OFFICIAL STATEMENT DATED AS OF SEPTEMBER 20, 2011

NEW ISSUE - BOOK-ENTRY ONLY **RATINGS:** **Fitch "AAA"**
S&P "AAA"

In the opinion of Special Tax Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) interest on the Bonds is an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. See "TAX MATTERS" herein for a discussion of the opinion of Special Tax Counsel.

$47,345,000
PORT OF HOUSTON AUTHORITY
OF HARRIS COUNTY, TEXAS
(A political subdivision of the State of Texas having boundaries generally coterminous with Harris County)

UNLIMITED TAX REFUNDING BONDS,
SERIES 2011A (AMT)

Interest Accrual Date: Date of Delivery **CUSIP Prefix: 734260** **Due: October 1 (see inside cover page)**

The $47,345,000 Port of Houston Authority of Harris County, Texas, Unlimited Tax Refunding Bonds, Series 2011A (AMT) (the "Bonds"), are hereby offered for sale by the Port of Houston Authority of Harris County, Texas (the "Authority"). The Bonds are payable from the receipts of an annual ad valorem tax, without legal limit as to rate or amount, levied on taxable property within the Authority. **The Bonds are not issued by, nor are they in any way obligations of, Harris County or the City of Houston, Texas.** See "DESCRIPTION OF THE BONDS—Source of Payment of the Bonds" and "AD VALOREM TAXES" herein.

Interest on the Bonds will accrue from the later of their date of delivery to the underwriters identified below (the "Underwriters") or the most recent interest payment date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on April 1, 2012, and each October 1 and April 1 thereafter until maturity or earlier redemption by check mailed to the registered owner of record as of the 15th day of the month next preceding each interest payment date. The Bonds will be issued only in fully-registered form in the denomination of $5,000 principal amount, or integral multiples thereof. See "DESCRIPTION OF THE BONDS."

The Bonds will be initially registered solely in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds, until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Bonds will be payable by The Bank of New York Mellon Trust Company, National Association, in Houston, Texas (the "Paying Agent/Registrar") from amounts paid by the Authority to Cede & Co., which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "DESCRIPTION OF THE BONDS—Book-Entry-Only System" herein.

Proceeds of the Bonds will be used to (i) refund a portion of the Authority's outstanding Unlimited Tax Port Improvement Bonds, Series 2001B (AMT) (the "Refunded Bonds"), and (ii) pay the costs of issuance of the Bonds and the costs of refunding the Refunded Bonds. See "PLAN OF FINANCING."

Certain of the Bonds are subject to optional redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS—Redemption."

SEE INSIDE COVER PAGE FOR MATURITY AND PRICING SCHEDULE

The Bonds are offered for delivery, when, as, and if issued by the Authority, subject to the approving opinion of the Attorney General of Texas, and the opinion of Haynes and Boone, LLP, Houston, Texas, Bond Counsel, and Allen Boone Humphries Robinson LLP, Special Tax Counsel. Certain additional matters will be passed upon for the Authority by Fulbright & Jaworski L.L.P., Special Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Andrews Kurth LLP, Houston, Texas, counsel to the Underwriters. The Bonds are expected to be available for delivery through the facilities of the DTC in New York, New York on or about October 20, 2011.

BARCLAYS CAPITAL

BofA Merrill Lynch **Cabrera Capital Markets, LLC**

J.P. Morgan **Piper Jaffray & Co.**

MATURITY AND PRICING SCHEDULE

PORT OF HOUSTON AUTHORITY
OF HARRIS COUNTY, TEXAS

CUSIP PREFIX: 734260 [(a)]

$47,345,000
UNLIMITED TAX PORT REFUNDING BONDS,
SERIES 2011A (AMT)

Serial Bonds

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix
2012	$2,505,000	1.000%	0.380%	3F7
2013	2,400,000	3.000	0.640%	3G5
2014	2,450,000	4.000	0.870%	3H3
2015	2,535,000	5.000	1.140%	3J9
2016	2,650,000	5.000	1.550%	3K6
2017	2,770,000	5.000	1.930%	3L4
2018	2,905,000	5.000	2.250%	3M2
2019	3,045,000	5.000	2.570%	3N0
2020	3,190,000	5.000	2.860%	3P5
2021	3,360,000	5.000	3.030%	3Q3
2022[(b)]	3,505,000	5.000	3.250%[(c)]	3R1
2023[(b)]	3,700,000	5.000	3.530%[(c)]	3S9
2024[(b)]	3,900,000	5.000	3.720%[(c)]	3T7
2025[(b)]	4,105,000	5.000	3.860%[(c)]	3U4
2026[(b)]	4,325,000	3.750	3.940%	3V2

(a) CUSIP numbers have been assigned to the Bonds by Standard and Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. and are included solely for the convenience of the owners of the Bonds. None of the Authority, the Financial Advisor, nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

(b) The Authority reserves the right, at its option, to redeem the Bonds having stated maturities on or after October 1, 2022, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on October 1, 2021, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "DESCRIPTION OF THE BONDS –Redemption."

(c) Reflects yield to optional call date. See "DESCRIPTION OF THE BONDS –Redemption."

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation with respect to the Bonds to be issued, other than those contained in this Official Statement, and, if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the Authority or the Initial Purchasers.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All financial and other information presented herein, except for the information expressly attributed to other sources, has been provided by the Authority from its records and is intended to show recent historical information. Such information is not guaranteed as to accuracy or completeness. No representation is made that past performance, as might be shown by such financial and other information, will necessarily continue or be expected in the future. All descriptions of laws and documents contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that the information contained herein has remained unchanged since the respective dates as of which such information is given herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT SUMMARY

This summary, being part of the Official Statement, is subject in all respects to the more complete information contained therein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this summary from this Official Statement or otherwise to use same without the entire Official Statement.

Issuer	Port of Houston Authority of Harris County, Texas (the "Authority"), a political subdivision of the State of Texas having boundaries generally coterminous with Harris County.
Issue	$47,345,000 of Authority Unlimited Tax Refunding Bonds, Series 2011A (AMT) (the "Bonds"), are issued pursuant to the provisions of an order (the "County Order"), adopted on September 13, 2011, by the Commissioners Court of Harris County (the "Commissioners Court"), on behalf of the Authority.
Use of Proceeds	Proceeds of the Bonds will be used to (i) refund a portion of the Authority's outstanding Unlimited Tax Port Improvement Bonds, Series 2001B (AMT) (the "Refunded Bonds"), and (ii) pay the costs of issuance of the Bonds and the costs of refunding the Refunded Bonds. See "PLAN OF FINANCING."
Payment Record.....................	The Authority has never defaulted in paying the principal of or interest on any of its bonds.
Ratings....................................	Fitch Ratings Services and Standard & Poor's Ratings Services have assigned their municipal bond ratings of "AAA" and "AAA," respectively, to the Bonds as the Authority's underlying long-term ratings. See "RATINGS."
Amounts, Maturities, Redemption	The Bonds mature on October 1 in each of the years and in the amounts shown on the inside cover page hereof. The Bonds bear interest from the later of their date of delivery to the Underwriters or the most recent applicable interest payment date to which interest has been paid or duly provided for. Certain of the Bonds are subject to optional redemption prior to maturity as described herein. See "DESCRIPTION OF THE BONDS—Redemption."
Book-Entry-Only System	The Bonds are initially registered in the name of Cede & Co., as nominee for DTC, pursuant to a book-entry-only system. The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, National Association. See "DESCRIPTION OF THE BONDS—Book-Entry-Only System" herein.
Interest Payment Dates	Interest on the Bonds is payable on April 1, 2012, and each October 1 and April 1 thereafter until maturity or earlier redemption, by check mailed to the registered owner of record as of the 15th day of the month next preceding each interest payment date. See "DESCRIPTION OF THE BONDS—General."
Source of Payment	The Bonds are payable from the receipts of an annual ad valorem tax, without legal limit as to rate or amount, levied on taxable property within the Authority. See "DESCRIPTION OF THE BONDS—Source of Payment of the Bonds" and "AD VALOREM TAXES."

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SELECTED AUTHORITY AD VALOREM TAX DATA

(dollar amounts in thousands)

Tax (Calendar) Year[a]

	2006	2007	2008	2009	2010
Total Assessed Value, Net of Exemptions	$217,539,081	$247,592,169	$268,597,998	$275,688,818	$264,257,985
Ad Valorem Tax Rate (Per $100 of Assessed Value)	0.01302	0.01437	0.01773	0.01636	0.02054
Current Collections of Ad Valorem Taxes Levied[b]	$26,131	$32,795	$43,622	$41,875	$50,650
Current Collections as a Percentage of Ad Valorem Taxes Levied	91.1%	92.2%	90.3%	92.9%	93.5%
Total Ad Valorem Collections[c]	$28,092	$34,904	$47,548	$44,274	$52,994
Total Collections as a Percentage of Ad Valorem Taxes Levied	98.0%	98.1%	98.5%	98.2%	97.8%

	2006	2007	2008	2009	2010
Ad Valorem Tax Bonds Outstanding[d]	$378,849	$457,443	$563,015	$617,660	$763,619
Ad Valorem Tax Bonds Outstanding as a Percentage of Assessed Value	0.17%	0.18%	0.21%	0.22%	0.29%

[a] As of August 26, 2011, the Authority received from Harris County Appraisal District certified taxable values net of exemptions for 2011 of $244,755,621. The amount certified does not include amounts under protest (including the owners' uncontested valuations) and amounts for which the Appraisal District has not completed the certification process. Certified additional amounts will be added to the certified values by supplement. Tax Rates for 2011 are scheduled to be adopted by Commissioners Court in late October 2011.

[b] Taxes levied in any year which are collected beginning October 1 of such year through June 30 of the following year are shown as current collections. Such amounts include that portion of the current levy collected on or after February 1, the date taxes become legally delinquent. See "AD VALOREM TAXES" herein.

[c] Such amounts include collections of delinquent taxes from prior years' levies of taxes collected during the period beginning on July 1 of the year shown and ending on June 30 of the following year.

[d] Includes outstanding general obligation bonds, including the Refunded Bonds.

Source: Harris County Tax Assessor-Collector as of December 31 for each tax year.

OFFICIAL STATEMENT

relating to

PORT OF HOUSTON AUTHORITY
OF HARRIS COUNTY, TEXAS

(a political subdivision of the State of Texas having boundaries generally coterminous with Harris County)

$47,345,000
UNLIMITED TAX REFUNDING BONDS,
SERIES 2011A (AMT)

INTRODUCTORY STATEMENT

This Official Statement is furnished in connection with the offering by the Port of Houston Authority of Harris County, Texas (the "Authority"), a political subdivision of the State of Texas (the "State"), having boundaries generally coterminous with Harris County, Texas (the "County"), of the above-captioned bonds (the "Bonds"). The Bonds are issued pursuant to the provisions of an order (the "County Order") adopted on September 13, 2011, by the Commissioners Court of Harris County, Texas (the "Commissioners Court"), on behalf of the Authority.

The Authority is a navigation district and a political subdivision of the State. The Authority owns and operates public wharves, docking facilities, freight handling facilities and related equipment, land, warehouses, railroad rights-of-way and trackage adjoining the Houston Ship Channel (the "Houston Ship Channel" or the "Channel"). The Channel is the center of the Port of Houston ("Port") complex and extends 52 miles inland and links the City of Houston with the Gulf of Mexico. The Authority also owns and operates a terminal facility, channel and turning basin at the Bayport Industrial Complex near Houston. Certain officials of the Authority are also County officials. See "THE AUTHORITY" herein. **Although the Bonds are issued pursuant to the provisions of the County Order adopted by the Commissioners Court, the Bonds are not obligations of the County. The Bonds are also not obligations of the City of Houston, Texas.** See "DESCRIPTION OF THE BONDS—Source of Payment of the Bonds."

The Authority's financial statements, included in this Official Statement as APPENDIX A, present information on the general financial condition of the Authority at the dates and for the periods shown. The Bonds, however, are payable solely from the receipts of annual unlimited ad valorem taxes, and the inclusion of such statements and other financial information is not intended to imply that any other tax receipts, revenues, or moneys of the Authority will be used to pay the principal of or interest on the Bonds. The Authority also adopted an order (the "Authority Order" and, together with the County Order, the "Order") authorizing the sale of the Bonds, containing continuing disclosure agreements and authorizing and approving certain other matters in connection with the issuance and delivery of the Bonds.

PLAN OF FINANCING

Purpose

The proceeds of the Bonds will be used to (i) refund a portion of the Authority's outstanding Unlimited Tax Port Improvement Bonds, Series 2001B (AMT) (the "Refunded Bonds"), and (ii) pay the costs of issuance of the Bonds and the costs of refunding the Refunded Bonds.

The Refunded Bonds

A portion of the proceeds of the Bonds, together with other available funds, if any, will be deposited in escrow (the "Refunded Bonds Escrow Fund") with The Bank of New York Mellon Trust Company, National Association. (the "Refunded Bonds Escrow Agent"), in an amount which will be sufficient together with other funds to pay, on the call date, the principal of and interest on the Refunded Bonds.

In the opinion of Bond Counsel for the Authority, by making the escrow deposit required by the Order authorizing the issuance of the Bonds and the escrow agreement to be entered into with the Refunded Bonds Escrow Agent in connection with the Refunded Bonds (the "Refunded Bonds Escrow Agreement"), the Authority will have made firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds pursuant to the provisions of Chapter 1207, Texas Government Code, as amended. Thereafter, the Refunded Bonds will be deemed to be fully paid and no longer outstanding and will have been deemed defeased pursuant to the terms of the order authorizing the issuance of the Refunded Bonds, except for the purpose of being paid from the funds provided therefor pursuant to the Refunded Bonds Escrow Agreement.

The Authority will give conditional instructions to the Refunded Bonds Escrow Agent for the Refunded Bonds to provide notice to the owners of the Refunded Bonds. The Refunded Bonds will be redeemed on a date prior to their stated maturity on which date money held in the Refunded Bonds Escrow Fund will be available to redeem the Refunded Bonds.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

Source of Funds:	Total
Principal Amount of the Bonds	$47,345,000.00
Net Original Issue Premium	5,446,151.40
Total Sources of Funds	$52,791,151.40
Uses:	
Deposit with Escrow Agent	$52,342,540.56
Costs of Issuance[a]	448,610.84
Total Uses of Funds	$52,791,151.40

[a] Includes Costs of Issuance and Underwriters' Discount.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated as set forth in the Order, but will bear interest from the later of their date of delivery to the Underwriters or the most recent interest payment date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, at the per annum rates shown on the inside cover page hereof. Interest on the Bonds will be payable on April 1, 2012, and each October 1 and April 1 thereafter until maturity or earlier redemption, and will be payable by check sent by United States mail, first class, postage prepaid, to the registered owners as of the 15th day of the month next preceding each interest payment date. The Bonds are issued only as fully-registered bonds in the denomination of $5,000 principal amount or any integral multiple thereof.

Redemption

Optional Redemption. The Bonds maturing on or after October 1, 2022, are subject to redemption prior to stated maturity at the option of the Authority, as a whole or from time to time in part, in integral multiples of $5,000 of principal amount on any date on or after October 1, 2021, upon payment of a redemption price equal to 100% of the principal amount thereof, plus accrued interest on the Bonds called for redemption from the most recent interest payment date to the redemption date.

Method of Selecting Bonds to be Redeemed. If less than all of the Bonds of a series are to be redeemed, the Authority may select the maturity or maturities to be redeemed. If less than all of the Bonds of any maturity of a series are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by lot or other random method in authorized denominations. In selecting for redemption portions of Bonds in excess of an authorized denomination, each such Bond will be treated as representing that number of Bonds of an authorized denomination that is obtained by dividing the principal amount of such Bond by the authorized denomination of such Bond.

Notice of Redemption. Any notice of redemption identifying the series of the Bonds or portions thereof to be redeemed will be sent to the registered owners thereof by first class mail not less than 30 days prior to the date fixed for redemption, but neither the failure to give such notice nor any defect therein will affect the sufficiency of notice given to Bondholders.

Partial Redemption. Any Bond which is to be redeemed only in part will be surrendered to the Paying Agent/Registrar (with, if the Authority or the Paying Agent/Registrar so requires, due endorsement by, or written instrument of transfer in form satisfactory to the Authority and the Paying Agent/Registrar duly executed by, the holder thereof or such holder's authorized representative), and the Authority will execute and the Paying Agent/Registrar will authenticate and deliver to the holder of such a new Bond or Bonds of the same series and maturity and of any authorized denomination or denominations as requested by such holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Authority for the Bonds

The Bonds are issued pursuant to the Order and the provisions of the constitution and laws of the State of Texas, including particularly (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapter 117, Acts of the 55th Legislature, Regular Session, 1957, as amended, (iii) Chapter 1201, Texas Government Code, as amended, (iv) Chapter 1207, Texas Government Code, as amended, and (v) Chapter 1371, Texas Government Code, as amended.

Source of Payment of the Bonds

The Bonds are payable from the receipts of an annual ad valorem tax, unlimited as to rate or amount, levied on taxable property within the Authority. See "AD VALOREM TAXES." Pursuant to the provisions of the County Order adopted at a regular meeting of the Commissioners Court, the Commissioners Court, on behalf of the Authority, has levied and agreed to assess and collect such annual ad valorem taxes. In each year the Commissioners Court, on behalf of the Authority, will determine the specific tax to be collected to pay interest as it accrues and principal as it matures on the Bonds and will assess such taxes for that year. The receipts of such taxes are to be credited to separate funds to be used solely for the payment of the principal of and interest on the Bonds. **None of the revenues (other than the ad valorem tax receipts and interest earned thereon as described above) of the Authority are pledged as security for the Bonds.**

Book-Entry-Only System

Appendix B describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in Appendix B concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Authority or the Initial Purchasers.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, National Association, in Houston, Texas (the "Paying Agent/Registrar"). The Paying Agent/Registrar has entered into the Paying Agent/Registrar Agreement with the Authority, which provides the terms and provisions for the Paying Agent/Registrar's obligations regarding the Bonds and the Authority's obligation to pay the Paying Agent/Registrar as consideration for the fulfillment of such obligations.

Ownership

The Authority, the Paying Agent/Registrar, and any agent of either may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof, and for the further purpose of making and receiving payment of the interest thereon, and for all other purposes. Neither the Authority, the Paying Agent/Registrar, nor any agent of either of them will be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the owner of any Bond in accordance with the Order and the issuance of such Bonds will be valid and effective and will discharge the liabilities of the Authority and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

Transfers and Exchanges

A bond register relating to the registration, payment, and transfer or exchange of the Bonds of each series (the "Bond Register") will be kept and maintained by the Authority, at the corporate trust office of the Paying Agent/Registrar, as provided in the Order authorizing the issuance of such series of the Bonds and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the Authority may prescribe.

Whenever the Paying Agent/Registrar is a banking or trust corporation or association not domiciled in the State, the Authority will cause the Paying Agent/Registrar to keep a copy of the Bond Register with the Authority in the Authority's offices in Houston, Texas. Any Bond may be transferred or exchanged for Bonds of other authorized denominations (within the maturity) and of like aggregate principal amount and series by the registered owner, in person or by its duly authorized agent, upon surrender of such Bonds to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the registered owner or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bonds for transfer at the corporate trust office of the Paying Agent/Registrar, the Authority will execute and the Paying Agent/Registrar will register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations (within the same maturity) and of like series, aggregate principal amount, and maturity as the Bond or Bonds surrendered for transfer.

At the option of the registered owner, Bonds may be exchanged for other Bonds of authorized denominations (within the same maturity and series) and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar.

All Bonds issued in any transfer or exchange of Bonds will be delivered to the registered owners and upon the registration and delivery thereof, the same will be the valid obligations of the Authority evidencing the same obligation to pay, and entitled to the same benefits under the Order authorizing the issuance of such Bonds, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to the Order authorizing the issuance of such Bonds will be made without expense or service charge to the registered owner, except that the Paying Agent/Registrar will require payment by the registered owner requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Amendments

The Commissioners Court or the Authority, as the case may be, may, without the consent of or notice to any bondholder, from time to time and at any time, amend the Order in any manner not detrimental to the interest of the bondholders, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the Commissioners Court may, with the written consent of bondholders holding a majority in aggregate principal amount of the Bonds then outstanding and affected thereby, if any, amend, add to or rescind any of the provisions of the Order, provided that, without the consent of all bondholders of outstanding Bonds affected thereby, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to consent to any such amendment, addition or rescission.

