

**SUBJECT: A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING A PORTION OF THE ISSUANCE OF THE PUBLIC FINANCE AUTHORITY REVENUE BONDS, SERIES 2023 (AURORA INTEGRATED ONCOLOGY FOUNDATION) IN A MAXIMUM AGGREGATE PAR AMOUNT NOT TO EXCEED \$250,000,000.**

**AGENDA OF: September 5, 2023**

**Assembly Action: Adopted with Assemblymembers Nowers and Bernier opposed. 09/05/23 - BJH**  
**Mayoral Veto filed 09/05/23**  
**Motion to Override Mayoral Veto Passed with Assemblymember Nowers opposed. 09/26/23 - BJH**

**AGENDA ACTION REQUESTED:** Present to the Assembly for consideration.

Route To	Signatures
Originator	<div style="text-align: right; font-size: small; margin-bottom: 5px;">8 / 2 3 / 2 0 2 3</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">X      N i c h o l a s S p i r o p o u l o s</div> <div style="text-align: center; font-size: x-small; margin-bottom: 5px;">S i g n e d   b y :   N i c h o l a s S p i r o p o u l o s</div>
Department Director	<div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">X</div>
Finance Director	<div style="text-align: right; font-size: small; margin-bottom: 5px;">8 / 2 4 / 2 0 2 3</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">X      C h e y e n n e H e i n d e l</div> <div style="text-align: center; font-size: x-small; margin-bottom: 5px;">S i g n e d   b y :   C h e y e n n e H e i n d e l</div>
Borough Attorney	<div style="text-align: right; font-size: small; margin-bottom: 5px;">8 / 2 4 / 2 0 2 3</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">X      N i c h o l a s S p i r o p o u l o s</div> <div style="text-align: center; font-size: x-small; margin-bottom: 5px;">S i g n e d   b y :   N i c h o l a s S p i r o p o u l o s</div>
Borough Manager	<div style="text-align: right; font-size: small; margin-bottom: 5px;">8 / 2 4 / 2 0 2 3</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">X      M i c h a e l B r o w n</div> <div style="text-align: center; font-size: x-small; margin-bottom: 5px;">S i g n e d   b y :   M i c h a e l B r o w n</div>
Borough Clerk	<div style="text-align: right; font-size: small; margin-bottom: 5px;">8 / 2 4 / 2 0 2 3</div> <div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 5px;">X      L o n n i e M c K e c h n i e</div> <div style="text-align: center; font-size: x-small; margin-bottom: 5px;">S i g n e d   b y :   L o n n i e M c K e c h n i e</div>

**ATTACHMENT (S) :** Resolution Serial No. 23-093 (5 pp)  
 Overview (1 pp)  
 Summary Letter (2 pp)

**SUMMARY STATEMENT:** This resolution is sponsored by Assemblymembers Yundt and Fonov for the Matanuska-Susitna Borough to approve the issuance of tax free bonds for Aurora Integrated Oncology Foundation.

Approval of the local governing body is a prerequisite to issue tax free bonds. Additional information explaining the Aurora Integrated Oncology Foundation and the financing is attached.

**RECOMMENDATION OF ADMINISTRATION:** Conduct public hearing and consider resolution.

I veto RS 23-093  
as it is outside the  
jurisdiction of  
the assembly.

Mayor DeVries veto on Resolution Serial No. 23-093, as issued  
on 09/05/23.



*Aurora Integrated Oncology Foundation (AIOF) is an innovative new Alaskan non-profit organization that will soon combine the talents and technology of Advanced Oncology Associates, Peninsula Radiation Oncology Center, Southeast Radiation Oncology Center, Mat-Su Valley Cancer Care, and Anchorage Midtown Radiation Oncology Center.*

## Why We Formed:



Cancer is the number 1 cause of death in AK



AK healthcare costs are the highest in US



Subpopulations experience highest cancer incidence in US



Lowest rates of preventative screening



Patient and employer costs are unsustainable

## Vision:

Aurora Integrated Oncology Foundation (AIOF) is a 501(c)3 nonprofit organization dedicated to improving access to cancer care for Alaskans while reducing the financial toxicity of cancer care throughout the state.

