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**Q: Why does the Minnesota Higher Education Facilities Authority (“MHEFA” or “Authority”) want to expand it issue authority to Healthcare?**

A: In the past, the Authority has received requests from a number of nonprofit healthcare and senior living organizations for assistance in financing their capital projects. Examples of non-profit entities that would consider using the Authority as issuer include Essentia Health Systems, Hazelden Betty Ford Foundation, Walker Methodist. These requests were not for specific projects but are a general request for an additional funding option, which provides more services and support to the borrower than the more common financing options (Cities, Counties). The initial inquiries were made four years ago and any projects subject to the initial request have been completed.

**Q: Who does the Authority work with?**

A: The Authority works only with not-for-profit entities, qualified under applicable IRS rules. We do not work with any private entities or any public-private hybrid entities. We do not work with any other Government entity, including public higher education institutions or public health care organizations.

**Q: Why is it important to pass the legislation this session?**

The Authority has reached the authorized bond limit of \$1.3 billion. To continue providing service to existing borrowers for future financing needs, the authorized bond limit must be raised. The way to accomplish this is to pass the Authority bill, allowing the Authority to meet future demand from existing borrowers and to assist new healthcare borrowers who may seek to issue through the Authority.

**Q: Will the legislation affect the State of Minnesota’s ability to borrow or the credit rating of Minnesota?**

A: The legislation will have no effect on the capacity or the ability of the State of Minnesota to borrow funds and will have no effect on the credit rating of the State of Minnesota. All the bonds issued by the Authority are supported solely by a revenue pledge from the borrower. There is no direct or indirect State support for either the Authority or the bonds issued by the Authority.

The Authority’s bond issuance has had no effect on the ability of Minnesota to borrow in the past and the legislation will not change that.



**Q: What benefits will the Authority's expansion provide?**

A: The benefits of expanding MHEFA's conduit issuing authority are to provide expanded, low cost, capital finance options for nonprofit Healthcare entities, and Senior living organizations at no cost to State of Minnesota taxpayers. It will help keep project financing costs low by using tax-exempt rates. It will remove risks associated with local government as issuer and enhance local economic development efforts by allowing local government to leverage their bond capacity. Finally, it will provide additional value-added services for borrowers.

The Authority is a full-service conduit bond financing authority that receives no State of Minnesota financial support. The Authority is completely funded by fees charged to borrowers.

*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.*