Defeasance

The provisions of the Order and the obligations to the Registered Owners of any or all of the Bonds to pay the principal of and interest thereon may be defeased in any manner now or hereafter permitted by law, including by depositing with the Paying Agent/Registrar, the Comptroller of Public Accounts of the State of Texas or any other entity with which such deposits may be made (as specified by Section 1207.061, Texas Government Code, as amended) either: (a) cash in an amount equal to the principal amount of such Bonds plus interest thereon to the date of maturity or redemption, or (b) pursuant to an escrow or trust agreement (or, if payment or redemption shall occur on or before the next Interest Payment Date, by deposit to the debt service fund for the Bonds), cash and/or:

(1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States;

(2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commissioners Court adopts or approves the proceedings authorizing the deposit, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent;

(3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Commissioners Court adopts or approves the proceedings authorizing the deposit, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and/or

(4) any other securities or obligations which, at the time of such defeasance, are authorized by state law to be used to effectuate a defeasance of the Bonds,

in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount of the Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of the Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the Authority. Upon such deposit, such Bonds will no longer be regarded to be Outstanding or unpaid.

The Authority is under no obligation to maintain a particular rating for escrowed securities, and ratings conditions are satisfied by a sufficient rating from any nationally recognized rating firm.

AD VALOREM TAXES

The Commissioners Court is responsible for levying ad valorem taxes on behalf of the Authority.

Property Subject to Taxation

Except for certain exemptions provided by State law, including certain exemptions that the Authority has elected to allow, all real and certain tangible personal property and certain intangible personal property with a tax situs in the Authority is subject to taxation by the Authority. See "AD VALOREM TAXES – Authority Tax Rates – Table 2 Footnote (b)." The Commissioners Court sets the Authority's tax rate using the Authority's taxable value. See "AUTHORITY AD VALOREM TAX DEBT – Ad Valorem Tax Debt Comparisons – Table 5 Footnote (b)."

Valuation of Property for Taxation

The Texas Property Tax Code (the "Property Tax Code") generally requires all taxable property (except property utilized for a qualified agricultural use, timberland, and recreational, park, and scenic land) to be appraised at 100% of market value as of January 1 of each year. Residential property that has never been occupied as a residence and is being held for sale is treated as inventory for property tax purposes. Residential homestead property may be valued solely based on its use as residential property, without regard to other potential uses. The cost of the correction, mitigation, or prevention of environmental change may be considered in establishing the market value for certain properties. The appraisal of taxable property for the County, the Authority, and all other taxing units in the County is the responsibility of the Harris County Appraisal District (the "Appraisal District"), a county-wide agency created under the Property Tax Code for that purpose.

The Appraisal District is governed by a five-member board whose members are appointed by vote of the Commissioners Court and the governing bodies of the cities, towns, school districts and conservation and reclamation districts in the County under a voting system weighted in direct proportion to the amount of taxes imposed by the voting entities. Cumulative voting for Appraisal District Board members is permitted, and, through the exercise of that right, the Commissioners Court, the Houston City Council and the Houston Independent School District Board of Education may each select one member.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of all taxable property in the County, and reappraisal must be effected at least once every three years. The Appraisal District has established a schedule of reappraisal for different classifications of property to comply with such requirements.

Taxable values determined by the chief appraiser of the Appraisal District are submitted for review and equalization to an Appraisal Review Board (the "Appraisal Review Board") appointed by the Appraisal District. Appraisals may be contested before the Appraisal Review Board by taxpayers or, under limited circumstances, the County, and the Appraisal Review Board's Order are appealable to a State district court.

Limitations on Tax Rate Increases

The Commissioners Court is required to set the Authority's tax rate before the later of September 30 or the 60th day after the certified appraisal roll is received by the Authority. If the Commissioners Court does not adopt a tax rate before the required date, the tax rate for the Authority is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the County for the benefit of the Authority for the preceding tax year. Such rates are based on the assessed values at January 1 of each year, as shown on the tax roll approved by the Appraisal Review Board, which must be used by the Commissioners Court for such purpose. The Property Tax Code imposes limitations on certain tax increases. The Commissioners Court may under certain circumstances be required to publish notice and hold a public hearing on a proposed tax rate before voting on the tax rate. If the tax rate adopted exceeds by more than 8% the rate needed to pay debt service and certain contractual obligations, and to produce, when applied to the property which was on the prior year's roll, the prior year's taxes levied for purposes other than debt service and such contractual obligations, such excess portion of the levy may be repealed at an election within the Authority held upon petition of 10% of the qualified voters of the Authority.

Collections, Penalty and Interest

The County Tax Assessor-Collector is responsible for collection of taxes. Tax statements are required to be mailed by October 1, or as soon thereafter as practicable, and taxes thereon become delinquent on February 1 of the following year. Delinquent taxes are subject to a 6% penalty for the first month of delinquency, 1% for each month thereafter to July 1, and 12% total if any taxes are unpaid on July 1. Delinquent taxes also accrue interest at the rate of 1% per month during the period they remain outstanding. The Commissioners Court may impose an additional penalty for collection costs for certain delinquent taxes if there is a contract with a collection attorney. The Commissioners Court may waive penalties and interest on delinquent taxes if the error or omission of a representative of the County or of the Appraisal District, as applicable, caused the failure to pay the tax before delinquency and if the tax is paid within 21 days after the taxpayer knows or should know of the delinquency.

Tax Liens

The Property Tax Code provides that on January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the Authority, having power to tax the property. The tax lien on real property has priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the other debt or lien existed before the attachment of the tax lien. Taxes levied for the Authority are the personal obligation of the property owner and, under certain circumstances, personal property is subject to seizure and sale for the payment of delinquent taxes, penalty and interest thereon. Except with respect to taxpayers aged 65 and older, any time after taxes on property become delinquent, the Authority may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax or both. In filing a suit to foreclose a tax lien on real property, the Authority must join other taxing units that have claims for delinquent taxes against all or part of the same property.

The ability of the Authority to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, certain affirmative defenses, adverse market conditions affecting the liquidation of such property, taxpayer redemption rights, general principles of equity or bankruptcy proceedings that restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents enforcement of liens for post-petition taxes from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

AUTHORITY AD VALOREM TAXES

Authority Tax Rates

The following table shows the ad valorem tax rates per $100 of assessed value levied by the Commissioners Court on behalf of the Authority for each of the tax years 2006 through 2011. The table does not show the ad valorem tax rates levied by other County-wide taxing entities. See "AD VALOREM TAXES─County-Wide Ad Valorem Tax Rates." The tax year of the Authority is the calendar year. The ad valorem tax rate that the Commissioners Court may levy on behalf of the Authority to pay the Authority's tax bonds is unlimited.

TABLE 1 – AUTHORITY TAX RATES[(a)]

Purpose	2006	2007	2008	2009	2010	2011[(b)]
Debt Service	$0.01302	$0.01437	$0.01773	$0.01636	$0.02054	-------

(a) Operations and maintenance expenses of the Authority are paid from other available revenues of the Authority.
(b) The County expects to adopt its ad valorem tax rate for 2011 in late October 2011.

Authority Taxable Values and Tax Rates

The following table shows the Authority's taxable values and tax rates for each of the tax years 2006 through 2011. Taxable property is assessed at 100% of the appraised value as established by the Appraisal District.

TABLE 2 – AUTHORITY TAXABLE VALUES AND TAX RATES
(dollar amounts in thousands)

Certified Taxable Value as of December 31 of each tax year					
Tax Year	Real Property	Personal Property	Less Exemptions and Abatements[(a)(b)(c)]	Total[(a)(b)(c)]	Authority Tax Rate per $100 of Taxable Value
2006	$245,978,734	$34,366,780	$62,806,433	$217,539,081	$0.01302
2007	276,832,919	40,024,020	69,264,770	247,592,169	0.01437
2008	303,289,718	41,639,012	76,330,731	268,597,998	0.01773
2009	311,188,647	45,005,241	80,505,070	275,688,818	0.01636
2010[(c)]	300,557,174	43,837,867	80,137,056	264,257,985	0.02054
2011[(d)]	297,534,564	36,636,897	89,895,840	244,275,621	-------

(a) Includes statutory exemptions including public purpose and charitable property exempt by federal law, farm products owned by producers, and solar and wind energy devices. Additionally by action of the Commissioners Court and Port Commission or through a process of petition and referendum initiated by residents, may grant an exemption for residential homesteads of persons 65 years or older and of certain disabled persons. Such an exemption for residential homesteads for persons 65 years of age or older and disabled persons has been granted for up to $160,000 of assessed value. If requested, exemptions must be granted to disabled veterans or certain surviving dependents of disabled veterans or of persons who died while on active military duty in an amount, not to exceed $3,000 of assessed value. Exemptions of up to 20% of the value of residential homesteads from ad valorem taxation may also be granted. Such 20% exemption has been granted.

(b) The County and certain taxing units located within the County, including the Authority, may enter into tax abatement agreements to encourage economic development. Under such agreements, a property owner agrees to construct certain improvements on its property. The County or taxing unit (as applicable) in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. Any such abatement agreement may last for a period of up to 10 years. If the County or taxing unit (as applicable) enters into a tax abatement agreement with owners of taxable property within the Authority, the Authority must abate taxes on the improvements in the same manner as the County or taxing unit. The estimated value of property in the County that was subject to tax abatement as of February 25, 2011, was approximately $426 million and such value at the end of the abatement period is currently estimated to be approximately $614 million. Assessed taxable value figures herein are net of abatements.

(c) Interim estimates of taxable value per Harris County Appraisal District supplemental reports dated as of February 25, 2011; does not include assessed values for properties whose values are currently being protested.

(d) As of August 26, 2011, the Authority received from Harris County Appraisal District certified taxable values net of exemptions for 2011 of $244,755,621. The amount certified does not include amounts under protest (including the owners' uncontested valuations) and amounts for which the Appraisal District has not completed the certification process. Certified additional amounts will be added to the certified values by supplement. Tax Rates for 2011 are scheduled to be adopted by Commissioners Court in late October 2011 based on the certified rolls, the owners' uncontested values, and an estimate of the certified taxable values.

Source: Harris County Tax Assessor-Collector.

Authority Tax Levies, Collections, and Delinquencies

The table below sets forth a comparison of the ad valorem taxes levied and collected by the Commissioners Court on behalf of the Authority for the tax years 2006 through 2011.

TABLE 3 – AUTHORITY TAX LEVIES, COLLECTIONS, AND DELINQUENCIES
(dollar amounts in thousands)

Tax Year	Total Tax Levy	Current Tax Collections[a]	Percent of Current Levy	Delinquent Collections[b]	Total Tax Collections	Percent of Total Collections to Levy	Delinquent Taxes Receivable[b]
2006	$28,671	$26,131	91.1%	$1,961	$28,092	98.0%	$ 151
2007	35,566	32,795	92.2	2,109	34,904	98.1	205
2008	48,288	43,622	90.3	3,926	47,548	98.5	367
2009	45,086	41,875	92.9	2,400	44,274	98.2	511
2010[c]	54,162	50,650	93.5	2,344	52,994	97.8	1,168
2011[d]							

(a) Taxes levied in any year that are collected beginning October 1 of such year through June 30 of the following year are shown as current collections. Such amounts include that portion of the current levy collected on or after February 1, which is the date taxes become legally delinquent.

(b) Collections of prior years' levies of taxes during the period beginning July 1 of the year shown and ending on June 30 of the following year are shown as delinquent collections. The accumulation of all unpaid ad valorem taxes that were due at the end of the collection period beginning on July 1 of the year shown and ending on June 30 of the following year is shown as delinquent taxes receivable. The Authority writes off uncollectible personal property and real property taxes annually. Pursuant to Section 33.05, subsection (c) of the Property Tax Code, the County Tax Assessor-Collector is required to cancel and remove from the delinquent tax roll a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. The delinquent taxes may not be canceled if litigation concerning the taxes is pending.

(c) Interim estimates per Harris County Appraisal District supplemental reports as of July 31, 2011.

(d) Tax rates for 2011 are scheduled to be adopted by Commissioners Court in late October 2011.

Source: Harris County Tax Assessor-Collector

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Principal Taxpayers

The following table lists the 15 taxpayers with the largest taxable values in the County.

TABLE 4 – PRINCIPAL TAXPAYERS
(dollar amounts in thousands)

Taxpayers	2010 Taxable Valuations[a]	Rank	Percentage of Total 2010 Taxable Valuation[b]
Exxon Mobil Corporation	$ 2,699,284	1	0.99%
Centerpoint Energy, Inc.	2,397,515	2	0.88
Shell Oil Company	1,862,692	3	0.68
Chevron Chemical Company	1,294,400	4	0.47
National Oilwell Inc.	1,225,750	5	0.45
Hines Interest Ltd Partnership	1,065,135	6	0.39
Crescent Real Estate	1,028,245	7	0.38
Houston Refining	953,784	8	0.35
Hewlett Packard	915,543	9	0.34
Equistar Chemicals LP	888,184	10	0.33
AT&T Mobility LLC	871,762	11	0.32
Walmart	731,711	12	0.27
Lyondell Chemical Company	634,045	13	0.23
Cullen Allen Holdings LP	632,089	14	0.23
Amoco Chemical Company	550,690	15	0.20
Total	$17,750,829		6.51%

(a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.
(b) Based on the County's total taxable value as of February 28, 2011.

County-Wide Ad Valorem Tax Rates

In addition to the Authority's ad valorem taxes, the Commissioners Court levies taxes on property in the County on behalf of the County, the Harris County Flood Control District and the Harris County Hospital District. As with the Authority, the County Tax Assessor-Collector collects ad valorem taxes for the Harris County Flood Control District and the Harris County Hospital District using the same property values as the County, except that certain freeport goods, the State of Texas rolling stock of railroads and intangible properties of railroads and certain common carriers are taxable only by the County.

The following table shows the ad valorem tax rates per $100 of assessed value levied by the County for each of the tax years 2006 through 2010. The tax rates are based on assessment of taxable property at 100% of appraised value. (The tax year of the County is the calendar year, but its fiscal year begins March 1 and ends on the last day of February of the next year).

TABLE OF COUNTY-WIDE AD VALOREM TAX RATES

Purpose	Tax Years[a] 2006	2007	2008	2009	2010
County:					
Operating Fund	$0.34221	$0.33221	$0.33221	$0.33221	$0.33221
Public Improvement Contingency Fund	0.00000	0.00697	0.00594	0.00180	0.00180
Debt Service	0.03885	0.03200	0.03192	0.03642	0.03635
Total ($0.80 Limited Tax Rate)	0.38106	0.37118	0.37007	0.37043	0.37036
Road Bond Debt Service:					
(Unlimited Tax Rate)	0.02133	0.02121	0.01916	0.02181	0.01769
Toll Road Authority Tax Bond:					
Debt Service (Unlimited Tax Rate)[b]	--	--	--	--	--
Total County Tax Rate	$0.40239	$0.39239	$0.38923	0.39224	$0.38805
Harris County Flood Control District[c]	$0.03241	$0.03106	0.03086	0.02922	0.02923
Port of Houston Authority Debt Service[d]	0.01302	0.01437	0.01773	0.01636	0.02054
Harris County Hospital District[e]	0.19216	0.19216	$0.19216	0.19216	0.19216
Total County-Wide Ad Valorem Tax Rate	$0.63998	$0.62998	$0.62998	$0.62998	$0.62998

(a) The County expects to adopt its ad valorem tax rate for tax year 2011 in late October 2011.
(b) The County's policy and practice has been to provide for payment of debt service on the Toll Road Authority Tax Bond debt from toll revenues and certain other funds, and no taxes have to date been collected to provide for such debt service.
(c) The ad valorem tax rate that the Commissioners Court may levy on behalf of the Harris County Flood Control District is limited by law to a maximum of $0.30 per $100 of assessed value.
(d) The ad valorem tax rate that the Commissioners Court may levy on behalf of the Authority to pay the Authority's tax bonds is by law unlimited.
(e) The ad valorem tax rate that the Commissioners Court may levy on behalf of the Harris County Hospital District is limited by law to a maximum of $0.75 per $100 assessed value.
Source: Harris County Tax Assessor-Collector

AUTHORITY AD VALOREM TAX DEBT

Payment Record

The Authority has never defaulted in the payment of the principal of or the interest on any of its debt.

Ad Valorem Tax Debt Comparisons

The following table sets forth the Authority's ad valorem tax debt outstanding, as of the end of the fiscal years ended December 31, 2006, through December 31, 2010, as a percentage of taxable value and per capita.

TABLE 5 – AD VALOREM TAX DEBT COMPARISONS

Fiscal Year End	Authority's Debt Outstanding[a] (in thousands)	Authority's Taxable Value[b] (in thousands)	Authority's Debt Outstanding as a Percentage of Taxable Value	Estimated Population[c]	Authority's Tax Debt Outstanding Per Capita
2006	$378,849	$217,539,081	0.17	3,886,207	$ 97
2007	457,443	247,592,169	0.18	3,935,855	116
2008	563,015	268,597,998	0.21	3,984,349	141
2009	617,660	275,688,818	0.22	4,070,989	152
2010	763,619	264,257,985	0.29	4,092,459	187

(a) Includes bonds and commercial paper notes.
(b) Net of exemptions and abatements. Property is assessed at 100% of appraised value. *Source: Harris County Appraisal District*
(c) Source: U.S. Census Bureau.

Debt Service Schedule

The following table sets forth the annual debt service schedule on the Authority's outstanding ad valorem tax debt. **This schedule includes the Bonds and excludes the Refunded Bonds.**

TABLE 6 – DEBT SERVICE SCHEDULE

Fiscal Year Ending	Outstanding Debt Service	Less Debt Service on Refunded Bonds	Principal	Interest	Adjusted Total Outstanding Debt Service
12/31/2011	$53,555,949	-	-	-	$53,555,949
12/31/2012	52,459,529	$5,150,730	$2,505,000	$2,027,517	51,841,316
12/31/2013	52,462,561	5,128,455	2,400,000	2,115,438	51,849,544
12/31/2014	52,747,161	5,105,130	2,450,000	2,043,438	52,135,469
12/31/2015	52,754,261	5,090,480	2,535,000	1,945,438	52,144,219
12/31/2016	52,759,961	5,078,680	2,650,000	1,818,688	52,149,969
12/31/2017	54,945,136	5,064,180	2,770,000	1,686,188	54,337,144
12/31/2018	55,019,111	5,056,705	2,905,000	1,547,688	54,415,094
12/31/2019	55,732,161	5,050,430	3,045,000	1,402,438	55,129,169
12/31/2020	56,097,011	5,044,805	3,190,000	1,250,188	55,492,394
12/31/2021	56,077,174	5,057,055	3,360,000	1,090,688	55,470,806
12/31/2022	55,362,849	5,074,805	3,505,000	922,688	54,715,731
12/31/2023	49,912,974	5,093,355	3,700,000	747,438	49,267,056
12/31/2024	49,911,691	5,110,685	3,900,000	562,438	49,263,444
12/31/2025	49,910,454	5,126,285	4,105,000	367,438	49,256,606
12/31/2026	49,907,014	5,144,645	4,325,000	162,188	49,249,556
12/31/2027	49,910,044				49,910,044
12/31/2028	49,910,794				49,910,794
12/31/2029	49,912,581				49,912,581
12/31/2030	49,911,631				49,911,631
12/31/2031	49,910,188				49,910,188
12/31/2032	49,907,888				49,907,888
12/31/2033	49,908,025				49,908,025
12/31/2034	49,905,806				49,905,806
12/31/2035	49,910,275				49,910,275
12/31/2036	49,909,275				49,909,275
12/31/2037	49,910,113				49,910,113
12/31/2038	49,912,181				49,912,181
12/31/2039	34,608,000				34,608,000
	$1,483,141,798	$76,376,425	$47,345,000	$19,689,892	$1,473,800,266

Source: First Southwest Company

County-Wide Ad Valorem Tax Debt Service Requirements

The following table sets forth the debt service requirements on County-wide outstanding ad valorem tax debt, excluding commercial paper.

