

### Agency Purpose

The Minnesota 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 tax-exempt revenue bonds. MHEFA receives no general fund tax dollars or any other legislative appropriations. The operating funds come from fees charged to the institutions that benefit from tax-exempt bonds. MHEFA operates with the advice and leadership of a board of ten people, eight of whom are appointed by the Governor, and two that are ex officio members. The staff consists of two people. The board meets on a monthly basis and acts incrementally on the application for financing and the financing structure of all bond issues and monitors the policies and procedures of the MHEFA operations. For each bond issue, a law firm is appointed by the Attorney General to serve as bond counsel. A financial advisor firm is retained by MHEFA to advise on the financial feasibility and structure of each bond issue.

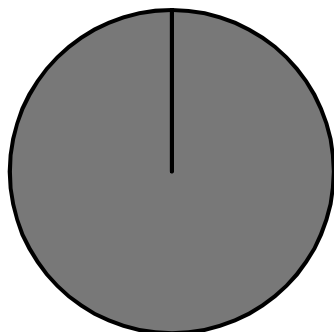
### At a Glance

MHEFA assists nonprofit institutions of higher education in financing capital projects through the issuance of tax-exempt debt.

- MHEFA is authorized to have a maximum total of \$1.3 billion outstanding bond principal
- In FY 2010 MHEFA completed five financings for a total of \$131.5 million
- The total bond principal outstanding at 6/30/2010 was \$923 million
- 21 nonprofit, post-secondary institutions in Minnesota have utilized the Authority's program and realized interest savings on financing capital improvements

**Est. FY 2010-11 Expenditures by Fund**

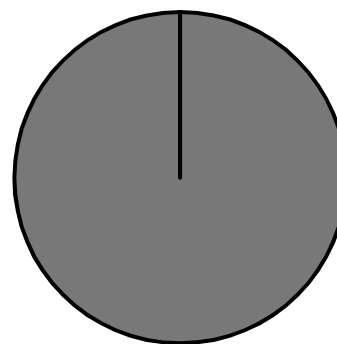
Other Funds



Source: Minnesota Accounting and Procurement System

**Est. FY 2010-11 Expenditures by Program**

HEFA - Salaries



Source: Minnesota Accounting and Procurement System

### Population Served

MHEFA is authorized to issue tax-exempt bonds for private post secondary institutions in Minnesota. In 1988, the legislature gave MHEFA the authority to issue bonds for very limited projects at public higher education institutions.

### Services Provided

Access to capital improvement funds is essential to the long-term viability of institutions dedicated to educating Minnesota's workforce. MHEFA issues tax-exempt revenue obligations and enters into agreements with higher education institutions to be responsible for the use of the loan proceeds and to repay the bond holders. The Authority has no liability to repay the bondholders. The Authority has access to capital improvement funds only

through borrowing directly and thus passes the benefit of the lower interest rate on the loan to the institution. Through federal and state legislation, the interest paid by the institution to the bondholders is exempt from both state and federal income tax.

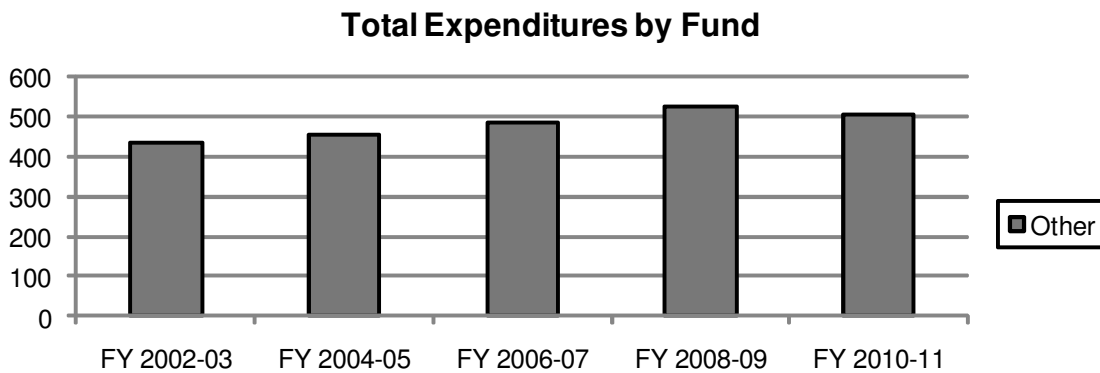
**Key Goals & Measures**

The mission of MHEFA is to assist nonprofit institutions of higher education in Minnesota to access the tax-exempt bond market in order to achieve savings when borrowing to build a capital project. In support of this mission MHEFA strives to:

- Educate institutions on financing options;
- Provide post issuance support on secondary market disclosure requirements; and
- Provide an efficient procedure in issuing bonds so that fees do not increase.

MHEFA has issued 177 bond issues since 1971. There has never been a default in payment on any bonds issued. Our fees have remained low and we have been able to discount them in the past few years. MHEFA has been able to provide a consistent and efficient process for obtaining tax-exempt financing and has educated the institutions through newsletters and an annual educational conference on market, legal and accounting considerations of debt financing.

**Budget Trends**



\* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/22/10.

**Contact**

Executive Director or Website: <http://www.MNHEFA.org>  
 Assistant Executive Director  
 Minnesota Higher Education Facilities Authority  
 380 Jackson Street, Suite 450  
 Saint Paul, Minnesota 55101  
 Phone: 651-454-5457

<i>Dollars in Thousands</i>					
	Current		Forecast Base		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<b><u>Expenditures by Fund</u></b>					
<b>Statutory Appropriations</b>					
Miscellaneous Agency	230	272	272	272	544
<b>Total</b>	<b>230</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>544</b>
<b><u>Expenditures by Category</u></b>					
Total Compensation	230	272	272	272	544
<b>Total</b>	<b>230</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>544</b>
<b><u>Expenditures by Program</u></b>					
Hgher Educ Fac Authr	230	272	272	272	544
<b>Total</b>	<b>230</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>544</b>
<b>Full-Time Equivalentents (FTE)</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	

# HIGHER ED FACILITIES AUTHORITY

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2010	Budgeted FY2011	Current Law		Biennium 2012-13
			FY2012	FY2013	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Total Non-Dedicated Receipts</b>	0	0	0	0	0
<b><i>Dedicated Receipts:</i></b>					
<b>Other Sources:</b>					
Miscellaneous Agency	230	272	272	272	544
<b>Total Dedicated Receipts</b>	<b>230</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>544</b>
<b>Agency Total Revenue</b>	<b>230</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>544</b>