



City and Borough of Juneau  
City & Borough Manager's Office  
155 South Seward Street  
Juneau, Alaska 99801

Telephone: 586-5240 | Facsimile: 586-5385

---

To: Deputy Mayor Gladziszewski and Assembly Committee of the Whole

Date: 6/23/2023

From: Rorie Watt, City Manager

Re: AIOC – Request for Assembly Hearing on TEFRA Bonds

A new Alaska non-profit – the Aurora Integrated Oncology Center (AIOC) proposes to acquire several for profit oncology clinics in Alaska and proposes to use Federal tax exempt financing known as TEFRA bonds. Their stated purpose is to form a state-wide non-profit organization that would provide oncology services (initially) in at least Juneau, Kenai, Anchorage and the Mat-Su. AIOC would purchase the Juneau based Southeast Radiation Oncology Center and its physical properties with funding from these bonds.

According to AIOC, the IRS requires the local governing body to hold a public "TEFRA Hearing" and adopt a Resolution "approving the issuance" of these bonds. The Kenai Peninsula Borough has already passed such a Resolution (attached) and AIOC advises that they are working with the Municipality of Anchorage and the Mat-Su Borough to do the same.

We do not have expertise in TEFRA bonds and we are advised that it is largely left to the Assembly to decide on the merits that it chooses as to whether or not to approve such a Resolution. We have communicated with our contract bond counsel and not received additional guidance. Obvious positive factors for approving the issuance of bonds include the likelihood that a statewide organization will enjoy better buying power for expensive medical equipment and supplies, more options for staffing recruitment and training, access to valuable financing, coordination on medical care amongst the oncology centers, and stability of service (each individual privately held company would no longer have the challenge of business continuity as operating partners mature in their careers). All of the information provided in your packet is from AIOC.

BRH CEO David Ketih has indicated that the hospital is not at all likely to compete in this health care service line and that he expects to be able to coordinate health care services with AIOC. He also believes that under this model that there is a better likelihood of provision of a more robust oncology services in Juneau than the current situation allows. Mr. Keith also advises that the organizer of the non-profit and individual clinics that would be acquired all have very good reputations in the Alaska health care community.

AIOC advises that their non-profit board will consist of the following members:

Bill Popp, Chairman – President & CEO Anchorage Economic Development Corporation (Independent Community Director)

Michele Brown, Vice Chair – Senior Fellow Rasmuson Foundation (Independent Community Director)

Donna Galbreath, MD, Secretary – Medical Director South Central Foundation (Independent Community Director)

William Magnuson, MD – Medical Director Anchorage Radiation Oncology Center (Foundation practice physician Director)

Greg Merrill – President Radiation Business Solutions (Foundation management company Director)

If the Assembly supports a Resolution approving the issuance of TEFRA bonds, I would recommend inclusion of the following Whereas clause:

*Whereas, the Assembly has been asked by Aurora Integrated Oncology Foundation, a Delaware not for profit corporation (the "Borrower") for assistance related to the issuance of certain TEFRA revenue bonds. The statements of fact made in this Resolution are based upon representations made by the Borrower, upon which the Assembly has relied.*

If the COW wishes to approve the issuance of the TEFRA bonds, by motion the COW should forward a request for a Resolution to be publicly noticed in accordance with IRS requirements and set for public hearing at the next regularly scheduled Assembly meeting. I would then work with the Attorney to place such a Resolution on the agenda.