Fiscal Year (Ended Feb. 28/29)	County Limited Tax Bonds[(a)]	County Unlimited Tax Bonds[(b)]	Toll Road Unlimited Tax Bonds[(c)]	Flood Control District Limited Tax Bonds[(d)(e)]	Port of Houston Authority Unlimited Tax Bonds	Grand Total[(f)]
2012	$ 81,979,678	50,629,071	$85,172,767	$45,923,482	$53,555,949	$317,260,947
2013	78,601,774	61,804,546	84,906,610	45,485,288	51,841,316	322,639,534
2014	107,544,798	65,087,738	84,705,934	45,297,913	51,849,544	354,485,925
2015	116,327,340	68,681,538	82,855,667	43,692,425	52,135,469	363,692,438
2016	116,779,383	68,102,738	58,516,811	42,205,056	52,144,219	337,748,206
2017	123,999,758	67,101,163	42,799,013	41,005,619	52,149,969	327,055,520
2018	119,389,030	71,305,513	41,737,731	40,980,369	54,337,144	327,749,786
2019	113,607,970	72,200,513	41,187,050	55,302,869	54,415,094	336,713,495
2020	105,040,284	65,486,100	40,622,563	69,890,831	55,129,169	336,168,946
2021	101,651,890	68,271,200	40,049,775	68,359,031	55,492,394	333,824,290
2022	119,585,308	48,820,525	28,930,613	70,834,181	55,470,806	323,641,433
2023	79,990,835	87,751,525	28,689,022	68,587,569	54,715,731	319,734,682
2024	81,045,663	86,427,525	28,084,903	67,638,069	49,267,056	312,463,216
2025	112,589,055	74,976,525	27,462,059	35,757,819	49,263,444	300,048,902
2026	67,258,903	55,715,175	17,500,338	51,092,500	49,256,606	240,823,521
2027	64,392,118	53,561,425	16,886,138	50,429,750	49,249,556	234,518,986
2028	62,617,763	51,407,675	16,275,756	49,742,000	49,910,044	229,953,238
2029	54,285,213	49,373,925	15,659,194	48,465,000	49,910,794	217,694,125
2030	27,250,218	36,920,425	15,046,450	47,180,250	49,912,581	176,309,924
2031	27,053,073	32,703,175	14,432,394	45,902,000	49,911,631	170,002,273
2032	26,881,713	31,319,088	13,817,025	44,586,750	49,910,188	166,514,763
2033	21,909,885	-	13,205,213	17,020,500	49,907,888	102,043,485
2034	-	-	12,586,956	17,019,500	49,908,025	79,514,481
2035	-	-	-	17,019,750	49,905,806	66,925,556
2036	-	-	-	17,019,750	49,910,275	66,930,025
2037	-	-	-	17,023,000	49,909,275	66,932,275
2038	-	-	-	17,022,750	49,910,113	66,932,863
2039	-	-	-	17,022,500	49,912,181	66,934,681
2040	-	-	-	17,020,500	34,608,000	51,628,500
	$1,809,781,646	$1,267,647,105	$851,129,979	$1,214,527,020	$1,473,800,266	$6,616,886,015

(a) Includes certain Hotel Occupancy Tax supported debt service. Debt service on the County Tax and Subordinate Lien Revenue Refunding Bonds, Series 2004B is based on a rate of 4.41% until August 15, 2012 and an assumed rate of 3.34% thereafter. Includes the County's Public Improvement Refunding Bonds, Series 2011A, which are expected to close on or about October 6, 2011.

(b) Exclusive of commercial paper notes. Includes the County's Unlimited Tax Road Refunding Bonds, Series 2011A which is scheduled to close on or about September 29, 2011.

(c) The County's policy and practice has been to provide for payment of debt service on the Toll Road Tax Bonds from toll road revenues and certain other funds, and no tax has to date been collected to provide for such debt service.

(d) Includes the outstanding $24,155,000 Harris County Flood Control District Contract Tax Refunding Bonds, Series 2004A; the $94,185,000 Flood Control District Contract Tax Refunding Bonds, Series 2006A; the $134,190,000 Flood Control District Contract Tax Refunding Bonds, Series 2008A; the $153,245,000 Flood Control District Contract Tax Refunding Bonds, Series 2008C; and the $181,885,000 Harris County Flood Control District Contract Tax Refunding Bonds, Series 2010A; all of which are payable from contractual payments made by the County to the District secured by the County's limited tax pursuant to the Flood Control Projects Contract. Debt service on Flood Control District Contract Tax Refunding Bonds, Series 2008B is based on an assumed rate of 3.486%.

(e) Exclusive of commercial paper transactions.

(f) Discrepancies in totals due to rounding.

Authorized Debt of the Authority

The Authority has no authorized but unissued debt. The Authority may issue additional ad valorem tax obligations in the future if additional debt is authorized at an election of the authorized voters of the Authority.

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Estimated Authority and Overlapping Ad Valorem Tax Debt

In addition to the taxing entities mentioned above, approximately 27 cities, towns and villages, 26 independent school districts, four community college districts and approximately 329 utility districts are empowered to levy taxes on property within the County.

The following summary of estimated outstanding ad valorem tax debt of taxing entities in the County was compiled by the Authority's financial advisor from a variety of sources, including Texas Municipal Reports as compiled and published by the Municipal Advisory Council of Texas. The Authority believes such sources to be reliable, but the Authority takes no responsibility for the accuracy or completeness thereof. The table reflects debt outstanding as of various dates. Certain entities listed below may have issued substantial amounts of tax debt since the latest available data and may have capital improvement programs requiring the issuance of a substantial amount of additional tax debt.

	Long Term Debt Outstanding (dollar amounts in thousands)	
County-Wide Taxing Entities[a]:		
Harris County Flood Control District	$ 690,199	
Harris County[b]	1,922,617	
Port of Houston Authority[c]	758,774	$3,371,590
Cities:		
Houston[d]	$3,125,300	
Other cities[e]	519,434	$3,644,734
Independent School Districts, Junior College Districts and the Harris County Department of Education:[e]		$11,350,159
Utility Districts[e]:		$3,760,413
Total		$22,126,896

(a) As of August 31, 2011.

(b) Excludes all outstanding Toll Road Tax Bonds which are secured by a pledge of ad valorem taxes and a subordinate lien on toll road net revenues. No tax has ever been required to pay such bonds. See "-County-Wide Ad Valorem Tax Debt Service Requirements-Footnote (c). Includes the expected issuance of the Harris County Unlimited Tax Road Refunding Bonds, Series 2011A, scheduled to close on or about September 29, 2011 and the County's Public Improvement Refunding Bonds, Series 2011A scheduled to close on or about October 6, 2011.

(c) Includes the Bonds and excludes the Refunded Bonds.

(d) Includes ad valorem tax bonds of utility districts assumed by the City of Houston and certain contract tax bonds substantially equivalent to ad valorem tax bonds. Excludes commercial paper balances.

(e) Aggregate net debt as estimated by the Municipal Advisory Council of Texas as of various dates for other cities (not including the City of Houston) located within the County, 26 independent school districts and four community college districts and approximately 329 utility districts located within the County.

Source: Harris County Financial Services and Planning and Municipal Advisory Council of Texas

Revenue Debt of the Authority

In addition to the unlimited tax bonds of the Authority, the Authority may issue, from time to time, debt secured by certain revenues of the Authority other than taxes. Currently, the Authority has no outstanding revenue debt.

THE AUTHORITY

General

The Authority is a navigation district and independent political subdivision of the State of Texas, operating pursuant to Texas statute, including Chapter 117, Acts of the 55th Legislature, Regular Session, 1957, as amended, and Texas Water Code Chapters 60, 61 and 62, as amended. The Authority was originally constituted in 1911 as the Harris County Houston Ship Channel Navigation District to sponsor deepening and widening of the Houston Ship Channel, and began operating terminals along the Channel in 1922. The Authority by statute operates independently of other governmental entities, except that the Commissioners Court, upon request of the Authority, sets the Authority's tax rate, levies the Authority's tax and issues and authorizes the Authority's general obligation bonds. The County Auditor by statute serves as the Authority's auditor, and the County Treasurer serves as the Treasurer of the Authority. Responsibility for all other activities of the Authority is exercised by a Port Commission composed of seven commissioners. Two members of the Port Commission are appointed by the County Judge and Commissioners Court; two by the Mayor and City Council of the City of Houston, Texas; one by the Mayor and City Council of the City of Pasadena, Texas; and one by the Harris County Mayors & Councils Association. The Chairman of the Port Commission is jointly appointed by the governing bodies of the County and the City of Houston.

The Port of Houston has been a deep draft port since 1914. The Channel, the center of the Port complex, extends 52 miles inland and links the City of Houston with the Gulf of Mexico. The Port consists not only of the Authority's wharves, but also a large number of privately owned wharves, docks and other facilities. As of December 31, 2010, the Authority had 592 regular employees and had contracted for 184 full-time equivalent casual employees from longshoremen union halls.

Security

The Authority has enhanced its security infrastructure since September 11, 2001. Among its actions, it has increased the number of personnel with security duties, and entered certain information-sharing and security agreements with other governmental agencies. It has conducted a security assessment of its facilities, and prepared facility security plans subsequently approved by the United States Coast Guard, the agency primarily responsible for security on the Channel. The Authority built and presently operates a Port Communication Center, a Mobile Communications Center, and has otherwise increased and upgraded its communications equipment. Finally, the Authority has installed radiation portal monitors, currently operated by the United States Customs and Border Patrol, for container screening.

Additionally, the Authority has implemented identification credential procedures and installed gates and other access controls, security cameras, lighting, fencing, and other security equipment, and is currently preparing for the implementation and enforcement of the federal Transportation Worker Identification Credential (TWIC) program.

The Authority has been awarded nearly $60 million in federal security grants since 2003, including $20 million in 2011 for projects to be completed in the next few years.

In March 2008, the Authority received certification from the International Organization for Standardization ("ISO") of its Security Management System ("SMS") under ISO 28000:2007, for the Barbours Cut Terminal ("BCT") and the Bayport Container Terminal ("Bayport"). The ISO 28000:2007 certification indicates the recipient has met certain security management system requirements. The ISO is a network of the national standards institutes of 162 countries, and is the largest developer and publisher of international standards. The Authority's ISO 28000 certification was renewed in 2011.

The Houston Ship Channel Security District ("HSCSD"), comprised of the Authority, other local governmental entities, and private businesses within the Channel area, was organized in 2009. The HSCSD provides oversight of comprehensive and cost-effective security solutions for the channel area, leveraging more than $30 million in federal port security grants awarded to Harris County to install technology and security infrastructure, with operations, maintenance and matching dollars to fund specific projects, maintenance and operational services.

County and Legislative Review

Beginning in 2010, reports in local media raised concern about activities at the Authority, including an employee termination agreement, construction of the Bayport cruise ship facility, travel and other expenses of the Port Commissioners, conflicts of interest, use of Authority property for private purposes, conduct of Port Commission meetings, and security service and other procurement. In addition to internal review within the Authority, by letter dated May 16, 2011, James T. Edmonds as Chairman of the Port Commission of the Authority and Alec G. Dreyer as Chief Executive Officer of the Authority requested that the District Attorney for Harris County, Patricia R. Lykos, investigate claims that officials and staff of the Authority failed to comply with applicable law. The Authority has subsequently cooperated with the District Attorney, but as of the date hereof, is unaware if any action is being considered by the District Attorney.

In response to a request from County Commissioner Jack Morman dated May 12, 2011, Harris County Attorney Vince Ryan commenced a review of certain Authority matters. In an interim report dated June 17, 2011, the County Attorney identified four areas of the review: (1) preparation of agendas for, and conduct of, the Authority's meetings; (2) procedures for award of contracts; (3) the termination of the former Vice President of Public Affairs of the Authority; and (4) travel expenses of Port Commissioners and officers. The County Attorney's office issued a report addressed to Commissioner Morman dated September 8, 2011, including recommendations that the Port Commission:

- Adopt policies to assure compliance with the Texas Open Meetings Act which present a greater perception of transparency, including holding executive sessions towards the end of meetings;
- Enter into an interlocal agreement with Harris County for the Harris County Purchasing Agent to perform purchasing functions for the Authority and concurrently to develop legislation which would authorize the Authority to appoint an autonomous purchasing agent or to designate the Harris County Purchasing Agent as the Authority's purchasing agent;
- Adopt policies and support legislation to permit the Harris County Auditor to oversee accounting and budget functions of the Authority;
- Adopt policies and support legislation to require adoption of and adherence to an itemized budget;
- Adopt policies reflecting that the Authority is a government agency, including changes to employee salary structures, prohibition of severance pay, and a clear expression that all funds of the Authority are public funds; and
- Explore ways to reduce the cost of legal representation.

The Authority is reviewing these recommendations.

Following discussions in 2010 between the Chief Executive Officer and the Harris County Auditor, Ms. Barbara Schott, C.P.A., regarding enhancement of the internal audit review function within the Authority, in 2011 the County Auditor requested an opinion from the County Attorney concerning the Auditor's statutory responsibilities with respect to the Authority, and the County Attorney includes a review of the Auditor's statutory authority and responsibilities in the September 8, 2011 report to Commissioner Jack Morman. By letter dated June 21, 2011, the County Auditor had stated that subject to the County Attorney's review, she intended to engage a third-party firm to advise the Auditor's Office on structural and staffing needs to fulfill the office's duties with respect to the Authority, the County, and the Harris County Hospital District. The Auditor's intent, as stated in the June 21 letter, is to implement any recommendations and legal guidance received in order to fulfill her statutory duties to the Authority.

Effective June 17, 2011, House Bill 2770 enacted by the 82nd Texas Legislature, Regular Session, provides that prior to September 1, 2013, the Authority must undergo legislative sunset review in the same manner as a state agency to be abolished, except that the Authority may not be abolished. The review is to assess the Authority's governance, management, and operating structure, and the Authority's compliance with legislative requirements. The review is conducted by the Sunset Advisory Commission, which is a 12-member legislative body that reviews the policies and programs of most Texas government agencies on a 12-year cycle and reports to the Texas Legislature on operations and continuance. The Authority must pay the costs incurred by the Sunset Advisory Commission in performing this review, which is scheduled for the 2012-2013 biennium. On September 1, 2011, the Authority filed its 204-page self-evaluation report (the "SER") with the Sunset Advisory Commission, the first step of the sunset review process. In the SER, the Authority's responds to a series of standard questions and requests for specific information from the Sunset Advisory Commission, and provides a detailed description of Authority management and operations.

The Authority intends to carefully review and implement any appropriate recommendations made from the reports of the District Attorney, County Attorney, County Auditor, and Sunset Advisory Commission. None of the matters under review affect the validity of the Bonds, actions taken by its officers or employees with respect to the Bonds, or the security or payment therefor.

Business of the Authority

The Authority owns a diverse group of facilities designed for handling general cargo, containers, grain, other dry bulk materials, project and heavy-lift cargo and virtually any other kind of cargo. In addition, the Authority leases land to others, provides railroad rights-of-way for the Port Terminal Railway Association ("PTRA"), licenses pipeline crossings of its property, and owns and maintains areas for depositing dredged materials.

The Authority's operating revenues for fiscal year 2010 were nearly $187 million, an increase of 10% from operating revenues for 2009. Revenue tonnage totaled 31.3 million tons in 2010, increasing approximately 8.5% from 2009. This included a 6% increase in general cargo from 2009 to 2010.

Facilities owned by the Authority are either operated for hire on a first-come, first-served basis, or leased to private operators, and in some cases are subject to preferential or exclusive berthing arrangements. Other privately owned wharves-for-hire located at the Port compete directly with the Authority's general cargo wharves. The Authority neither regulates the tariffs charged by, nor derives any revenues from, any of the privately owned wharves, except for certain revenues from private wharves located in the Bayport Industrial District and served by the Bayport Channel and Bayport Turning Basin. See "– Physical Characteristics of the Port Facilities of the Authority – Table 7."

Port Facilities of the Authority

Turning Basin Terminal. The Authority owns general cargo wharves at the Turning Basin Terminal in the upper channel area. The terminal includes these open wharves and substantial dockside facilities, including rail, and enclosed transit sheds for short-term storage, subject to freight handling assignments. One wharf is specifically designed for handling heavy-lift cargoes. Various cargo storage areas within the upper level of the terminal adjoining the wharves are subject to leases.

Woodhouse Terminal. Woodhouse Terminal is located on a 100-acre tract a short distance downstream from the Turning Basin Terminal. The terminal includes over 230,000 square feet of shed space, three general cargo wharves with rail access, a roll-on/roll-off ("RO/RO") ramp, and a modern six million bushel capacity grain elevator and ancillary property, which is under a lease through May 2018 that provides the lessee certain preferential berthing rights. The Authority is exploring alternative business arrangements for the Woodhouse Terminal.

Bulk Materials Handling Plant. The Authority owns the Bulk Materials Handling Plant, a three–berth dry bulk terminal in the mid-channel area. Berth 1 has a high-capacity loading crane supplied by a conveyor belt system. Berth 2 is used for lay berth only, and the third functions as a barge dock. The entire terminal is leased through June 2017.

Jacintoport Terminal. The Authority owns the Jacintoport Terminal which is located in the mid-channel area. This approximately 125-acre site consists of three wharves, various warehouse facilities and buildings, rail access, and four high-capacity automated loader cranes. Also available are refrigerated, frozen, and dry cargo facilities used for both cargo handling and storage. Portions of the terminal are currently under a month-to-month lease, and another lease scheduled to expire in February 2020, including one that provides for certain preferential berthing rights.

Care Terminal. The Care Terminal is located near the Jacintoport Terminal, and consists of two wharves, a shed, a paved marshaling area, and rail access. Portions of the terminal are currently under lease through 2012, including one lease providing certain preferential berthing rights. The Authority intends to conduct a request for proposals for portions of this terminal property.

Barbours Cut Terminal. BCT provides special-purpose facilities for container ships. This terminal is located 25 miles downstream from the Turning Basin near the point where the Channel enters Galveston Bay and is three hours sailing time from the Gulf of Mexico. BCT's six berths provide 6,000 feet of continuous quay. Numerous wharf cranes for handling of containers can traverse the wharves to serve ships simultaneously or singly, as required. Container yard cranes are in use in the Authority's marshalling areas behind container berths to transfer containers to and from land carriers. This facility also includes paved marshalling areas and warehouse space. The container freight station, a railroad ramp point and a RO/RO platform can handle the loading and unloading of ships carrying cargo on wheeled vehicles. This platform can serve ships using Container Terminal 1, RO/RO cargoes and transit shed cargoes. Container Terminal 6 and a portion of Container Terminal 5 at BCT are currently under a lease scheduled to expire April 2027 that affords the lessee certain preferential berthing rights. The Authority has also entered into Marine Terminal Service Agreements with several shipping lines, including one scheduled to expire December 2018 that provides certain preferential berthing rights. In June 2011, a warehouse located at the terminal was substantially damaged by fire; this was an insured loss and is not expected to have a material effect on the operations of the terminal. The Authority has begun a comprehensive project to redevelop the terminal to the highest possible operational standards.

Bayport Container Terminal. Bayport also provides special-purpose facilities for container ships. This terminal became operational in January 2007 and is located approximately 5 miles south of BCT. Currently, Bayport includes 3,330 feet of wharf, 165 acres of container yard, Administration, Maintenance & Repair, Marine Emergency, and Stevedore Support buildings, 9 wharf cranes, and 27 rubber tired gantry cranes (RTGs). Wharf cranes for handling of containers traverse the wharves to serve ships simultaneously or singly, as required, and RTGs are in use in the Authority's marshalling areas behind container berths. Work continues on additional expansion of the facility, which when completed is expected to have seven container berths. Taken together, the existing completed development of Bayport allows for the annual handling of almost 1,000,000 TEUs (Twenty-Foot Equivalent Units, a measure of container volume). The Authority also continues to seek cruise lines and/or alternative uses for its Bayport cruise ship terminal facility. See "-Authority's Capital Improvement Program - Bayport."

Liquid Cargo Facilities. The Authority owns wharves used for bulk liquid cargo, one of which is located in the San Jacinto Bay area. Other wharves may serve both ships and barges and are located in the Turning Basin Terminal area. Preferential, but not exclusive, berthing rights have been granted at a barge facility and two other facilities.

Other Facilities of the Authority

In addition to its wharves, the Authority owns numerous miles of railroad track and rights-of-way and has ample storage yard capacity for railroad cars near all its facilities. These yards are located on property made available to the PTRA, an association of line railroads serving Houston and the Authority. The Authority also owns the East Industrial Park ("EIP"), a 315-acre industrial park adjacent to the Turning Basin Terminal. EIP includes undeveloped channel frontage, and adjoins the terminal's heavy-lift cargo wharf described above. Much of this property is leased or rented to various private industries that independently maintain and operate these facilities.

The Authority also owns a four-story office building located in the Turning Basin Terminal which houses the Authority's executive offices and much of the Authority's administrative staff.

Authority's Capital Improvement Program

General. The Authority is committed to developing, expanding and renewing port facilities and making appropriate infrastructure investments that contribute to the economic health of the region and generate and sustain jobs. There are significant opportunities ahead. Most notably, the Panama Canal's current expansion project is expected to double the Canal's capacity in 2014 by accommodating larger vessels. If Panama Canal traffic increases as anticipated, the Houston region should benefit from increased cargo traffic via the Panama Canal This growth is anticipated because of the more efficient link between the Gulf of Mexico and the growing markets across multiple commodities and industries in the Pacific Rim (primarily East Asia), the west coast countries of South America, and the southern ports of Central America.

