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 Anchorage Radiation Oncology Centers (AROC) in Anchorage, and to operate these centers as a not-for-profit, tax-exempt venture. In addition the Foundation will employ the physicians of Advanced Oncology Associates, who are currently providing radiation oncology professional services across Alaska, including at AROC. 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 Anchorage Radiation Oncology Center has tremendously elevated the local oncology ecosystem in Anchorage because patients have access to high-quality services without needing to travel other locations for cancer care. This has benefited Anchorage 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, AROC has driven the growth of many services at local hospitals and other healthcare providers including 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 can be challenging. The Foundation will provide targeted financial scholarships allowing AROC to attract outstanding clinical talent to our community.

We are not asking the Municipality of Anchorage 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 Municipality be in any way obligated to repay any portion of the Bonds.

The only request of the Foundation to the Assembly is to 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 Anchorage conduct any analysis or diligence related to the Foundation or the tax-exempt financing. Anchorage’s support of the Foundation by hosting the TEFRA Hearing and adopting the TEFRA Approval will in no way subject the Municipality to any liability from any state or federal agency. Additionally, the adoption by the Assembly of the proposed resolution will not affect the Municipality’s taxing authority with respect to the real or personal property comprising the AROC Facility or patient housing.

We also note the following:
1. The Foundation is also asking the comparable governmental authorities in Juneau, the Kenai Peninsula and Palmer to adopt the same TEFRA resolution and host a TEFRA public hearing. In fact, the Kenai Borough Assembly is holding their public hearing and meeting to adopt the TEFRA resolution on June 6th.

2. The Foundation’s presence in Anchorage, as the operator of the AROC facility, will tremendously benefit Anchorage 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 Assembly adopt the Resolution of Support and host a TEFRA hearing in support of this important initiative.

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 this 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, an operator of 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.