## Together, we will:



*Reduce the financial concerns and related stress of cancer care by lowering costs of care and improving the overall oncology experience.*



*Ensure long-term access to cancer care for Alaskans through investments in the oncology workforce and cancer-fighting technology.*



*Improve access to cancer prevention education and screening to reduce late-stage diagnosis and associated negative outcomes.*

## Board of Directors:

- Bill Popp, CEO, Anchorage Economic Development Corporation, Board Chair
- Donna Galbreath, MD, Chief Medical Officer, Southcentral Foundation, Board Treasurer/Secretary
- Michele Brown, Senior Fellow, Rasmuson Foundation, Director
- William Magnuson, MD, Medical Director, Anchorage Radiation Oncology Center, Director
- Greg Merrill, President, Radiation Business Solutions, Director



To Whom It May Concern:

Aurora Integrated Oncology Foundation, a non-profit 501(c)(3) corporation ("Foundation"), was formed to improve the quality of and access to oncology care to residents of Alaska. Due to Alaska's geography, accessing necessary oncology services can be difficult. In order to achieve its purposes, the Foundation plans to acquire the assets of existing oncology centers, including MatSu Valley Comprehensive Cancer Center ("MATSU") in MatSu Valley, and to operate these centers as a not-for-profit, tax-exempt venture. The Foundation will adopt a written policy to provide services to individuals, regardless of their ability to pay for such services.

As you may be aware, the introduction of MATSU seven years ago has tremendously elevated the local oncology ecosystem in MatSu Valley because patients are no longer required to travel out of town for cancer care. This has benefited MatSu Valley patients and their families enormously by reducing not only the logistical and monetary costs, but also the incalculable emotional burdens of otherwise traveling hundreds of miles for care. In addition, MATSU has driven the growth of many services to local healthcare providers including hospital, outpatient surgery, imaging, infusion/chemotherapy, laboratory, and pathology.

The cost of providing radiation oncology services is quite substantial. The Foundation will maintain access and state of the art technology by continuing to make future capital investments. In addition, radiation oncology requires specialized clinical staff members, and recruiting this specialized talent to MatSu Valley can be challenging. The Foundation will provide targeted financial scholarships allowing MATSU to attract outstanding clinical talent to our community.

We are not asking the MatSu Borough to issue conduit bonds on behalf of the Foundation. The Bonds will be issued by the Public Finance Authority on behalf of the Foundation, and the Bonds will be payable solely by the Foundation. Under no circumstances will the Borough be in any way obligated to repay any portion of the Bonds.

The only request of the Foundation to the Assembly is that MatSu Borough host a public hearing (known as a "TEFRA Hearing") and adopt an approving resolution (known as a "TEFRA Approval"). We are requesting these actions of the Assembly because federal statutes related to the issuance of tax-exempt bonds require the local jurisdiction to host a hearing providing the public with an opportunity to comment, and such statutes also require the approval of the elected representatives of the local jurisdiction. There is no expectation nor requirement by any state or federal agency that MatSu Valley conduct any analysis or diligence related to the Foundation or the tax-exempt financing. MatSu Valley's support of the Foundation by hosting the TEFRA Hearing and adopting the TEFRA Approval will in no way subject MatSu Valley to any liability from any state or federal agency. Additionally, the adoption by the Assembly of the proposed resolution will not affect the Borough's taxing authority with respect to the real or personal property comprising the MATSU Facility.



We also note the following:

1. The Foundation is also asking the comparable governmental authorities in Anchorage, the Kenai Peninsula and the Juneau City and Borough to adopt the same TEFRA resolution and host a TEFRA public hearing.
2. The Foundation's presence in MatSu Valley, as the operator of the MATSU facility, will tremendously benefit MatSu Valley and its residents. Cancer patients will be treated at home near their family and friends, rather than being required to travel long distances to receive this care.

We implore you to recommend that the Borough Assembly adopt the Resolution of Support and host a TEFRA hearing in support of this important initiative.

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#### SUPPLEMENTAL INFORMATION ON WHY APPROVAL IS REQUIRED

In order for a non-profit entity to issue a tax-exempt bond, the Internal Revenue Code section 147(f) requires the approval from the local governmental unit with jurisdiction over the area in which the project is located. Why does the IRS require this approval?

Most industrial development authority statutes have a similar requirement. The purpose is to provide the local government and the public where a project is sited an opportunity to comment and/or reject a project. This is important and makes sense when bonds are issued for large-scale industrial development projects that require construction and zoning such as a prison, toxic waste dump, bridge, or a stadium. It is arguably less relevant when considering a project such as a healthcare facility that has already been operating for ten years, such as in this case.

TEFRA comes from the "Tax Equity and Fiscal Responsibility Act of 1982" which among other things was focused on closing various "loopholes" in the IRS Code. A federal income tax exemption on the interest income of bonds issued for a private entity (including non-profit entities) is a public subsidy to a private entity. The point of the TEFRA hearing and approval process is to give the public in the relevant local jurisdiction an opportunity to provide input on whether that public benefit should be extended to e.g. a stadium developer, a housing developer, a solid waste facility, or a non-profit entity. There is zero expectation nor requirement of the approving local jurisdiction to conduct an investigation or diligence, and there is no ongoing liability whatsoever to the IRS or any other state or federal agency. The only requirement is to hold a hearing and approve the resolution of support, in each case if they see fit.