One of the anticipated increases in cargo resulting from the expansion of the Panama Canal will likely be containerized cargo. The Authority is building new facilities, primarily at the Bayport Container Terminal, to accommodate this demand. Beyond the Panama Canal, shipping lines are currently working with the Authority and bringing in larger container vessels to the Port of Houston. In 2011, Authority terminals have received ships with the capabilities to carry over 8,000 TEUs. These "super post panamax" vessels require significant infrastructure, both on the terminal as well as in the channel. With these larger ships and increased cargo volumes, the Authority is expanding and diversifying its efforts to obtain adequate funding both for terminal construction and improvement, and for the maintenance and operation of the Houston Ship Channel.

In 2010, the Authority invested a total of $158.3 million in capital improvements, developing, expanding and renewing various facilities. Approximately $104.1 million of these improvements were funded with proceeds from commercial paper and ad valorem tax bonds issued in 2010, with the balance paid from the Authority's general fund.'

The largest containerized cargo ships expected through the Panama Canal may be as large as 12,000 TEUs.

The Authority expects to seek additional financing in order to further develop the facilities necessary to drive and support the region's economic growth and employment opportunities particularly for accommodation of these larger vessels as the port of first call. For example, the cost to dredge the Bayport channel to accommodate larger vessels after the Panama Canal expansion is approximately $150 million. Under normal circumstances, this would be borne by federal appropriations to the U.S. Army Corps of Engineers ("USACE"); however, their timeline would likely not meet the Panama Canal's 2014 target completion date. The Authority is exploring various alternatives by which to grow the Port of Houston, meet the capital needs of both the Port of Houston and the Authority, and not unduly burden the citizens of Harris County.

Projected Capital Spending Plan
(in thousands)

	2011	**2012**	**2013**
Container Terminals	$ 57,464	$ 141,559	$ 97,752
Turning Basin Terminals	3,941	19,538	6,710
Houston Ship Channel	4,450	9,620	159,020
Marine (includes fireboats)	15,695	1,931	-
Security	7,955	12,126	6,333
Other	11,053	30,794	21,955
Total New Capital Investment	$ 100,559	$ 215,568	$ 291,770

Houston Ship Channel. The initial construction phase of the latest Channel deepening and widening project was completed and a channel opening celebration was held in August 2005, sponsored by the Authority and the USACE. The Channel was deepened from 40 feet to 45 feet, and widened from 400 feet to 530 feet.

The continuing cost of the project over its 50-year life is expected to be $705.2 million, exclusive of operations and maintenance, to be shared by the federal government, the Authority and other nonfederal interests. Federal funding for the project must be approved through individual appropriation bills each fiscal year. Congress has to date appropriated approximately $168.7 million from fiscal years 2005 through 2009. Specifically, $22 million for fiscal year 2005, $26 million for fiscal year 2006, $43 million for fiscal year 2007, $15.7 million for fiscal year 2008, and $62 million for fiscal year 2009. The American Recovery and Reinvestment Act passed in 2009 provided funding for these purposes in addition to a regular appropriation. No additional funding was appropriated in 2010 or to date in 2011. As of June 30, 2011, the Authority has spent $123.7 million toward its share of the overall project.

As part of the Houston Ship Channel project, the Authority will create 4,250 acres of marsh in Galveston Bay, a bird island and boater destination. This beneficial use project using dredged material is the largest of its kind and has been conducted with cooperation and support from local resource agencies.

The Houston Ship Channel project requires annual maintenance dredging using federal funds. To provide for the capacity needs for such dredging, and other additional capacity needs in the Channel, the Authority has designed deferred construction elements to be included in future fiscal year construction programs. These projects will be cost shared. The Authority also continues working closely with the Beneficial Use Group comprised of the Authority, the USACE and six local resource agencies to plan two more marsh/habitat sites at Atkinson Island and Bolivar Marsh.

Bayport. Bayport is a new container and cruise complex to accommodate the expanding needs of existing and new customers. The facility is located on an industrial complex in southeast Harris County. Bayport is linked by the Bayport channel to the Houston Ship Channel. Bayport's proximity to BCT benefits the customers at Bayport due to competitive rail and trucking charges and affordable ancillary services.

At completion, the Bayport container facility will include 7,000 feet of berth, 378 acres of container yard, additional acres for buildings, equipment, cranes and an intermodal rail yard. At capacity, the facility is expected to be able to move 2.3 million TEUs. While the primary purpose of Bayport is to provide a container terminal to keep pace with the expanding growth in container traffic, the plan also includes a cruise terminal. The Authority is in the process of seeking cruise lines to call on the facility and is also exploring various alternative uses of the cruise terminal and the adjacent property.

The Entry/Exit Gate project is under construction at Bayport will include a new 36-acre entry facility south of Port Road and the conversion of the existing gate facility to an exit facility. These dedicated gate facilities, along with widening of Port Road (also on-going), will minimize the mixing of truck traffic with automobile traffic, and are expected to provide a safer traffic environment. Two additional stevedore support buildings are also under construction.

Planning of the next section of Bayport is underway and includes the design of Wharves 2 and 6 that would add 1,660 feet of wharf and the design of 50 acres of container yard 6. Six additional wharf cranes and 18 RTGs are planned to support the new wharves and container yard.

Subsequent development at Bayport is currently planned to include two additional 1,000 feet wharves and the remainder of the container yards, 6 more wharf cranes, 18 more RTGs, an intermodal rail yard, and one or more container freight stations. These projects will be further developed as market demand and opportunities arise.

The entire project, to be completed over an estimated 15 to 20 year period according to market demand, is currently estimated to cost approximately $1.8 billion. See "REGULATION AND LITIGATION – Environmental Regulation" and "– Community Relations."

Hurricane Ike

Following Hurricane Ike in September 2008, the Authority and the USACE prepared damage assessments to sites for inclusion into the USACE application for Supplemental Appropriations funding. Approximately $44 million in damages occurred to various disposal and marsh areas. The contracts to repair erosion protection on many of the placement areas and remove shoaled dredge material were awarded in 2009 and should be completed by 2012.

There was minimal adverse impact to the Authority's operations as a result of Hurricane Ike. To date, the Authority has received payments totaling $7.4 million from its insurance carrier for property damage claims and $6.1 million in Federal Emergency Management Agency ("FEMA") grant funding. The Authority expects to receive additional FEMA grants of $7-$9 million for other Ike-related damage.

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Physical Characteristics of the Port Facilities of the Authority

Below in Table 7 are the physical characteristics of the Port Facilities of the Authority along with information regarding equipment at certain sites. Such information is updated as of the Authority's most recent financial statements through December 31, 2010, included in the Statistical Section (unaudited).

TABLE 7 - PHYSICAL CHARACTERISTICS OF THE PORT FACILITIES OF THE AUTHORITY

	Berth Lengths (Feet)	Water Depth Below Mean Tide (Feet)	Paved Marshalling Area (Acres)	Covered Storage (Sq. Ft.)
Turning Basin Terminal[b]				
36 general cargo wharves	376-600	27-37[a]	36.0	1,150,000
5 liquid bulk wharves	226-570	33-36[a]	N/A	N/A
Wharf – 32 Project Cargo	800	37[a]	20.2	N/A
Woodhouse Terminal [c]				
Wharf 1	660	39[a]	2.2	N/A
Wharves 2 and 3	1,250	35	N/A	231,750
Grain Dock	600	42	N/A	N/A
Dry Bulk Cargo Facility				
Wharf	800	42	N/A	N/A
Lay Berth	400	42	N/A	N/A
Jacintoport Terminal				
Wharves 1 — 3	1,830	40	7.5	82,500
Care Terminal				
Wharf 1	500	36	9.6	45,000
Wharf 2	618	38	4.0	N/A
Sims Bayou Liquid Bulk Facility				
Barge Berth	320	40	N/A	N/A
San Jacinto Barge Terminal				
Berths	200-700	16	N/A	N/A
Barbours Cut Terminal[d]				
LASH Berth	810	36	N/A	N/A
Container Berths 1 — 6	6,000	40	230	255,000
Passenger Berth	900	36	30	
Bayport Container Terminal[e]			60	
Container Berths 4 and 5	3,300	40	160	

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[a] The maximum depth of the Channel in this area.

[b] Onsite equipment consists of two 40 long ton capacity container cranes which serve nine berths on a rental basis. In addition, privately-owned mobile cranes and additional cargo handling equipment are available for hire on an hourly basis.

[c] Woodhouse Terminal is the location of Houston Public Grain Elevator No. 2, a 6,000,000-bushel capacity grain elevator having an average loading capacity of 80,000 bushels per hour.

[d] On site equipment consists of six 40-ton and five 50-ton container cranes, forty-one 40-ton container yard cranes, four 30,000 pound lifters for handling empty containers, three 40 long ton container handling machines, 33 heavy-duty tractors, and 125 heavy-duty yard chassis are available for rent from the Authority.

[e] On site equipment consists of six 50-ton container cranes, eighteen 40-ton yard cranes, six heavy duty terminal tractors and 22 yard chassis.

Source: Port of Houston Authority

Annual Cargo Amounts

The following table shows the amount of cargo handled by the entire Port of Houston for each of the years 2001-2009. The entire Port of Houston (which includes facilities not owned by the Authority) ranks first in foreign tonnage and second in total tonnage as compared to other United States ports.

TABLE 8 – ANNUAL CARGO AMOUNTS
(in thousands)

Year	Short Tons
2009	211,341
2008	212,208
2007	216,064
2006	222,147
2005	211,666
2004	202,047
2003	190,923
2002	177,561
2001	185,050

Source: U.S. Army Corps of Engineers/U.S. Department of Commerce

INVESTMENTS

The Authority invests its funds, subject to investment, in such investments as are authorized by State law, and in accordance with written investment policies approved by the Port Commission of the Authority, a copy of which is available upon request. Both State law and the Authority's investment policies are subject to change.

The Senior Director of Finance of the Authority serves as Investment Officer responsible for investment of all funds of the Authority. In accordance with an interlocal agreement dated December 19, 2006 between the Authority and the County, the Financial Services and Planning office of the County provides investment services as may be requested by the Authority. The Authority and the County have separate investment portfolios that are not commingled into a single pool of investments. First Southwest Asset Management, Inc. has also been engaged to provide investment advisory services to the Authority, which may include advice on the Authority's written investment policies and investment of bond proceeds associated with these Bonds.

Investment Strategy and Policy

Pursuant to Chapter 2256 of the Texas Government Code, as amended (the "Public Funds Investment Act"), the Authority is required to invest its funds under a written investment strategy and policy that primarily emphasizes safety of principal and liquidity and that addresses investment diversification, yield, maturity, and the quality and capability of investment management. All Authority funds must be invested in investments that are consistent with the operating requirements of the Authority.

In practice, the Authority's investments are limited to obligations of the United States or its agencies and instrumentalities, collateralized mortgage obligations, certificates of deposit, fully collateralized repurchase agreements, bankers' acceptances, commercial paper, municipal obligations rated "A" or higher, local government investment pools and other money market mutual funds. Under State law, Authority investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

Under the Public Funds Investment Act, the Authority is authorized to invest in (1) obligations of the United States or its agencies or instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage bonds directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, (6) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for Authority deposits, (7) (a) certificates of deposit and share certificates issued by a depository institution or broker (approved and appointed by the entity consistent with the Texas Public Funds Investment Act) that has its main office or a branch office in the State of Texas, that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (6) above or in any other manner and amount provided by law for County deposits, and (b) certificates of deposit or share certificates issued by a depository institution that has its main office or a branch office in the State of Texas that participates in the Certificate of Account Registry Service, (8) fully collateralized repurchase agreements that have a defined securities dealer or a financial institution doing business in the State of Texas, (9) bankers' acceptance with a remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that has a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invests exclusively in bonds described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent, (13) obligations issued, assumed, or guaranteed by the State of Israel, and (14) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1) above in an amount at least equal to the amount of the bond proceeds invested under such contract.

Current Investment Distribution

At August 31, 2011, the market value of the Authority's investment portfolio was $387.1 million. The following percentages of the Authority's funds subject to investment were invested in the following categories of investments. The average remaining maturity of such investments was 55 days based on par value. A large portion of the Authority's investments in U.S. Government Agencies securities and municipal bonds are callable.

Table 9 – Current Investment Distribution[a]

Money Market Mutual Funds (including Local Government Investment Pools)	65%
U.S. Government Agencies Securities	29%
Municipal Bonds	3%
Commercial Paper	3%
TOTAL	100%

[a] Unaudited information as reported by the Authority as of August 31, 2011.

REGULATION AND LITIGATION

Environmental Regulation

The construction of Bayport is subject to a USACE permit originally issued in January 2004, following community input sought by the Authority over the preceding six years. The permit includes a number of requirements resulting from the Authority's dredge and fill and other activities associated with Bayport construction. The Authority has also taken various measures beyond these requirements. In particular, the Authority created wetlands near Armand Bayou equal to three times the area of those affected in conjunction with construction. Additionally, the Authority bought 950 acres of wetlands, prairie, and wooded habitat, and subjected the areas to conservation easements. The Authority agreed to create "beneficial use" sites in Galveston Bay, using dredged materials. As construction progresses at Bayport, the Authority carries out detailed archeological investigations. The Authority also agreed to air emission and dust control requirements, turbidity controls, and sound reduction measures, in connection with certain construction activities. Finally, the Authority agreed to construct an earthen berm along portions of the southern perimeter of Bayport. In December, 2009, the USACE permit was renewed for a term extending through December 31, 2019.

The Authority has undertaken a number of other environmental-related initiatives. The Authority was selected by the United States Environmental Protection Agency ("EPA") to participate in a local government Environmental Management System ("EMS") Initiative, implementing management processes and procedures to allow it to better analyze, control, and reduce the environmental impact of its activities, products and services and operate with greater efficiency and control. Expected benefits include improved overall environmental performance, expanded pollution prevention opportunities and improved compliance. The EPA and Texas Commission on Environmental Quality have recognized the Authority as the first port in the United States to achieve compliance with the ISO 14001 standards for its EMS for the Turning Basin Terminal, BCT and Central Maintenance facility. The Authority has now expanded its EMS program to cover Bayport. Additionally, the Authority continues participation in the EPA's National Environmental Performance Track program.

The Authority continues to work towards improving air quality in the Houston-Galveston Area with air emission reductions of NOx and VOC through its operations of off-road and on-road fleets.

Community Relations

In November 2007, the Authority entered into a Memorandum of Settlement Agreement with the City of Seabrook, Texas ("Seabrook"), in conjunction with the Authority's acquisition of certain Bayport property by eminent domain. The Authority and Seabrook agreed to investigate and mitigate sedimentation of Pine Gully in Seabrook. The parties also agreed on a rail sound barrier and a schedule for the Authority's construction of the berm adjoining Seabrook, which will be incorporated into Seabrook's network of hike and bike trails. The Authority agreed to measures with respect to lighting, sound container storage and rail operations. Certain Bayport property, comprising the southernmost portion of the future terminal development area, was disannexed from Seabrook and brought within a new industrial district pursuant to an Industrial District Agreement with the city. In April 2008, following the dismissal of the Seabrook lawsuits, the Authority transferred approximately 41 acres of property to Seabrook for public park purposes. In October 2009, additional after-acquired property was brought within the industrial district.

In September 2009, the Authority entered into an Industrial District Agreement with the City of Pasadena, Texas ("Pasadena"). Certain Bayport property, comprising the majority of the Bayport Container Terminal, was disannexed from Pasadena and brought within a new industrial district. The Authority made a payment of $5,500,000 to Pasadena in connection therewith.

The Authority's Bayport Mitigation Solution program, announced in March 2010, has provided mitigation measures to residents along the north shore of the Bayport channel. The program offered 411 residential property owners who live in an area defined by the results of an independent study the opportunity to apply for mitigation payments of $40,000 for improved tax parcels, and $5,000 for vacant tax parcels. As of April 30, 2011, a total of 278 applications were received from eligible property owners interested in participating in the program (78% of all owners in the program boundary area) and mitigation payments of over $9.5 million had been made to 270 participants.

Area Topography and Land Subsidence

The land surface in certain areas of Harris County has subsided several feet since 1943 and the subsidence is continuing. The principal causes of subsidence are considered to be the withdrawal of groundwater and, to a lesser extent, oil and gas production. Subsidence may impair development in certain areas and expose such areas to flooding and more severe property damage in the event of storms and hurricanes, and thus may affect assessed valuations in those areas. In 1975 the Texas Legislature created the Harris-Galveston Coastal Subsidence District (HGCSD) to provide regulatory control over the withdrawal of groundwater in Harris and Galveston Counties in an effort to limit subsidence. Since HGCSD's creation, the withdrawal of groundwater and the rate of subsidence have been reduced. The Authority completes annual water usage reporting to the HGCSD and annual permitting.

Pending Litigation and Claims

The following matters are considered by the Authority to be material for purposes of this Official Statement. Uncertainties are inherent in the final outcome of these matters, and it is presently impossible to determine their resolutions and the costs that may ultimately be incurred in connection with such resolutions. In addition to the matters specifically listed, the Authority is involved in other litigation and claims. While uncertainties are also inherent in the final outcome of such other matters and it is presently impossible to determine the costs in connection with them that may ultimately be incurred or their effect on the Authority, management believes that the resolution of such uncertainties and the incurrence of such costs, regarding such other matters, should not result in a material adverse effect on the Authority's financial position, results of operations or liquidity.

The Authority is the defendant in a breach of contract action brought by Zachry Construction Corporation ("Zachry") in November 2006. The lawsuit arises out of a contract which the Authority entered into with Zachry in June 2004, for the construction of the initial 1,660 feet of wharf at the Bayport Terminal. A change order later added an additional 332 feet of dock. Zachry originally intended to construct the dock "in the dry" behind an earthen cofferdam, which was to be made rigid and water impermeable through soil freezing technology.

In general, Zachry sought to fault the Authority for Zachry's decision to abandon the plan to freeze wall the cofferdam and complete the work "in the wet." Zachry also claimed that the Authority wrongfully withheld $2,600,000 in liquidated damages. The Authority disputed all of Zachry's contentions.

The case proceeded to a jury trial on October 20, 2009 and ended with an adverse jury verdict returned on January 21, 2010 after 35 days of evidence. On April 28, 2010, judgment was entered by the trial court in favor of Zachry on its claims totaling $19,993,000, with prejudgment interest totaling $3,451,000. The trial court denied the Authority's motion for judgment *non obstante veredicto*, and a motion for new trial.

The Authority and Zachry cross-appealed the lower court's judgment. The Authority filed its Appellant brief on April 20, 2011, and Zachry filed its Appellee/Cross Appellant brief on July 18, 2011. The balance of the parties' briefing of this matter is expected to conclude in September 2011, with oral argument in October, 2011, and a ruling by the appeals court thereafter.

Approximately 70 residents of the La Porte and Shoreacres community have sued the Authority in two related *Aaron et al. v Port of Houston Authority* lawsuits. Both have been brought as class action lawsuits.

In the action in the Harris County Civil Courts at Law, plaintiffs claim the Authority has committed an unconstitutional taking of plaintiffs' property and an intentional nuisance in connection with its operation of the Bayport Terminal, because the Authority's operations at the terminal have allegedly reached a level such that the associated noise, light, and pollution substantially interferes with the use, enjoyment, and benefits of the surrounding residential property. The parties have by agreement continued the trial in this matter originally set for October 24, 2011.

In the related District Court matter, plaintiffs claim the Authority committed negligence and negligence per se pursuant to the Texas Tort Claims Act in connection with its operation of the Bayport Terminal. Plaintiffs claim that the loading and unloading of containers and other activities create unreasonably loud noise in the surrounding communities. Furthermore, Plaintiffs claim the Authority's conduct constitutes a violation of the City of La Porte's noise pollution ordinance. Trial in the District Court lawsuit is set for February 27, 2012.

Discovery has not begun in either lawsuit.

BONDHOLDERS REMEDIES

The Order does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the County or the Authority to perform in accordance with the terms of the Order or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Order. Furthermore, the Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the County or the Authority to observe any covenant under the Order. A registered owner of Bonds could seek a judgment against the County and/or the Authority if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the County or the Authority and a suit for monetary damages would be subject to a jurisdictional challenge because of governmental immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Commissioners Court to levy, assess and collect an annual ad valorem tax for the Authority sufficient to pay principal of and interest on the Bonds as it becomes due or to compel the County or the Authority to perform other material terms and covenants contained in the Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The Authority is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

TAX MATTERS

In the opinion of Special Tax Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"); however, interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Authority has covenanted in the Order that it will comply with these requirements.

