 & FY 2022

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M.S. 136A.25-136A.42 provide the legal authority for MHEFA.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Enacted Budget	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
<b><i>Expenditures by Fund</i></b>								
6000 - Miscellaneous Agency	262	276	286	315	315	315	315	315
<b>Total</b>	<b>262</b>	<b>276</b>	<b>286</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>	<b>315</b>
Biennial Change				63		29		29
Biennial % Change				12		5		5
Enacted Budget Change from Base								0
Enacted Budget % Change from Base								0

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Enacted Budget	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
6000 - Miscellaneous Agency								
Balance Forward In		0	0					
Receipts	262	276	286	315	315	315	315	315
Expenditures	262	276	286	315	315	315	315	315
Biennial Change in Expenditures			63		29		29	
Biennial % Change in Expenditures			12		5		5	
Enacted Budget Change from Base							0	
Enacted Budget % Change from Base							0	

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b><i>Dedicated</i></b>				
<b>Fund: 6000 - Miscellaneous Agency</b>				
Planned Spending	315	315	315	630
Forecast Base	315	315	315	630
Total Enacted Budget	315	315	315	630
<b><i>Revenue Change Summary</i></b>				
<b><i>Dedicated</i></b>				
<b>Fund: 6000 - Miscellaneous Agency</b>				
Forecast Revenues	315	315	315	630
Total Enacted Budget	315	315	315	630