

# Alaska State Legislature

## Legislative Budget & Audit Committee

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State Capitol Building  
Juneau, Alaska 99801  
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Representative Mike Hawker, Chairman

### MEMORANDUM

**TO:** Legislative Budget and Audit Committee

**FROM:** Representative Mike Hawker, Chairman   
Legislative Budget and Audit Committee

**DATE:** December 2, 2016

**RE:** Alaska Gasline Development Corporation Audit

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I respectfully request members of the Legislative Budget and Audit Committee approve an audit on the historic appropriations to the Alaska Gasline Development Corporation (AGDC) and whether those funds have been spent in compliance with legislative intent as evidenced by restrictive language in the appropriation legislation.

Specifically, the Legislative Auditor should examine and report on the following since the inception of AGDC:

- Appropriations to AGDC; from the passage of House Bill 369 in 2010, at which time AGDC was domiciled within the Alaska Housing Finance Corporation (House Bill 4 of 2013 severed AGDC from AHFC), through the most current appropriations.
- Identify restrictions associated with the various appropriations, particularly distinctions between appropriations for the Instate Gas Project (Alaska Stand Alone Gas Pipeline or ASAP) and the AK LNG Project.
- Changes to appropriations made in subsequent legislation.
- Compliance of actual spending with legislative intent and restrictions; in particular, the legislative restrictions on the purpose and use of the In-state Natural Gas Pipeline Fund (AS 31.25.100) and the Alaska Liquefied Natural Gas Project Fund (AS 31.25.110).
- Whether the AGDC Board approved significant spending decisions.
- Whether the Board of Directors was aware of and approved contracts for senior executive employees and consultants.
- A cumulative reconciliation of appropriations, spending, and available balance by restrictive category as of December 31, 2016.
- The president of AGDC is cited as informing the Editorial Board of the Anchorage Daily News on or about November, 15, 2016 that he had \$100 million to spend on a liquefied natural gas and/or pipeline project going forward, subject to board approval. Is this a correct statement?
- Follow-up on any other related concerns the Legislative Auditor identifies during the audit.