Special Tax Counsel's opinion will assume continuing compliance with the covenants of the Order pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the Authority, the Authority's Financial

Advisor and the Underwriter with respect to matters solely within the knowledge of the Authority, the Authority's Financial Advisor and the Underwriter, respectively, which Special Tax Counsel has not independently verified. If the Authority should fail to comply with the covenants in the Authority Order or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Special Tax Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Special Tax Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Special Tax Counsel's knowledge of facts as of the date hereof. Special Tax Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Tax Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Special Tax Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Special Tax Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such

Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the Authority nor Special Tax Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

Tax Accounting Treatment of Original Issue Premium Bonds

The issue price of certain of the Bonds exceeds the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Recent Proposed Legislation

On September 12, 2011, President Obama announced proposed legislation entitled the American Jobs Act of 2011 (the "Proposed Act"). The Proposed Act includes a provision that, if enacted as proposed, would limit the value of certain exclusions, expenditures and deductions, including the exclusion for tax-exempt interest, available to certain high income taxpayers, beginning in tax year 2013. The Authority cannot predict the effect of the Proposed Act, or any other existing or future legislative proposals, whether or not ultimately enacted.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments; are investment securities governed by Chapter 8, Texas Business and Commerce Code; and are legal and authorized investments for insurance companies, fiduciaries, and Paying Agent/Registrars, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in the State which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended), the Bonds may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

The Authority has made no investigation of any other laws, rules, regulations, or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

LEGAL MATTERS

The delivery of the Bonds is subject to the approving opinion of the Attorney General of Texas and the legal opinion of Haynes and Boone, LLP, Houston, Texas, Bond Counsel, as to the validity of the Bonds under the Constitution and laws of the State of Texas, and Allen Boone Humphries Robinson LLP, Special Tax Counsel, as to excludability of interest on the Bonds from the gross income of the owners thereof for federal tax purposes. The form of opinion of Bond Counsel is set forth in Appendix C, and the form of opinion of Special Tax Counsel is set forth in Appendix D. The opinions of Bond Counsel and Special Tax Counsel will be based upon an examination of transcripts of certain proceedings taken by the Authority incident to the issuance and delivery of the Bonds. Certain additional matters will be passed upon for the Authority by Fulbright & Jaworski L.L.P., Special Disclosure Counsel. The fees of Bond Counsel, Special Tax Counsel, and Special Disclosure Counsel for their services with respect to the Bonds are contingent upon the issuance and delivery of the Bonds.

Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth LLP, Houston, Texas.

CONTINUING DISCLOSURE OF INFORMATION

In the Authority Order, the Authority made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe this agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the Authority Order, the Authority will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The Authority annually will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data of the general type included in this Official Statement in APPENDIX A and under schedules listed in APPENDIX E. The Authority will update and provide this information within six months after the end of each fiscal year.

The Authority may provide updated information in full text, or may incorporate by reference other publicly available documents, or in such other form consistent with the agreement, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements if the Authority commissions an audit and the audit is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide audited financial statements when and if they become available, but if such audited financial statements are unavailable, the Authority will provide such financial statements on an unaudited basis and any additional financial information required within this Official Statement within the required time. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A or such other accounting principles as the Authority may be required to employ from time to time pursuant to State law or regulation.

The Authority's current fiscal year-end is the last day of December. Accordingly, the Authority must provide updated information by June 30 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

Certain Event Notices

The Authority will provide to the MSRB timely notice, not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bonds calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds, if material; (11) rating changes, (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional trustee or the change in the name of the trustee, if material. In addition, the Authority will provide timely notice of any failure by the Authority to provide information, data or financial statements in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION — Annual Reports."

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

Availability of Information

The Authority has agreed to provide the foregoing information only to the MSRB. Such information will be available from the MSRB via the EMMA system at www.emma.msrb.org.

Limitations and Amendments

The Authority has agreed to update information and to provide notices of certain events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been provided except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement. Nothing in this paragraph is intended or shall act to disclaim, waive or limit the Authority's duties under federal or state securities laws.

The Authority may amend a continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any qualified person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The Authority may also amend or repeal an agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, and the Authority may amend an agreement in its discretion in any other circumstance or manner, but in either case only to the extent that its right to do so would not prevent an underwriter from the Authority from purchasing such Bonds in the offering described herein in compliance with the Rule. If the Authority amends an agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided. See "APPENDIX E—Summary of Tables Related to Continuing Disclosure of Information."

Compliance with Prior Undertakings

In the past five years, the Authority has complied in all material respects with all continuing disclosure obligations made by it in accordance with the Rule, except as described in this paragraph. The annual financial information and operating data of the Authority which was due by June 30, 2010, was not provided by such date. Such information was filed on July 8, 2010. The delayed filing was an oversight due to staff turnover at the Authority. The Authority has consulted with its Financial Advisor, Bond Counsel and Disclosure Counsel for advice relating to continuing disclosure compliance matters in an effort to develop and institute recommended practices and procedures to help ensure that required filings are made in a timely manner in the future.

FINANCIAL STATEMENTS

APPENDIX A to this Official Statement contains the audited financial statements of the Authority for the fiscal year ended December 31, 2010. The financial statements of the Authority as of and for the year ended December 31, 2010, included in this Official Statement have been audited by Grant Thornton LLP, independent auditors, as stated in their report appearing herein. See APPENDIX A, Note 5, for a discussion of the Authority's restatement of its audited financial statements for fiscal year end December 31, 2009 due to a reclassification of the accounting treatment of costs related to its legal defense of a construction contract.

REGISTRATION, SALE, AND DISTRIBUTION

The Bonds have not been registered under the federal Securities Act of 1933, as amended (in reliance upon an exemption therefrom), or the blue sky laws of any jurisdiction. The Order has not been qualified under the federal Trust Indenture Act of 1939, as amended (in reliance upon an exemption therefrom).

UNDERWRITING

The Bonds are being purchased pursuant to a purchase contract (the "Purchase Contract") between the Authority and Barclays Capital Inc., as representative (the "Representative") of the several underwriters named on the cover page (collectively, the "Underwriters").

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds at a price of $52,560,145.17, which is the principal amount of the Bonds plus a net premium of $5,446,151.40 and less the Underwriters' discount of $231,006.23.

The Purchase Contract provides that the Underwriters will purchase all of the Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices, or yields higher than the yields, stated on the inside cover page. The offering prices and yields may be changed from time to time by the Underwriters.

RATINGS

The rating agencies of Fitch Ratings Services ("Fitch") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") have assigned their municipal bond ratings of "AAA" and "AAA," respectively, to the Bonds as the Authority's underlying long-term ratings.

Ratings reflect only the views of the rating companies at the time each rating is assigned, and an explanation of the significance of such ratings may be obtained from such rating agencies. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by one or more of the rating companies, if in the sole judgment of such rating company, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The Authority will undertake no responsibility to notify Bondholders of any such revision or withdrawal of ratings; however, the Authority must comply with the continuing disclosure requirements related to rating changes. See "CONTINUING DISCLOSURE OF INFORMATION—Certain Event Notices."

Due to the ongoing uncertainty regarding the economy of the United States of America including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default, other financial crisis or budgetary reductions should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds.

FINANCIAL ADVISOR

In connection with the issuance of the Bonds, First Southwest Company (the "Financial Advisor") has assisted the Authority in the preparation of Bond-related documents. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. An affiliate of the Financial Advisor, First Southwest Asset Management, Inc. ("FSAM"), has been engaged to provide investment advisory services to the Authority, which may include the investment of bond proceeds associated with these Bonds. All fees and other remuneration received by FSAM for the provision of investment advisory services to the Authority are separate and distinct from the fees associated with this Bond issue and are not contingent upon the sale and issuance of the Bonds.

Although the Financial Advisor has read and participated in the preparation of this Official Statement, it has not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the Authority's records and from other sources that are believed to be reliable, including financial records of the Authority, reports of consultants and other entities that may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Financial Advisor as an implicit or explicit expression of opinion as to the completeness and accuracy of the information contained in this Official Statement.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical are forward-looking statements, including statements regarding expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date thereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the actual results of the Authority could differ materially from those in such forward-looking statements.

The forward-looking statements in this Official Statement are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MISCELLANEOUS

All information contained in this Official Statement is subject in all respects to the complete information contained in the original sources thereof. No opinions, estimates or assumptions, whether or not expressly identified as such, should be considered statements of fact. Statements made herein regarding the Bonds are qualified in their entirety by reference to the forms thereof included in the Order and the information with respect thereto included in the Order.

Distribution of this Official Statement was approved by the Port Commission.

*   *   *

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SCHEDULE I

DESCRIPTION OF REFUNDED BONDS

Issue	Maturity Date (October 1)	Outstanding Principal Amount	Interest Rate	Call Date
Unlimited Tax Port Improvement Bonds, Series 2001B (AMT)				
	2012	$ 2,405,000	5.50%	10/21/2011
	2013	2,515,000	5.50%	10/21/2011
	2014	2,630,000	5.50%	10/21/2011
	2015	2,760,000	5.50%	10/21/2011
	2016	2,900,000	5.50%	10/21/2011
	2017	3,045,000	5.50%	10/21/2011
	2018	3,205,000	5.50%	10/21/2011
	2019	3,375,000	5.50%	10/21/2011
	2020	3,555,000	5.00%	10/21/2011
	2021	3,745,000	5.00%	10/21/2011
	***	***	***	***
	2026	22,055,000	5.10%	10/21/2011

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY

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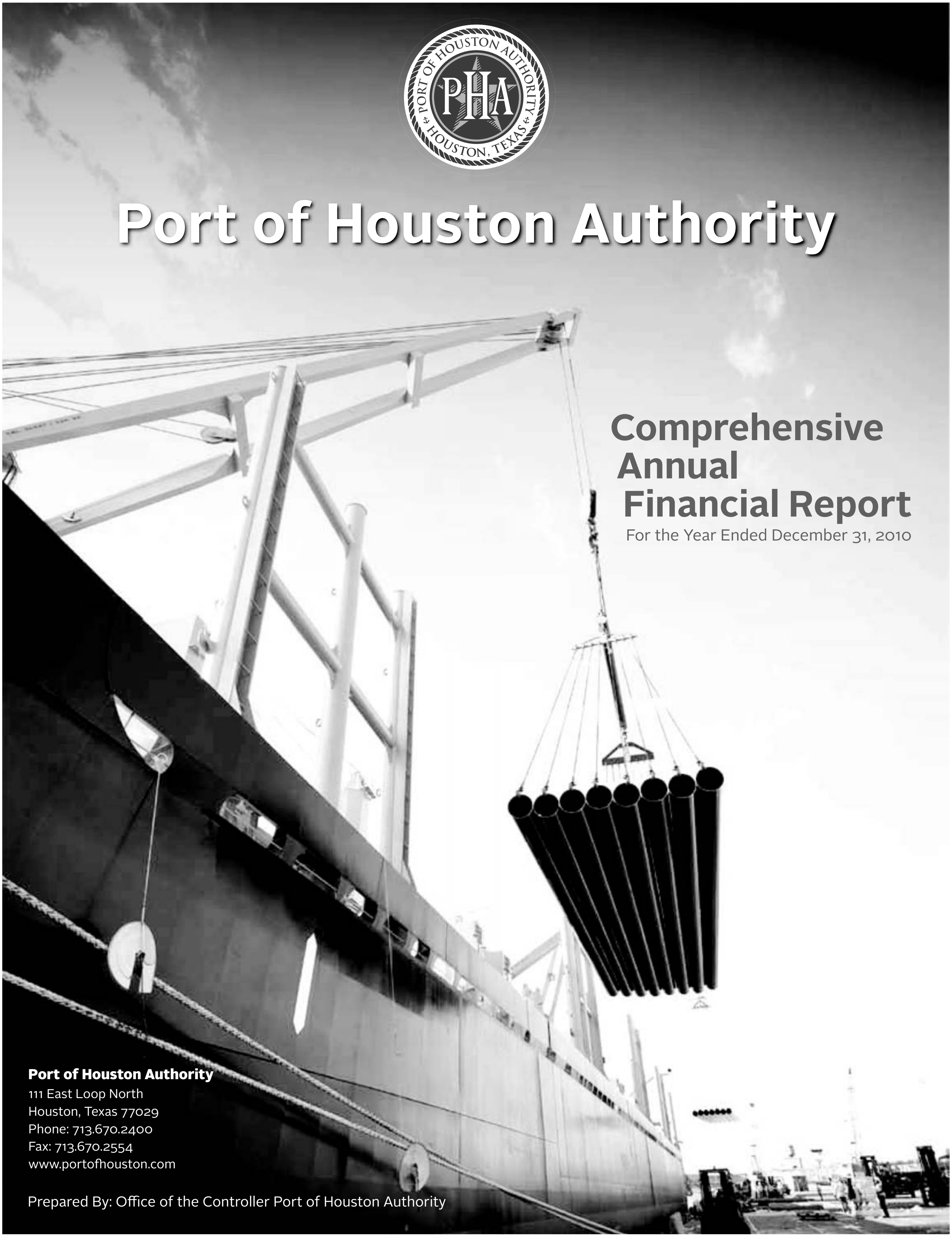

Port of Houston Authority

Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

Port of Houston Authority
111 East Loop North
Houston, Texas 77029
Phone: 713.670.2400
Fax: 713.670.2554
www.portofhouston.com

Prepared By: Office of the Controller Port of Houston Authority

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Port of Houston Authority
of Harris County, Texas

Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

Prepared By:
Office of the Corporate Controller
Port of Houston Authority

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Port of Houston Authority of Harris County, Texas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

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Statistical Section

(Unaudited)

Introductory Section

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PORT OF HOUSTON AUTHORITY

August 3, 2011

Port Commissioners
Port of Houston Authority of Harris County, Texas
Houston, Texas

Dear Commissioners:

We are pleased to present the Comprehensive Annual Financial Report ("CAFR") of the Port of Houston Authority of Harris County, Texas ("Authority") for the year ended December 31, 2010. This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this letter of transmittal, organizational chart and list of principal officials. The Financial Section, beginning with the independent auditor's report, contains management's discussion and analysis ("MD&A"), financial statements and the accompanying notes to the financial statements. The Statistical Section includes selected financial, economic and demographic data, some of which is provided by external resources. Dollar amounts within this letter of transmittal are rounded to the nearest million and to the nearest thousand in the MD&A, financial statements and the accompanying notes to the financial statements.

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management of the Authority. To the best of our knowledge the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. We have included disclosures necessary to enable the reader to gain an understanding of the Authority's financial position.

Profile of the Authority

The Authority is a navigation district and a political subdivision of the state of Texas, having boundaries generally coterminous with Harris County, Texas. It is an independent governmental entity and governance of the activities of the Authority is the responsibility of a Port Commission composed of seven commissioners. Two are appointed by the Harris County Commissioners Court; two by the Houston City Council; one by the Pasadena City Council; and one by the Harris County Mayors and Councils Association. The chairman of the Port Commission is jointly appointed by the governing bodies of Harris County and the City of

Houston. The Authority had 592 regular employees as of December 31, 2010 and during 2010 employed 184 full-time equivalent casual employees from various longshoremen union halls.

The Port of Houston ("Port") has been a deep draft port since 1914. The Houston Ship Channel (the "Channel"), the heart of the Port complex, extends 52 miles inland and links the City of Houston with the Gulf of Mexico. The Port consists not only of the Authority's wharves, but also a large number of privately owned wharves. Some of the privately owned terminals within the Port compete directly with the Authority's terminals. The Authority neither regulates the tariffs charged by, nor derives any revenues from any of the privately owned terminals, except for Harbor Fees and certain payments from private terminals located at the Bayport Industrial complex.

Business of the Authority

The Authority owns a diverse group of facilities designed for handling any type of cargo including general cargo, containers, grain, dry and liquid bulk and project and heavy-lift cargo. These facilities are operated for hire on a first-come, first-served basis except for certain facilities that are on long-term leases. In addition, the Authority leases land and provides railroad rights-of-way to others, licenses pipeline crossings of its property and maintains areas for depositing dredged materials.

Most significantly, Wharves 5 and 6 and certain associated container yards at Fentress Bracewell Barbour's Cut Terminal ("BCT") are leased to Maersk, Inc., and empty container storage yards at BCT and Bayport Container Terminal ("Bayport") are leased to Terminal Link LLC and Houston Terminal LLC. The Care Terminal is leased to Coastal Cargo of Texas, facilities at Jacintoport are leased to Jacintoport International, LLC and Seaboard Corporation and the Bulk Materials Handling Plant is leased to Kinder Morgan Petcoke, L.P. The grain elevator at Woodhouse Terminal is leased to Louis Dreyfus Corporation and the grain elevator at the Turning Basin Terminal is leased to Hansen-Mueller Company.

Sections of the wharf at BCT, the Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant and the Woodhouse Terminal are subject to preferential, but not exclusive, berthing arrangements.

The Authority owns general cargo wharves at the Turning Basin Terminal in the upper channel area. Each wharf can berth one or more ships depending on the length of the vessel. These wharves have substantial dockside facilities, including open and enclosed short-term storage space. Wharf 32, located within this terminal, was specifically designed for handling project and heavy-lift cargoes and has eighteen and one-half acres of heavy-duty paved area.

In addition to these facilities, the Authority owns 164.5 miles of railroad track with operating rights on an additional 10.0 miles of track. It owns 734.1 acres of rights-of-way with ample storage yard capacity for railroad cars near all its facilities. These yards are located on property made available to the Port Terminal Railroad Association, an association of line railroads serving Houston and the Authority. The Authority also owns a 315-acre industrial park adjacent to the Turning Basin Terminal that also includes undeveloped channel frontage. Much of this property is leased or rented to private parties that independently maintain and operate these facilities. The Authority also owns a four-story office building located in the Turning Basin Terminal which houses the Authority's executive offices and much of the Authority's administrative staff, and other administrative and operational buildings.

See the Table of Physical Characteristics of the Port Facilities of the Authority (Schedule 18) in the Statistical Section of this CAFR, under Operating Information.

Economic Outlook

The National Bureau of Economic Research officially declared an end in June 2009 to the "Great Recession" that began in December 2007 and lasted 18 months. While this declaration was welcome news, the U.S. economy continues to grow at a slow pace due to low levels of consumer confidence and frugal spending.

U.S. real gross domestic product or GDP increased at an annual rate of 3.1 percent for the fourth quarter of 2010. The average unemployment rate for 2010 was 9.6 percent, an increase of 0.3 percent from 2009. Housing starts have declined by 13.8 percent in the third quarter of 2010 compared to the third quarter of 2009.

However, the Leading Indicators Index published by The Conference Board, which attempts to forecast how the economy will be performing in the coming months, has been generally positive. This implies possible continued growth in the overall economy as well as the maritime industry. Personal consumption increased by 20 percent in December 2010 from the previous year which could lead to restocking of inventory levels and hence growth in U.S. imports. Corporate profits are showing sharp year-over-year increases. The U.S. unemployment rate declined in early 2011, and is now under 9 percent. U.S. imports increased by 13.9 percent in December 2010 from a year earlier and U.S. exports increased by 18.9 percent in December 2010 from a year earlier.

Moderate economic growth is anticipated during 2011 as the U.S. continues its recovery from the recession. As a result the Authority anticipates a moderate increase in revenue during 2011 from the prior year.

Financial Planning

Nevertheless, the sluggish economy continues to challenge the Authority to evaluate and assess its activities, and management continues to seek additional revenue generation and cost-saving opportunities. With this in mind, the Authority's fiscal budget for 2011 anticipates no staffing increases. For 2011, the Authority budgeted total operating revenues of $198.5 million. This represents a 7.8% increase over the 2010 budget of $184.2 million. Total operating expenses are budgeted at $150.9 million, an 11.1% increase over the 2010 budget of $135.8 million. General and administrative expenses are budgeted at $49.9 million, a 16.7% decrease over the 2010 budget of $58.2 million as the Authority continues to place downward pressure on discretionary spending. Net Operating Income ("NOI") before Depreciation and OPEB is budgeted at $67.4 million, 12.5% higher than the 2010 budget of $59.9 million. Depreciation expense is budgeted at $57.8 million, an increase of $1.2 million over the 2010 budget. NOI after Depreciation and Other Post Employment Benefits ("OPEB") increased by $7.3 million from the 2010 budget.

The Authority invested $152.3 million in capital improvements during 2010, which reflects its continuing commitment to development, expansion and renewal of Authority facilities while promoting economic vitality throughout the region. Approximately $112.7 million of the capital improvements were funded with proceeds from commercial paper and unlimited tax bonds issued in 2010, with the balance paid from the Authority's general fund. The Authority may seek additional debt financing in the near future, in order to further develop and enhance the Authority's capital assets.

