The Higher Educational Facilities Financing Authority of Florida

The Higher Educational Facilities Financing Authority of Florida (HEFFA) was created in 2001 under Part II, Chapter 243, Florida Statutes as a statewide bond issuing authority for accredited non-profit institutions of higher education that are chartered in Florida[1]

The goals of the Authority are to provide an economical and efficient conduit for private institutions of higher education to access the tax-exempt bond financing market.[2]

Since its inception, the Authority has issued bonds totaling approximately $1.4 billion on behalf of the state's private tax-exempt institutions of higher education. The HEFFA statute limits the projects that may be financed but the list of permitted projects is broad and includes new building construction, for a dormitory or other housing facility, dining hall, student union, administration building, academic building, library, laboratory, research facility, classroom, athletic facility, health care facility, or maintenance, storage, or utility facility and other structures or facilities related thereto, required thereto, or required or useful for the instruction of students, the conducting of research, or the operation of an institution of higher education.[3]

Eligible projects also include parking and other facilities or structures, essential or convenient for the orderly conduct of such institution of higher education and includes equipment and machinery, and other similar items necessary or convenient for the operation of an educational facility or structure in the manner for which its use is intended. Building renovations, land and building acquisitions, and equipment acquisition are also eligible projects.

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[1] 243.51(6) "Institution of higher education" means an independent nonprofit college or university that is located in and chartered by the state; which is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools; which grants baccalaureate degrees; and which is not a state university or Florida College System institution.[note subsequent legislation expands the accreditation organizations]

[2] 243.51 Findings and declarations.—It is the purpose of ss. 243.50-243.77 to provide a measure of assistance and an alternative method enabling private institutions of higher education of this state to provide the facilities and structures that they need and to enable those institutions to coordinate their budgetary needs with the timing of receipt of tuition revenues.

[3] 243.51(3) "Project" means a structure suitable for use as a dormitory or other housing facility, dining hall, student union, administration building, academic building, library, laboratory, research facility, classroom, athletic facility, health care facility, or maintenance, storage, or utility facility and other structures or facilities related thereto, required thereto, or required or useful for the instruction of students, the conducting of research, or the operation of an institution of higher education. The term includes parking and other facilities or structures, essential or convenient for the orderly conduct of such institution of higher education and includes equipment and machinery and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended, but does not include such items as books, fuel, supplies, or other items that are customarily deemed to result in a current operating charge. The term also includes a loan in anticipation of tuition revenues by an institution of higher education, as defined in subsection.

The refinancing of an institution's existing tax exempt or taxable debt may also be financed with the proceeds of HEFFA issued bonds provided that the projects originally financed qualifies under the HEFFA statute.

Experienced borrowers will find the Authority to be a very efficient, timely and economic conduit to the tax-exempt markets that has experience working with the institution and its bond counsel, underwriters and financial advisors. The Authority is also prepared to help experienced and inexperienced schools examine eligibility for tax-exempt financing by working with a school's administration and discussing potential projects. We can help schools find and retain appropriate financial advisors and we can introduce them to experienced bond counsel if they are not already working with these professionals.

The Authority's current issuance fee is a minimum of $15,000 or five (5) basis points of the school's borrowing for issues up to $50 million dollars. For bond issues larger than $50 million dollars, the issuance fee steps down to: two and one half (2.5) or fewer basis points for the portion of the issue that is larger than $50 million. The issuance fee generally covers the Authority's out of pocket expenses and any other special or specific administrative fees associated with the borrowing such as meeting costs. HEFFA's counsel fees vary by issuance and are separately payable by the borrower. Each funding begins with an application to the Authority and a non-refundable $1,000 application fee. There is an additional fee of approximately $2,500 per year while an Authority-issued bond is outstanding which is used to offset the Authority's annual accounting and audit costs associated with each issue.

The Authority usually requires two meetings to complete a financing authorization for a borrowing institution. The first meeting is convened to consider the borrower's application, including eligibility of the proposed project, the borrowing conditions and proposed structure of the financing, the financial strength of the borrower, and any other issues relevant to the borrower or the deal. A second meeting is then held to review final documents, financing arrangements and to approve the issuance of the bonds. Since HEFFA is a quasi-governmental agency, public notice for each meeting (as well as any necessary TEFRA public hearing) is required and must be published in the official state administrative journal publication. The meeting organization and notification process can require up to twenty-one days.

The Authority was established to help the private non-profit Florida institutions of higher education and it takes great pride in its assistance to our states' private institutions. We strive to be an economical and efficient conduit for our institutions' bond financing.