

HOUSE RESEARCH

Bill Summary

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Authors: Knoblach and others

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Analyst: Jeanne LeFevre (296-5043)

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Overview

This bill increases the bonding authority of the Minnesota Public Facilities Authority ("PFA") from \$1 billion to \$1.25 billion. The bill also broadens the interest exchange authority of the PFA to include other forms of rate swaps and other agreements with third parties in connection with bonds issued by the PFA. PFA is granted all powers necessary or desirable in connection with these agreements. Neither individuals executing these agreements nor the state are liable on these agreements.

Section

- 1 **Authority increased.** Increases the bonding authority of the Minnesota Public Facilities Authority from \$1 billion to \$1.25 billion.
- 2 **Agreements authorized.** Authorizes the PFA to enter into a variety of agreements with third parties with regard to its bonds. These include: interest rate exchange or swap agreements, hedges, forward purchase or sale agreements, loan sale or pooling agreements or trusts, or similar agreements. Aggregate amount of interest rate swap or exchange agreements at any time may not exceed 10 percent of the PFA's bonding authority.
- 3 **Nonliability.** Extends the nonliability of individuals and the state, which currently applies to bonds of the PFA, to agreements with third parties authorized by section 2.
- 4 **State pledge against impairment.** The state pledge not to impair the PFA's ability to fulfill the terms of its bonds is extended to the terms of agreements with other parties.