Major Initiatives

Terminal Improvements

Despite the sluggish economy, the Authority accomplished major initiatives in 2010 including the completion of the Administration, Maintenance and Repair, and Marine Emergency buildings at Bayport, as well as the completion of Bayport's Wharf 3, and 50 new acres of container yard, construction of three new wharf cranes, and acquisition of nine new rubber tyred gantries ("RTG's"). In addition, the Authority made improvements to the gate complexes at BCT and Bayport by implementing an Optical Character Recognition ("OCR") system.

The completion of Wharf 3 at Bayport expands the terminal to 3,300 feet of contiguous dock. This meets the growing demand for berthing area as vessel calls increase in frequency and size, with ships capable of handling 8,000+ twenty-foot equivalent units ("TEU") arriving in the near future. The container yard expansion raises Bayport's yard area to 155 acres. This expansion provides the acreage needed to support the 6% increase in total vessel lifts expected in 2011. The new wharf cranes increase the total at Bayport to nine, continuing to follow the Master Plan of three per vessel berthing area. There are 27 RTG's available at Bayport to accommodate the increase in loads as well as the associated vessel and yard support activities. OCR at the gate at both BCT and Bayport has had a dramatic effect on the operation of the gate facilities, decreasing operating costs while improving the service we provide to our carriers. The OCR software allows 50-60% of trucks to free flow through the gate with transaction verification. This process has led to a decrease in truck idling time, expediting truck visits and shortening overall turn times.

The next step is to expand the OCR system to the entrance gate at Bayport with the phase 3 gate expansion. This will be tied in with the SPARCS N4 terminal operating system upgrade that will migrate to BCT after the Bayport implementation.

Evaluation of the strategic plans will dictate where the next expansions/redevelopments occur, ensuring a competitive advantage and high service levels to carriers and customers.

Air Quality Program

The Authority continually recognizes the importance of integrating emerging emission reduction technologies into maritime operations. For example, in 2010, the Authority participated in a demonstration of new diesel-electric hybrid truck technology, helping support its use as a viable strategy for future emission reduction measures.

The Authority partnered with two shipping lines on a study to demonstrate the feasibility of low sulfur diesel fuel switching for ocean-going vessels and in conjunction with EPA's Office of International Affairs ("OIA"). Maersk and Hamburg Süd agreed to participate in fuel switching at ports in Progreso, Vera Cruz and Altamira, Mexico, as well as in Houston. The results of the study are documented in an EPA OIA report available on EPA's website. This pilot project and study should help Mexican government officials develop an Emission Control Area ("ECA") strategy for future implementation through the International Maritime Organization. The Authority participated in fuel switching activities at the Port of Santos, Brazil in late August 2010 highlighting fuel switching to Brazil port and governmental officials. The Authority understands that Hamburg Süd is evaluating additional fuel switching operations in European ports of call in the near future, following its experience in Houston.

These demonstrations received national and international attention and were instrumental in the EPA's grant award to the Authority for a fuel switching program through 2012.

Environmental Stewardship

In 2010, using American Recovery and Reinvestment Act ("ARRA") Diesel Emissions Reduction Act ("DERA") funds, the Authority repowered the Sam Houston tour boat and purchased 15 new yard tractors. As a result, on an annual basis the Authority has significantly reduced emissions: 15 tons of Nitrogen Oxide ("NOx"), 1.31 tons of volatile organic compounds ("VOC"), 3.85 tons of Carbon Dioxide ("CO_2"), 0.60 tons of particulate matter ("PM") PM_{10} and 0.59 tons of $PM_{2.5}$. The Authority has been reimbursed by EPA by approximately $0.5 million for these activities and will evaluate other engine replacements, repowers or retrofits using the remaining ARRA-DERA funding during 2011.

In addition to the Authority's use of ARRA-DERA grants described above, the Authority partnered with four private parties and obtained funding to repower, replace or retrofit 55 pieces of equipment. Grant monies totaling approximately $1.0 million were awarded and received as of December 31, 2010 in recognition of these efforts.

Employee Commuter Program

The Authority's vanpool program is part of the METROVan program, sponsored by the Houston Metropolitan Transportation Authority ("METRO") and the Houston-Galveston Area Council ("H-GAC"). In 2010, H-GAC recognized the Authority as a "Best Workplace for Commuters" employer for offering the options of carpooling, vanpooling, flextime workweeks and the use of pool cars for carpool riders. H-GAC also named the Authority a "Clean Air Champion" based upon its commitment to clean air measures. Annual benefits of the vanpool program include:

- Approximately 715,000 fewer miles driven by employees
- Reduction of NOx by 0.37 tons, VOC by 0.38 tons, and CO_2 by 392 tons
- 34,500 less gallons of gasoline consumed

International Organization for Standardization ("ISO") Certifications

The foundation for the Authority's sustainability activities is the Environmental Management System. The Authority's Environmental Management System has been certified to the ISO 14001:2004 Standard since 2002, and continues to improve and expand each year. Following an extensive review by the independent third-party auditor Det Norske Veritas in 2010, the Marine Department, consisting of 6 distinct facilities and 5 vessels, was added to the Authority's certification.

In March 2008, the Authority's Port Police Department, Barbour's Cut, and Bayport Container Terminals were certified to the ISO 28000 Standard for Supply Chain Security for its Perimeter Security. In 2010, Manchester Terminal was added to this certification.

In March 2011, ABS-Quality Evaluations, the ISO certifying agency, re-certified the Authority's Port Police Department, Manchester, Barbour's Cut, and Bayport Container Terminals to the ISO 28000 Standard – demonstrating not only conformance to the standard, but also a strong record of continual improvement in its perimeter security function.

These initiatives support the Authority's practiced mission of facilitating commerce and maintaining navigation of safe and secure waterways to promote sustainable trade and generate economic development for Houston, Texas, and the nation, while being a model environmental steward, community-focused and fiscally responsible.

Financial Information

The accounting policies of the Authority and this report conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board. A summary of significant accounting policies can be found in Note 1 to the financial statements.

The integrity and objectivity of data in these financial statements and supplemental schedules, including estimates and judgments relating to matters not concluded at year-end, are the responsibility of the management of the Authority. By state statute, the county auditor of Harris County, Texas is the auditor of the Authority. The Harris County auditor maintains staff at the Authority to carry out the statutory duties required of the auditor. Also by state statute, the county treasurer serves as the treasurer of the Authority.

We direct the reader's attention to the MD&A section immediately following the Audit Opinion letter which provides an analytical overview of the Authority's financial activities and serves as an introduction to the basic financial statements.

Internal Control

Management is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

All internal control evaluations occur within the above framework. Management believes the Authority's financial accounting controls, with ongoing independent internal audit functions performed by the Harris County auditor, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

Independent Audit

The financial statements for the years ended December 31, 2010 and 2009 listed in the foregoing Table of Contents were audited by independent auditors selected by the Port Commission. The audit opinion, rendered by Grant Thornton LLP for December 31, 2010, is included in the financial section of this report. The financial statements for the year ended December 31, 2009 were audited by other auditors.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Houston Authority of Harris County, Texas for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. This was the 36th consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and plan to submit this year's CAFR to the GFOA for consideration of eligibility for another certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of the Authority's Finance and Administration Division. We express our appreciation to all who assisted and contributed to the preparation of this report.

In closing, we would like to thank the members of the Port Commission and all the officials of the Authority for their support in planning and conducting the financial affairs of the Authority in a responsible and progressive manner, to ensure fiscal transparency and accountability, and to maintain the Authority's financial statements in conformance with the highest professional standards.

Sincerely,

Alec G. Dreyer	Thomas J. Heidt	Maxine N. Buckles
Chief Executive Officer	Vice President	Corporate Controller
	Finance & Administration	

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Houston Authority of Harris County, Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2009

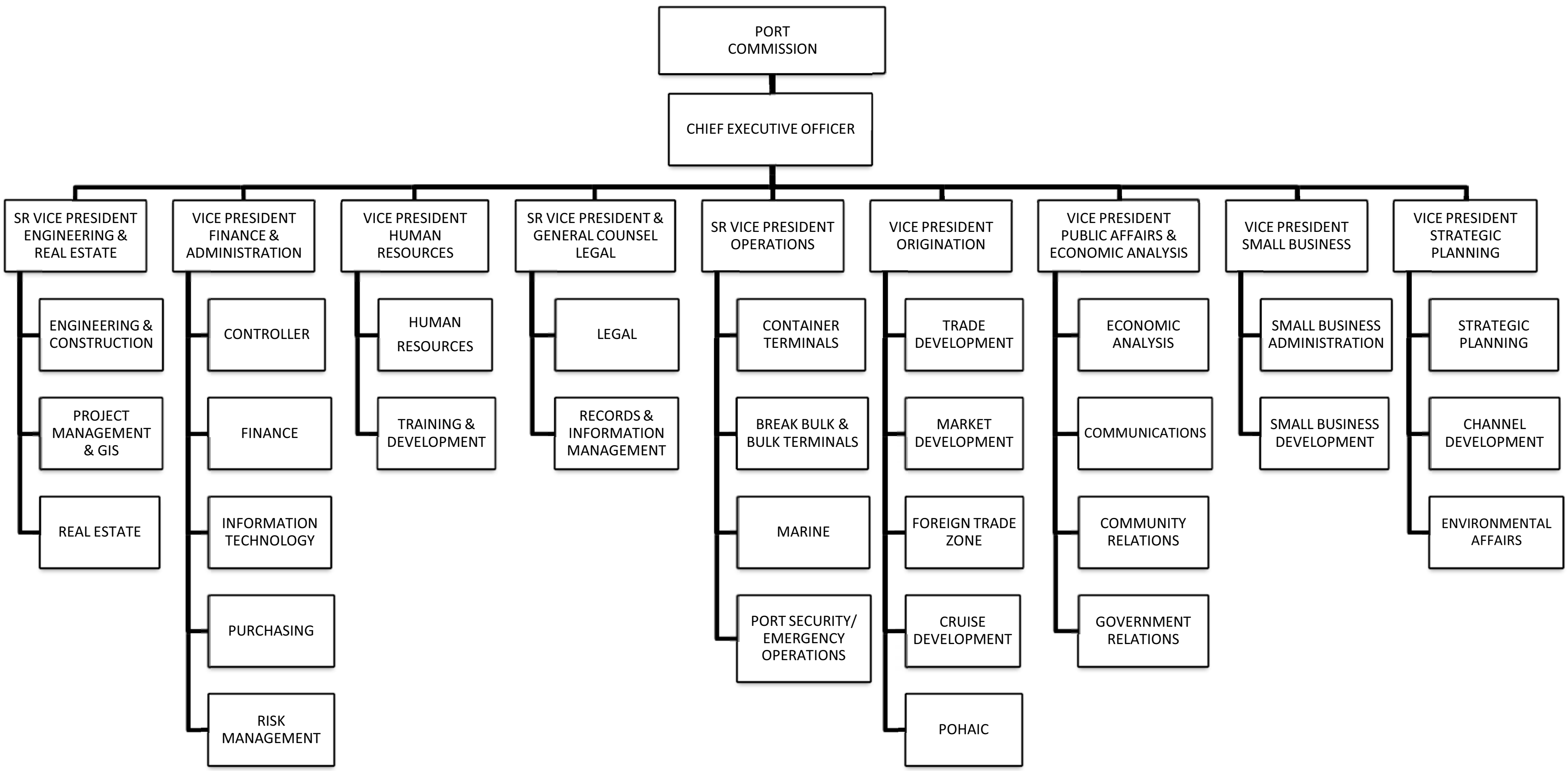
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

PORT OF HOUSTON AUTHORITY
ORGANIZATIONAL CHART



Port of Houston Authority of Harris County, Texas
Directory of Officials

Port Commission

James T. Edmonds, Chairman
Stephen L. Phelps, Commissioner
James W. Fonteno Jr., Commissioner
Kase L. Lawal, Commissioner
Jimmy A. Burke, Commissioner
Janiece Longoria, Commissioner
Elyse Lanier, Commissioner

Other Officials

Alec G. Dreyer, Chief Executive Officer
Erik A. Eriksson, Senior Vice President & General Counsel
James B. Jackson, Senior Vice President of Engineering & Real Estate
Jimmy M. Jamison, Senior Vice President of Operations
Roger Guenther, Vice President of Container Terminals
Thomas J. Heidt, Vice President of Finance & Administration
Charles D. Jenkins, Vice President of Strategic Planning
Ricky W. Kunz, Vice President of Origination
Gilda Ramirez, Vice President of Small Business
Olga Rodriguez, Vice President of Public Affairs & Economic Analysis
Melanie Sherman, Vice President of Human Resources
Maxine N. Buckles, Corporate Controller
Orlando Sanchez, County Treasurer
Barbara Schott, CPA, County Auditor

Financial Section

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Report of Independent Certified Public Accountants

Port Commission
Port of Houston Authority of Harris County, Texas

We have audited the accompanying statements of net assets of the Port of Houston Authority of Harris County, Texas (the Authority), and the related statements of revenues, expenses and changes in net assets and cash flows as of and for the year ended December 31, 2010, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of and for the year ended December 31, 2009 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 25, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2010, and the respective changes in its financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited the adjustment described in Note 5 to the financial statements that was applied to restate the 2009 financial statements to correct an error. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2009 financial statements of the Authority other than with respect to such adjustment and, accordingly we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole.

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

Grant Thornton

The management's discussion and analysis, Port of Houston Authority Restated Retirement Plan Schedule of Funding Progress and the Port of Houston OPEB Obligation Schedule of Funding Progress on pages 13 through 21 and 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying introductory section and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Grant Thornton LLP

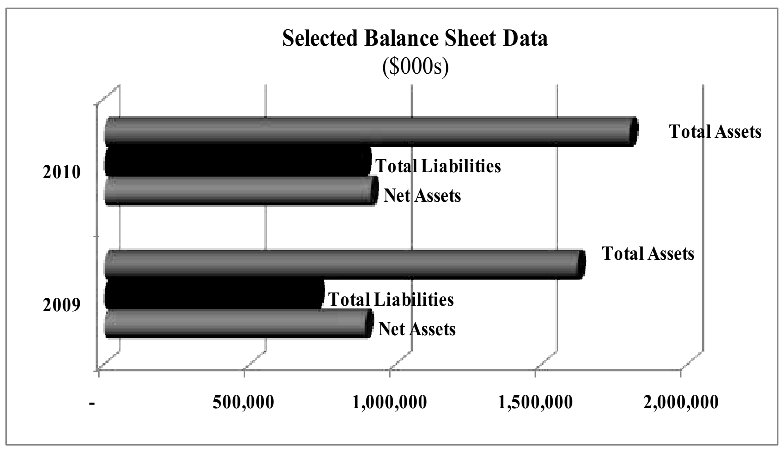
Houston, Texas
August 3, 2011

Port of Houston Authority
Management's Discussion and Analysis
For the Year Ended December 31, 2010
(unaudited)

The following Management's Discussion and Analysis ("MD&A") of the Port of Houston Authority of Harris County, Texas ("Authority") provides an overview of the activities and financial performance for the fiscal years ended December 31, 2010 and December 31, 2009. The MD&A presents certain required supplementary information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes which follow this section and are integral to the data contained in the financial statements. All amounts, unless otherwise indicated, are expressed in ***thousands of dollars***.

Financial Highlights

- The net assets of the Authority at December 31, 2010 were $913,140. Of this amount, $202,968 is considered unrestricted net assets.
- The Authority's net assets increased by $18,576 for the fiscal year ended December 31, 2010.
- The Authority's total assets increased by $180,270 during the fiscal year ended December 31, 2010. The major components of this change were the increase in current assets of $144,187 and an increase in capital assets of $93,600, offset by a decrease in non-current assets of $57,517.



- The Authority's total liabilities increased by $161,694 during the fiscal year ended December 31, 2010. The major components in this change were the increase of $332,744 in long term debt, net of current maturities, and an increase of $18,234 in other non-current liabilities, offset by a decrease of $189,284 in current liabilities.
- The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of Governmental Accounting Standards Board ("GASB") as well as Financial Accounting Standards Board ("FASB") pronouncements.

Overview of Financial Statements

The Authority's basic financial statements consist of the following: 1) statements of net assets, 2) statements of revenues, expenses, and changes in net assets, 3) statements of cash flows and 4) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

The statements of net assets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net assets present information showing how the Authority's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

The basic financial statements include not only the Port of Houston Authority (known as the primary government), but also two legally separate blended component units, Port Development Corporation ("PDC") and Port of Houston Authority International Corporation ("POHAIC"). Financial information for these component units is reported in conjunction with the primary government.

Since the Authority follows enterprise fund accounting and reporting requirements, there are statements of cash flows included as part of the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report includes supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits and Other Post Employment Benefits ("OPEB"). See Notes to the Financial Statements, numbers 10 and 11, for additional information.

Financial Analysis

By far, the largest portion of the Authority's net assets (64%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets, and excluding any outstanding debt proceeds. The Authority uses these assets to provide services to its customers; consequently these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net assets (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (22%) may be used to meet the Authority's ongoing obligations to employees and creditors.

Port of Houston Authority Condensed Statements of Net Assets
(in thousands)

	2010	2009 As restated	2008
Current and other assets	**$ 427,185**	$ 340,515	$ 366,256
Capital assets	**1,374,600**	1,281,000	1,187,033
Total assets	**1,801,785**	1,621,515	1,553,289
Long-term liabilities (including current portion)	**854,060**	669,007	601,951
Other liabilities	**34,585**	57,944	48,934
Total liabilities	**888,645**	726,951	650,885
Invested in capital assets, net of related debt	**582,352**	655,571	646,777
Restricted net assets	**127,820**	47,582	41,488
Unrestricted net assets	**202,968**	191,411	214,139
Total net assets	**$ 913,140**	$ 894,564	$ 902,404

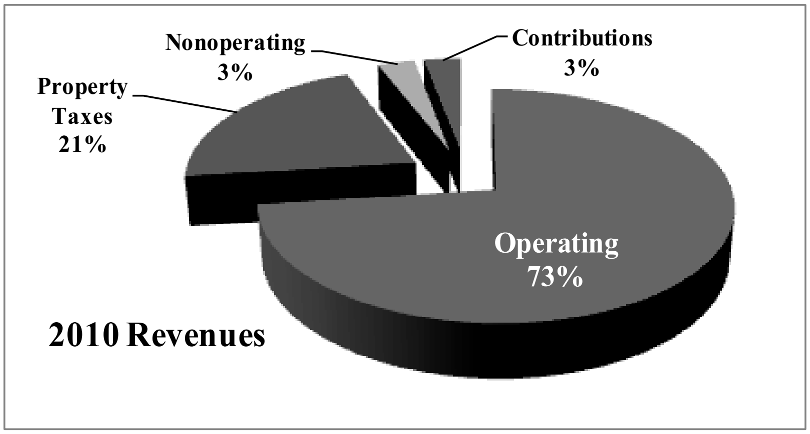
The Authority's net assets increased by $18,576 during the fiscal year ended December 31, 2010. Net assets invested in capital assets net of related debt decreased $73,219 with a net increase in capital assets of $93,600 and an increase in outstanding debt of $166,819. During fiscal year 2010, restricted net assets increased $80,238 mainly as a result of increased tax receipts offset by the use of restricted proceeds for construction. Unrestricted net assets increased $11,557.

The Authority's net assets decreased by $7,840 during the fiscal year ended December 31, 2009. During fiscal year 2009, net assets invested in capital assets net of related debt increased $8,794 with a net increase in capital assets of $93,967 and an increase in outstanding debt of $54,074. During fiscal year 2009, restricted net assets increased $6,094 mainly as a result of increased tax receipts offset by the use of restricted proceeds for construction. Unrestricted net assets decreased $22,728.

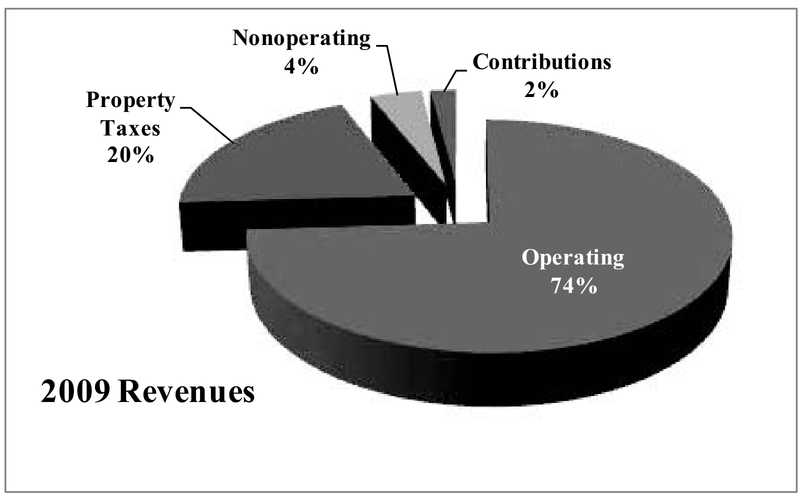
Key elements of this increase are identified in the following schedule of changes in net assets and related explanations.

