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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.