Port of Houston Authority
Changes in Net Assets
(in thousands)

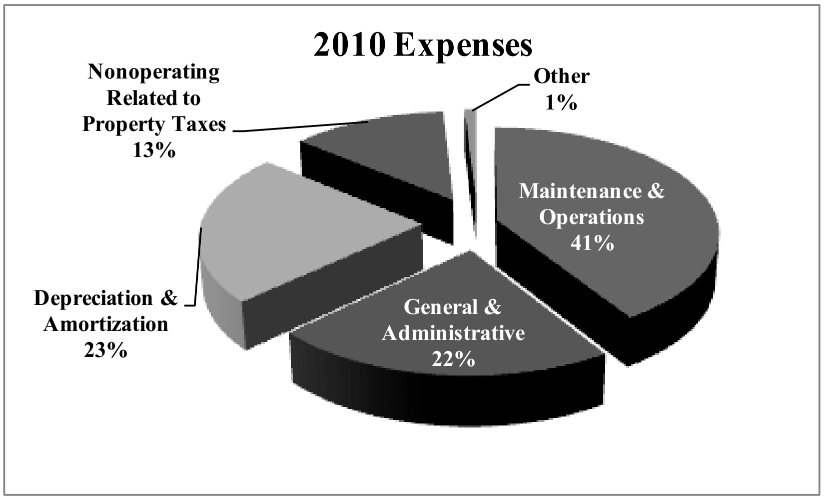
	2010	2009 As restated	2008
Operating revenues:			
Vessel and cargo services	**$ 159,799**	$ 144,365	$ 171,373
Rental of equipment & facilities	**20,346**	20,524	19,984
Grain elevator	**911**	1,155	787
Bulk materials	**2,368**	2,243	2,319
Other	**3,272**	2,040	2,522
Nonoperating revenues:			
Investment income	**3,573**	4,136	7,154
Other, net	**3,836**	4,588	982
Nonoperating revenues related to property taxes:			
Property taxes	**54,919**	46,911	48,675
Investment income (loss) on unlimited tax bonds	**(47)**	165	1,113
Total Revenues	**248,977**	226,127	254,909
Operating expenses:			
Maintenance and operation of facilities	**95,918**	88,124	98,026
General and administrative	**51,742**	57,827	43,443
Depreciation and amortization	**53,731**	48,035	44,016
Nonoperating expenses:			
Contribution to federal and state agency	**1,742**	17,468	4,224
Loss on disposal of assets	**3,294**	-	-
Nonoperating expenses related to property taxes:			
Interest expense on unlimited tax bonds	**27,886**	26,072	21,344
Property tax expense	**2,356**	506	1,083
Other, net	**480**	901	423
Total Expenses	**237,149**	238,933	212,559
Income before contributions	**11,828**	(12,806)	42,350
Contributions from federal and state agencies	**6,748**	4,966	6,061
Changes in net assets	**18,576**	(7,840)	48,411
Net assets, January 1	**894,564**	902,404	853,993
Net assets, December 31	**$ 913,140**	$ 894,564	$ 902,404



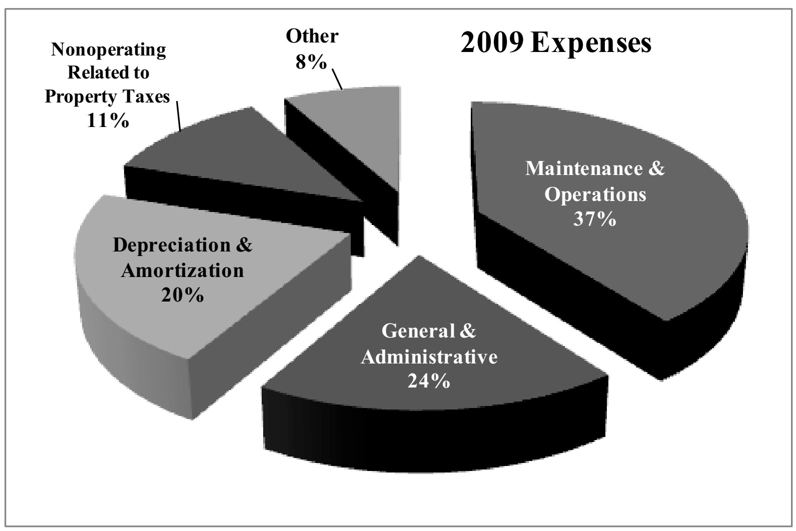
Vessel and cargo services revenues increased 10.7% in 2010 to $159,799. Tariff rates were increased in 2010 over 2009 on average of between 2% and 3%. Tariffs for steel increased to $2.02 per short ton, which was a $0.04 per short ton increase from 2009. Volumes increased in general cargo (6%) and bulk grain (31%). Total Authority tonnage of 40 million tons increased 9% from 2009. Nonoperating revenues related to investment income in 2010 decreased $0.6 million due to smaller investment balances and falling interest rates. Nonoperating revenues related to property taxes in 2010 increased approximately $8.0 million. This was due primarily to the increased property tax rate from $0.01636 in fiscal year 2009 to $0.02054 in fiscal year 2010 per $100 assessed valuation.



Vessel and cargo services revenues decreased 15.8% in 2009 to $144,365. Tariff rates were increased in 2009 over 2008 an average of 5%. Tariffs for steel increased to $1.98 per short ton, which was a $.13 per short ton increase from 2008. Volumes decreased in general cargo (21%) and bulk grain (26%). Total Authority tonnage of 36.8 million tons decreased 14% from 2008. Nonoperating revenues related to investment income in 2009 decreased $3 million due to smaller investment balances and falling interest rates. Nonoperating revenues related to property taxes in 2009 decreased approximately $1.8 million. This was due primarily to a decrease in the property tax rate in 2009 partially offset by an increase in property valuations.



In 2010, maintenance and operations of facilities expenses increased by $7.8 million (8.8%) from 2009. The majority of the increase was due to the following: a) an increase of $3.1 million in salaries and wages; b) an increase of $2.2 million in other expenses; c) an increase of $2.1 million in repairs and maintenance; d) an increase of $1.1 million in employee taxes and benefits offset by e) a decrease of $0.7 million in utilities. General and administrative expenses decreased by $6.1 million (10.5%) from 2009. The majority of the decrease included the following: a) a decrease of $9.7 million in legal, consulting and professional fees, (b) a decrease of $0.5 million in repairs & maintenance offset by c) an increase of $3.5 million in employee taxes & benefits and d) an increase of $0.7 million in salary and wages. Depreciation and amortization increased $5.7 million. The majority of the increases consisted of the following: a) an increase of $3.1 million in depreciation of capital assets and b) a one-time impairment charge of $1.8 million.



In 2009, maintenance and operations of facilities expenses decreased by $9.9 million (10.1%) from 2008. The majority of the decreases were made up of the following: a) a decrease of $3.7 million in salaries and wages; b) a decrease of $1.4 million in other expenses; c) a decrease of $0.8 million in repairs and maintenance; d) a decrease of $0.6 million in utilities; e) a decrease of $0.6 million in legal and professional fees and f) a decrease of $0.6 million in employee taxes and benefits. General and administrative expenses increased by $14.4 million (33.1%) from 2008 primarily related to an increase of $15.6 million in legal, consulting and professional fees offset by a decrease in salaries and benefits of $1.0 million. Depreciation and amortization increased $4.0 million due to an increase in depreciation of capital assets.

Capital Asset and Debt Administration

Capital assets: The Authority's investment in capital assets as of December 31, 2010, totaled $1,374.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, railroads, machinery and equipment, and construction-in-progress. The total net increase in the Authority's investment in capital assets for the current fiscal year was $93.6 million or 7.3%.

Major capital asset activity during 2010 included the following:

- Land and Channel Improvements increased by $10.7 million due primarily to Bayport Terminal expansion and Houston Ship Channel projects.
- Improvements other than buildings increased $156.9 million primarily due to construction of Bayport.
- Machinery and equipment net additions totaled $48.0 million in 2010. The additions primarily consisted of the purchase of two (2) wharf cranes for Bayport Terminal for $33.8 million, and nine (9) RTG cranes for Bayport for $15.8 million, security equipment for $1.6 million, and other machinery and equipment totaling $5.9 million.
- Net capitalized interest of $4.6 million was added to the cost of assets for 2010.
- Construction-in-progress decreased $90.7 million in 2010 due primarily to the completion of construction projects at Bayport.
- Accumulated depreciation net of retirements increased by $42.2 million in 2010.

The Authority's investment in capital assets as of December 31, 2009, was $1,281.0 million (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements other than buildings, railroads, machinery and equipment, and construction-in-progress. The total increase in the Authority's investment in capital assets for the 2009 fiscal year was $94.0 million or 7.9%.

Major capital asset events during 2009 included the following:

- Land and Channel Improvements increased by $30.0 million due primarily to Bayport Terminal expansion and Houston Ship Channel projects.
- Buildings increased $16.8 million due primarily to construction of Bayport.
- Machinery and equipment net additions totaled approximately $12.7 million in 2009. The additions primarily consisted of security and telecommunications equipment for $7.0 million, gate facility equipment for $2.4 million, and other machinery and equipment totaling $3.3 million.
- Improvements other than buildings increased $7.4 million primarily due to various security enhancements of $3.4 million, Turning Basin wharf improvements of $2.8 million, and additional improvements other than buildings of $1.8 million.
- Railroads increased $1.8 million.
- Net capitalized interest totaling $3.9 million was added to the cost of assets for 2009.
- Construction-in-progress increased $65.6 million in 2009 due primarily to the construction of various projects at Bayport.
- Accumulated depreciation increased $45.6 million net of retirements in 2009.

PORT OF HOUSTON AUTHORITY Capital Assets
(net of depreciation)
(in thousands)

	2010	2009	2008
Land and Channel Improvements	**$ 373,467**	$ 362,774	$ 332,805
Land use rights - Intangible	**10,155**	-	-
Buildings	**62,606**	64,357	50,736
Improvements other than buildings	**637,743**	505,543	520,549
Railroads	**28,922**	30,204	29,747
Machinery and equipment	**173,845**	138,515	144,207
Computer Software - Intangible	**4,703**	1,114	-
Construction-in-progress	**83,159**	178,493	108,989
	$ 1,374,600	$ 1,281,000	$ 1,187,033

Additional information on the Authority's capital assets can be found in Note 5 in the accompanying notes to the financial statements.

Debt:

At the end of 2010, the Authority had total debt outstanding of $792.2 million (net of deferred amounts), consisting of Unlimited Tax Port Improvement Bonds and Unlimited Tax Refunding Bonds (collectively, the "General Obligation Bonds"), for which debt service is funded from ad valorem taxes levied by the Harris County Commissioners Court and collected by the Harris County Tax Assessor-Collector.

At the end of 2009, the Authority had total debt outstanding of $625.4 million (net of deferred amounts), consisting of $555.2 million in General Obligation Bonds and $70.2 million of Commercial Paper Notes. The debt service due on these General Obligation Bonds and the Commercial Paper Notes was also funded from ad valorem taxes.

Outstanding Debt
General Obligation, Revenue Bonds and Commercial Paper
(net of deferred amounts)
(in millions)

	2010	2009	2008
General Obligation Bonds			
Unlimited Tax Port Improvement Bonds	**$ 152.2**	$ 124.9	$ 132.1
Unlimited Tax Refunding Bonds	**640.0**	430.3	439.2
Total General Obligation Bonds	**792.2**	555.2	571.3
Commercial Paper	**-**	70.2	-
Total Debt	**792.2**	625.4	571.3
Less Current Maturities	**(12.9)**	(178.8)	(15.6)
Long-Term Debt (net of deferred amounts)	**$ 779.3**	$ 446.6	$ 555.7

During 2010, the Authority issued $89.8 million of Series A (NON-AMT) Commercial Paper Notes and $347.2 million par value of Series 2010 A, B, C, D-1, D-2 and E unlimited tax bonds at a premium. The unlimited tax bonds consisted of $85.7 million par value of capital improvement bonds and $261.5 million par value of refunding bonds. The proceeds of the refunding bonds, including premiums and net of issuance costs, were used to repay $160.0 million of Series A (NON-AMT) Commercial Paper Notes, and $116.4 million relating to Series 1997A and 1998A improvement bonds and Series 2001A, 2002A and 2008A improvement and refunding bonds.

The Authority's total debt increased $166.8 million during 2010. The key factors in this increase were the issuance of $375.1 million including premiums and net of issuance costs related to the Series 2010 A, B, C, D-1, D-2 and E unlimited tax bonds and the issuance of an additional $89.8 million in Commercial Paper Notes, offset by the refunding of $116.4 million of unlimited tax bonds, the repayment of $160.0 million of Commercial Paper Notes, and debt service payments of $14.7 million.

During 2009, the Authority issued $70.2 million of Series A (NON-AMT) Commercial Paper Notes.

A summary of the Authority's General Obligation bond ratings is provided in the table below:

Year	Fitch	Moody's	S&P
2010	AAA	Aaa	AAA
2009	AA+	Aa1	AAA

Additional information on the Authority's short-term and long-term debt can be found in Notes 7 and 8 in the accompanying notes to the financial statements.

Economic Factors

During 2010, the Authority experienced moderate growth in its operations. The U.S. economy continues to grow at this pace due to low levels of consumer confidence and frugal spending.

- According to the Bureau of Labor Statistics inflation during 2010 was approximately 1.6%. An upward trend is expected to continue in 2011.
- The Authority's operations experienced moderate growth in 2010 as the total number of ships calling on ship channel docks increased in 2010 (7,849) versus 2009 (7,277).
- Overall container tonnage improved during the year as container ships that called at the Authority's docks carried more tons in 2010 (17,038) versus 2009 (15,914).

The above factors were considered in preparing the Authority's budget for the 2011 fiscal year. Moderate economic growth is anticipated during 2011 as the U.S continues its recovery from the recession. The Authority increased tariff rates 2-5% effective January 2011, which is estimated to increase operating revenues for 2011.

Requests for Information

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Controller, Port of Houston Authority, 111 East Loop North, Houston, Texas 77029.

Port of Houston Authority of Harris County, Texas
Statements of Net Assets
For the Years Ended December 31, 2010 and 2009
(in thousands)

	2010	2009 As restated
Assets		
Current Assets		
Cash and cash equivalents	**$ 43,896**	$ 35,879
Investments	**90,800**	10,000
Receivables (net of allowance for uncollectibles)	**26,317**	18,217
Restricted assets:		
Cash and cash equivalents	**43,069**	27,521
Investments	**25,000**	-
Property tax receivables	**44,615**	40,064
Inventories	**449**	288
Prepaids	**4,715**	2,705
Total Current Assets	**278,861**	134,674
Non-current Assets		
Investments	**100,198**	199,077
Restricted assets:		
Investments	**34,710**	-
Deferred charges	**13,416**	6,764
Capital Assets (net of accumulated depreciation):		
Land and Channel Improvements	**373,467**	362,774
Land use rights - Intangible	**10,155**	-
Buildings	**62,606**	64,357
Improvements other than buildings	**637,743**	505,543
Railroads	**28,922**	30,204
Machinery and equipment	**173,845**	138,515
Computer software - Intangible	**4,703**	1,114
Construction-in-progress	**83,159**	178,493
Total Capital Assets	**1,374,600**	1,281,000
Total Non-current assets	**1,522,924**	1,486,841
Total Assets	**$ 1,801,785**	$ 1,621,515

See accompanying notes to the financial statements

Port of Houston Authority of Harris County, Texas
Statements of Net Assets
For the Years Ended December 31, 2010 and 2009
(in thousands)

	2010	2009 As restated
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities	**$ 17,412**	$ 35,424
Deferred revenue	**1,537**	6,075
Liabilities payable from restricted assets:		
Current maturities of long-term debt		
Commercial Paper	**-**	70,245
Unlimited tax bonds	**12,900**	108,580
Accrued interest payable		
Unlimited tax bonds	**11,288**	7,298
Contracts payable and accrued liabilities	**4,348**	9,147
Total current liabilities payable from restricted assets	**28,536**	195,270
Total Current Liabilties	**47,485**	236,769
Non-current Liabilities		
Long-term debt, net of current maturities	**779,348**	446,604
Other non-current liabilities		
Due in more than one year	**61,812**	43,578
Total Non-current Liabilities	**841,160**	490,182
Total liabilities	**888,645**	726,951
Commitments and Contingencies (Note 11)		
Net Assets		
Invested in capital assets, net of related debt	**582,352**	655,571
Restricted for:		
Capital	**79,270**	8,388
Debt Service	**44,248**	39,072
Other	**4,302**	122
Unrestricted	**202,968**	191,411
Total net assets	**913,140**	894,564
Total Liabilities and Net Assets	**$ 1,801,785**	$ 1,621,515

See accompanying notes to the financial statements

Port of Houston Authority of Harris County, Texas
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009
(in thousands)

	2010	2009 As restated
Operating revenues:		
Vessel and cargo services	**$ 159,799**	$ 144,365
Rental of equipment and facilities	**20,346**	20,524
Grain elevator	**911**	1,155
Bulk materials	**2,368**	2,243
Other	**3,272**	2,040
Total	**186,696**	170,327
Operating expenses:		
Maintenance and operation of facilities	**95,918**	88,124
General and administrative	**51,742**	57,827
Depreciation and amortization	**53,731**	48,035
Total	**201,391**	193,986
Operating loss	**(14,695)**	(23,659)
Nonoperating revenues (expenses):		
Investment income	**3,573**	4,136
Contributions to federal and state agencies	**(1,742)**	(17,468)
Loss on disposal of capital assets	**(3,294)**	-
Other, net	**3,836**	4,588
Total	**2,373**	(8,744)
Loss before nonoperating revenues (expenses) related to property taxes	**(12,322)**	(32,403)
Nonoperating revenues (expenses) related to property taxes:		
Property taxes	**54,919**	46,911
Investment income on unlimited tax bonds proceeds	**(47)**	165
Interest expense on unlimited tax bonds	**(27,886)**	(26,072)
Property tax expense	**(2,356)**	(506)
Other, net	**(480)**	(901)
Total	**24,150**	19,597
Income before contributions	**11,828**	(12,806)
Contribution from federal and state agencies	**6,748**	4,966
Changes in net assets	**18,576**	(7,840)
Net assets, January 1	**894,564**	902,404
Net assets, December 31	**$ 913,140**	$ 894,564

See accompanying notes to the financial statements

Port of Houston Authority of Harris County, Texas
Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
(in thousands)

	2010	2009 As restated
Cash Flows from operating activities:		
Cash received from customers	**$ 178,276**	$ 171,197
Cash paid to suppliers for goods and services	**(81,902)**	(69,704)
Cash paid to employees for services	**(58,155)**	(32,036)
Cash paid for employee benefits	**(18,815)**	(26,882)
Cash paid for other services	**(8,117)**	(4,535)
Cash from other services	**1,770**	1,258
Cash received for other purposes	**3,759**	6,336
Net cash provided by operating activities	**16,816**	45,634
Cash flows from noncapital financing activities:		
Repayment of advances from developer	**(735)**	(1,969)
Property taxes received	**48,742**	47,080
Contributions paid to others	**(1,742)**	(8,547)
Property tax collection expenses paid	**(1,438)**	(923)
Net cash provided by noncapital financing activities	**44,827**	35,641
Cash flows from capital and related financing activities:		
Contributions received from state and federal agencies	**6,748**	4,966
Proceeds from issuance of long-term debt	**459,037**	70,257
Issuance costs of long-term debt	**(3,577)**	(136)
Repayment of long-term debt and funding of escrow	**(291,687)**	(16,183)
Interest on long-term debt	**(27,846)**	(25,936)
Acquisition and construction of capital assets	**(143,631)**	(147,194)
Proceeds from retirement of assets	**123**	13
Net cash used in capital financing activities	**(833)**	(114,213)
Cash flows from investing activities:		
Purchase of investments	**(410,386)**	(307,041)
Proceeds from maturities of investments	**368,760**	208,855
Interest on investments	**4,381**	3,616
Net cash used in investing activities	**(37,245)**	(94,570)
Net increase/(decrease) in cash and cash equivalents	**23,565**	(127,508)
Cash and cash equivalents, January 1	**63,400**	190,908
Cash and cash equivalents, December 31	**$ 86,965**	$ 63,400
Current cash and cash equivalents	**$ 43,896**	$ 35,879
Restricted cash and cash equivalents	**$ 43,069**	$ 27,521

See accompanying notes to the financial statements

Port of Houston Authority of Harris County, Texas
Statements of Cash Flows - continued
For the Years Ended December 31, 2010 and 2009
(in thousands)

	2010	2009 As restated
Reconciliation of operating loss to		
net cash provided by operating activities:		
Operating loss	**$ (14,695)**	$ (23,659)
Adjustments to reconcile operating loss to		
Net cash provided by operating activities:		
Depreciation and amortization	**51,962**	48,035
Impairment of capital assets	**1,769**	-
Provision for doubtful accounts	**13**	79
Miscellaneous nonoperating income (expense), net	**3,956**	4,716
Change in assets and liabilities:		
Increase in receivables, net of allowance for uncollectibles	**(8,563)**	(2,778)
Increase in deferred charges	**(4,571)**	(900)
Increase in prepaids	**(4,206)**	(2,123)
Increase in inventories	**(161)**	(17)
Increase in accounts payable and other liabilities	**(4,951)**	16,909
Increase/(decrease) in compensated absences	**442**	(133)
Increase/(decrease) in deferred revenue	**(4,179)**	5,505
Net cash provided by operating activities	**$ 16,816**	$ 45,634
Noncash investing, capital, and financing activities:		
Increase (decrease) in fair value of investments	**(121)**	416
Contributions to others	**1,742**	8,921

See accompanying notes to the financial statements

1. Summary of Significant Accounting Policies

Reporting Entity

The Port of Houston Authority of Harris County, Texas ("Authority") is an independent political subdivision created pursuant to Article XVI, section 59 of the Constitution of the State of Texas. The Port Commission, composed of seven commissioners, governs the Authority. Harris County, Texas ("County") and the City of Houston, Texas ("City of Houston") each appoint two commissioners to the Port Commission and jointly appoint the chairman. The City of Pasadena, Texas ("City of Pasadena") and the Harris County Mayors and Councils Association ("Association"), representing the other County cities, each appoint one commissioner. Under state law, the County auditor serves as the auditor of the Authority and the County treasurer serves as the treasurer of the Authority. The Authority is not a component unit of the County, the City of Houston, the City of Pasadena or the Association since none of these entities exercises financial control over the Authority. The Authority is considered a primary government entity since it satisfies all of the following criteria: (a) no entity appoints a voting majority of its governing body; (b) it is legally separate from other entities; and (c) it is fiscally independent of other state and local governments.

The financial statements of the Authority include operations and activities of the Authority and its blended component units for which the Port Commission has financial accountability as defined below. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Units

The Port Development Corporation ("PDC") was organized by the Authority under the State of Texas Development Corporation Act of 1979. PDC is a nonprofit corporation that has issued industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare, and is currently active. PDC is considered a blended component unit of the Authority as the governing boards of the Authority and PDC are the same, and the Authority is able to impose its will on PDC, as defined in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity."

The Port of Houston Authority International Corporation ("POHAIC"), was organized during fiscal year 2002 for the purpose of aiding, assisting and acting on behalf of the Authority in the performance of its governmental functions to promote the common good and general welfare of the Authority by providing consulting services to international port authorities and private businesses, and to promote, develop, encourage and maintain employment, commerce and economic development in the Authority. POHAIC is considered a blended component unit of the Authority under the provisions of GASB Statement No. 14 as the Authority (1) appoints a voting majority of POHAIC's board, (2) is able to impose its will on POHAIC and (3) the board of the Authority and POHAIC are the same. Subsequent to December 31, 2010, the Port Commission, acting on behalf of the Authority, and as the board of POHAIC, approved the dissolution of POHAIC.

Basis of Accounting

The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of GASB pronouncements as well as the Financial Accounting Standards Board ("FASB") pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of the Authority's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used to record certain transactions, such as other postemployment benefits, allowances for doubtful accounts, loss contingencies, and insurance recoveries. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and highly liquid time deposits and short-term investments with original maturities of three months or less when purchased are considered to be cash equivalents. Certificates of deposit with maturities over three months are considered time deposits.

Investments

Investments are recorded at fair value based upon quoted market prices with the difference between the purchase price and market price being recorded as investment income. Gains or losses due to market valuation changes as well as realized gains or losses are recognized in the statements of revenues, expenses, and changes in net assets.

Accounts Receivable

Trade receivables are shown net of an allowance for uncollectible accounts. Allowances are estimated at approximately 5% of total accounts receivable, based on historical experience. Bad debts are written off against the accounts receivable allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of general and administrative expenses when received.

Inventory

Inventory consists of materials and supplies and is stated at cost, determined on an average cost method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Deferred Dredging

The cost of periodic maintenance dredging of berthing areas adjacent to the Authority's wharves and of certain ship channels not maintained by the federal government is capitalized in deferred charges and amortized over three years. Amortization for 2010 and 2009 amounted to $2.2 and $1.6 million, respectively, and is included in depreciation and amortization in the statements of revenues, expenses and changes in net assets.

Property Taxes

Property taxes (net of collection expenses) are used to pay debt service of the unlimited tax bonds and any commercial paper. Property is appraised, and a lien on such property becomes enforceable, as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Property taxes are generally levied in October or November for the year in which assessed. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Harris County bills and collects property taxes of the Authority for a fee and remits collections to the Authority. Property tax collection expenses incurred by the Authority for the years ended December 31, 2010 and 2009 were $1,270 and $720, respectively. These expenses are included in property tax expense in the statements of revenues, expenses and changes in net assets.

The tax rates levied on behalf of the Authority for the years ended December 31, 2010 and 2009 were $.02054 and $.01636, respectively, per $100 assessed valuation.

Restricted Assets

Assets whose use is restricted to specific purposes by bond indenture or otherwise are segregated on the statements of financial position. These assets are primarily restricted for construction and debt service purposes.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5 thousand and an estimated useful life of three years or greater. Property constructed or acquired by purchase is stated at cost. Property received as a contribution is stated at estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are expensed. The Authority capitalizes, as a cost of its constructed assets, the interest expense of related borrowings less the interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing.

(in thousands)

Capitalized interest increased the cost of assets constructed by the Authority by $4,567 and $3,943 in 2010 and 2009, respectively.

Depreciation is computed using the straight-line method over the following useful lives:

Railroads	25-40 years
Buildings	20-40 years
Improvements other than buildings	20-50 years
Machinery and equipment	3-20 years
Computer software – Intangible	5 years

Premiums (Discounts) on Bonds Payable and Issuance Costs

Bond issuance costs, premiums and discounts are amortized over the term of the related debt using the straight-line method, which does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

Compensated absences, which include unpaid accrued vacation and sick leave, are accumulated during employment and are accrued when incurred. Employees earn vacation at rates of 10 to 25 days per year and may accumulate a maximum of 20 to 50 days, depending on their length of employment. Upon termination or retirement, employees are paid for any unused accumulated vacation days at their current pay rate. Employees earn sick leave at the rate of 12 days per year. Upon termination or retirement, employees are paid for any unused sick leave days at their current pay rate up to a maximum of 60 days. With sufficient accruals, employees are allowed to receive payments at year-end of up to a maximum of 12 days of their unused sick leave, at their current pay rate.

Net Assets

Net assets represent the residual interest in the Authority's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when constraints are imposed by third parties. All remaining net assets that do not meet the definition of invested in capital net of related debt or restricted are classified as unrestricted.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources, as they are needed.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

The Authority's operating revenues for vessel and cargo services are collected from charges assessed pursuant to its tariffs. These revenues are recognized and accrued during the period earned. Revenues from rental of equipment and facilities are derived from leases of land, a use agreement with respect to railroad rights-of-way, and pipeline licenses. These revenues are recognized during the period earned by accrual or prepayment amortization, as appropriate pursuant to lease agreement terms.

New Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51 ("GASB No. 51"), "Accounting and Financial Reporting for Intangible Assets," which provides comprehensive guidance on identifying, accounting for, and reporting intangible assets. This statement establishes a specified-conditions approach for recognizing internally generated intangible assets. It also provides guidance on recognizing internally generated computer software and establishes specific guidance for the amortization of intangible assets. Retroactive reporting is required except for intangible assets with indefinite useful lives or those that were internally generated prior to the effective date of the statement. This statement is effective for periods beginning after June 15, 2009. In compliance with the requirements of GASB No. 51, the Authority did not retroactively report internally generated intangible assets and intangible assets with indefinite useful lives prior to 2009. Upon adoption of GASB No. 51, the Authority identified intangible assets recorded as capital assets. The amounts reclassified to intangible assets, net of accumulated depreciation as of December 31, 2010 and 2009 were $14,858 and $1,114, respectively. See Note 5 for additional information.

In June 2008, GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This Statement is effective for financial statements for periods beginning after June 15, 2009. The adoption of this statement currently does not have an effect on the Authority's financial statements as it currently does not have any derivative instruments.

In March 2009, GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definition. The definitions of the general fund, special revenue fund type, capital projects type, debt service fund type and permanent fund type are clarified by provisions in this Statement. The fund balance classification approach in this Statement will require governments to classify amounts consistently. This Statement is effective for periods beginning after June 15, 2010. The Authority has determined that requirements of GASB No. 54 are not applicable to the Authority.

In March 2009, GASB issued Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The Statement is intended to improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. This Statement is effective immediately and does not result in a change in current practice.

In March 2009, GASB issued Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards." The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. This Statement is intended to improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This statement is effective immediately and does not have a significant impact on the Authority's financial statements.

In December 2009, the GASB issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." The Statement is intended to improve consistency in the measurement and financial reporting of OPEB such as retiree health insurance. GASB No. 57 addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans. (In agent multiple-employer plans, separate liabilities are calculated and separate asset accounts are kept for each participating government, rather than being administered and accounted for as a single plan as is done in a cost-sharing plan.) GASB No. 57 amends GASB No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and GASB No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Portions of this Statement are effective immediately and the remaining sections are effective for periods beginning after June 15, 2011. The Authority has determined that requirements of GASB No. 57 are not applicable to the Authority.

In December 2009, the GASB issued Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." Statement No. 58 is intended to improve consistency in the measurement and financial reporting of the effects of municipal bankruptcy and provides guidance for governments that have petitioned for protection from creditors by filing under Chapter 9 of the United States Bankruptcy Code. It establishes requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities, and for classifying changes in those items and related costs. This Statement is effective for financial statements for periods beginning after June 15, 2009. The Authority has determined that requirements of GASB No. 58 are not applicable to the Authority.

In June 2010, the GASB issued Statement No. 59, "Financial Instruments Omnibus." This Statement updates and is intended to improve existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010 with earlier application encouraged. The Authority has not determined the impact, if any, of the adoption of this standard on its financial position, results of operations or cash flows.

In December 2010, the GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB No. 14 and No. 34." This Statement is intended to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to GASB No. 14, "The Financial Reporting Entity, and GASB No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." The requirements of this Statement are effective for fiscal periods beginning after June 15, 2012. The Authority will implement this Statement in fiscal year 2013. The Authority has not determined the impact, if any, of the adoption of this standard on its financial position, results of operations or cash flows.

In December 2010, the GASB issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is intended to improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This requirement will bring the authoritative accounting and financial reporting literature together in one place. This Statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of applicable guidance. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The Authority will implement this Statement in fiscal year 2012.

Reclassifications and Presentation

Certain reclassifications of prior years' balances have been made to conform with the current year presentation. The overall effect of these changes is presented below.

(in thousands)

	2009 reported	Reclassifications	2009 Reclassified
Vessel and cargo services revenues	$ 145,781	$ (1,416)	$ 144,365
Maintenance and operation of facilities expenses	(83,758)	(4,366)	(88,124)
General and administrative expenses	(48,183)	5,782	(42,401)
Cash and cash equivalents	36,001	(122)	35,879
Restricted cash and cash equivalents	27,399	122	27,521
Prepaids	3,002	(297)	2,705
Construction-in-progress	193,622	297	193,919
Deferred revenue	9,301	(3,226)	6,075
Other non-current liabilities	40,352	3,226	43,578
Invested in capital assets, net of related debt	669,843	297	670,140
Unrestricted net assets	191,830	(297)	191,533

Such reclassifications affected total current and long-term assets and liabilities, net assets invested in capital assets as well as total operating revenues and total operating expenses. There was no effect on operating loss, changes in net assets or net cash provided by operating activities.

2. Cash and Investments

The Authority's cash and cash equivalents of $86,965 and $63,400 as of December 31, 2010 and 2009, respectively, are maintained in demand accounts and mutual funds managed by major fund managers. The demand account balance at December 31, 2010 and 2009 was $91,013 and $65,727, respectively, of which the amount on deposit in demand accounts is fully covered by the federal deposit insurance through the FDIC or collateralized with securities held by the Authority's depository institution in joint safekeeping at the Federal Reserve Bank of New York in the Authority's name. The mutual funds are invested primarily in direct obligations of the U.S. government or its agencies.

In accordance with authorized state statutes, the Authority invests in fully collateralized or insured time deposits, direct debt securities of the United States or its agencies, commercial paper, money market mutual funds, collateralized mortgage obligations, the underlying security for which is guaranteed by an agency of the United States, and fully collateralized repurchase agreements. Repurchase agreements must be purchased pursuant to a master repurchase agreement which specifies the rights and obligations of both parties and requires that the securities involved in the transactions be held in a safekeeping account subject to the control and custody of the Authority. Investments in security repurchase agreements may be made only with the Authority's depository bank or with state or national banks domiciled in the state of Texas. The Authority did not invest in repurchase agreements during 2010 or 2009.

(in thousands)

External Investment Pool - During 2010 and 2009, the Authority invested in the Texas Local Government Investment Pool ("TexPool") and the Texas Short Term Asset Reserve Program ("TexSTAR"). Investments in TexPool and TexSTAR are reported at amortized cost and are included in cash and cash equivalents in the statements of net assets.

In accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures," the Authority's financial statements are required to address credit risk, concentration of credit risk, interest rate risk and foreign currency risk of investments.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize this risk, the Authority's Investment Policy does not allow any fixed income securities below the rating of A. U. S. Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Commercial Paper must be rated at least A-1 or better by Standard & Poor's or P-1 or better by Moody's Investors Service.

Concentration of Credit Risk – Concentration of credit risk exists when investments are concentrated in securities of a few issuers. The Authority's investments at December 31, 2010 included the following securities which comprised more than 5% of the total portfolio:

Federal Home Loan Mortgage Corporation Notes	24%
Federal National Mortgage Association Discount Notes	14%
Ford Motor Credit Company commercial paper	11%
General Electric Capital Corp. commercial paper	11%
Toyota Motor Credit Corp. commercial paper	7%

All of these securities meet the diversification and credit quality requirements specified in the Investment Policy.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Authority's investments. The Authority minimizes this risk by generally holding long-term fixed-rate securities to maturity.

The following table details the U.S. Dollar holdings and their weighted average maturity as of December 31, 2010.

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(in thousands)

Security Type	Ratings	Fair Value	Weighted Average Maturity
			(years)
Agency Securities:			
FHLMC NOTE	AAA/Aaa	$ 14,901	0.31
FHLMC NOTE	AAA/Aaa	4,981	0.12
FHLMC STEP NOTE	AAA/Aaa	9,875	0.28
FHLMC NOTE	AAA/Aaa	25,090	0.48
FHLMC STEP NOTE	AAA/Aaa	25,002	0.48
FNMA STEP NOTE	AAA/Aaa	20,000	0.30
FNMA NOTE	AAA/Aaa	24,968	0.50
FAMCA NOTE	Aa1/AA-	10,268	0.04
Total		135,085	2.51
Commercial Paper:			
FCAR CP	A-1+/P-1	11,769	0.05
FCAR CP	A-1+/P-1	23,934	0.10
GE CP	A-1+/P-1	34,968	0.10
TOYOTA CP	A-1+/P-1	24,955	0.11
TOYOTA CP	A-1+/P-1	9,969	0.07
Total		105,595	0.43
Municipal Bonds:			
NY ST DORM AUTH	AAA/AA	4,998	0.61
NY, NY General Obligation Bond	AA/Aa2	5,030	0.89
Total		10,028	1.50
Total Fair Value		$ 250,708	
Portfolio Weighted Average Maturity			1.59

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
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(in thousands)

The following table details the U.S. Dollar holdings and their weighted average maturity as of December 31, 2009.

Security Type		Ratings	Fair Value	Weighted Average Maturity (years)
Agency Securities:				
FHLMC NOTE		AAA/Aaa	$ 5,011	0.03
FHLMC NOTE		AAA/Aaa	20,084	0.30
FHLMC NOTE		AAA/Aaa	10,048	0.13
FAMCA NOTE		AAA/Aaa	10,559	0.10
FNMA NOTE		AAA/Aaa	20,056	0.14
FNMA STEP NOTE		AAA/Aaa	20,047	0.28
FHLMC STEP NOTE		AAA/Aaa	13,557	0.21
FHLB STEP NOTE		AAA/Aaa	15,049	0.24
FHLB STEP NOTE		AAA/Aaa	19,979	0.34
FHLB STEP NOTE		AAA/Aaa	9,902	0.17
FHLB NOTE		AAA/Aaa	24,790	0.44
	Total		169,082	2.38
Commercial Paper:				
FCAR CP		A-1+/P-1	10,000	0.01
	Total		10,000	0.01
Municipal Bonds:				
Harris County, TX Revenue Bond		AAA/Aaa	24,996	0.53
NY, NY General Obligation Bond		AA/Aa2	4,999	0.46
	Total		29,995	0.99
	Total Fair Value		$ 209,077	
	Portfolio Weighted Average Maturity			2.07

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of December 31, 2010 and 2009, the Authority had no foreign currency risk.

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(in thousands)

3. Receivables

Receivables as of year-end including the applicable allowances for uncollectible accounts are as follows:

	2010	2009
Trade receivables, net:		
Trade accounts	$ 24,476	$ 16,763
Damage claims	228	595
Less allowance for doubtful accounts	(574)	(975)
Trade accounts, net	24,130	16,383
Other receivables:		
Accrued interest	826	1,277
Due from federal/state agency	1,360	448
Other	1	109
Total other receivables	2,187	1,834
Total receivables, net	$ 26,317	$ 18,217

4. Capital Assets

The Authority adopted GASB Statement No. 51 ("GASB No. 51"), "Accounting and Financial Reporting for Intangible Assets," during the 2010 fiscal year. Pursuant to the adoption of GASB No. 51, the Authority reviewed its capital assets and identified intangible assets (computer software) previously recorded as machinery and equipment. The Authority reclassified these intangible assets, net of accumulated depreciation from Machinery and Equipment as of December 31, 2010 and 2009 in the amount of $4,703 and $1,114, respectively.

The Authority also identified easements acquired in 2010 as non-depreciable intangible assets in the amount of $10,155 as of December 31, 2010. There were no acquisitions of this nature in 2009. These easements have been included in land use rights in the capital asset activity table.

Pursuant to GASB Statement No. 42 ("GASB No. 42"), "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," the Authority performed a review of significant capital assets to evaluate the existence of any impairment. One such asset was identified during the 2010 fiscal year. The Bardella Wharf Crane located in the Turning Basin Terminal was evaluated and its service utility was determined to be impaired due to technological changes in the shipping industry toward larger container vessels which operate more efficiently at BCT and Bayport terminals. Based on application of the Service Units method – Cost of Remaining Units calculation the Authority determined that the revised carrying value of the asset was less than its current net book value and therefore an impairment charge was necessary. The impairment charge of $1,769 is included in depreciation and amortization in the statements of revenues, expenses and changes in net assets.

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(in thousands)

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	$ 94,760	$ 727	$ (979)	$ 94,508
Land use rights - Intangible	-	10,155	-	10,155
Channel improvements	268,014	13,260	(2,315)	278,959
Construction-in-progress	178,493	144,156	(239,490)	83,159
Total capital assets, not being depreciated:	541,267	168,298	(242,784)	466,781
Capital assets, being depreciated:				
Buildings	125,729	1,514	-	127,243
Improvements other than buildings	772,756	156,868	-	929,624
Railroads	59,065	-	-	59,065
Machinery and equipment	281,716	57,114	(9,073)	329,757
Computer software - Intangible	1,341	3,894	-	5,235
Total capital assets, being depreciated:	1,240,607	219,390	(9,073)	1,450,924
Less accumulated depreciation for:				
Buildings	(61,372)	(3,265)	-	(64,637)
Improvements other than buildings	(267,213)	(24,668)	-	(291,881)
Railroads	(28,861)	(1,282)	-	(30,143)
Machinery and equipment	(143,201)	(21,740)	9,029	(155,912)
Computer software - Intangible	(227)	(305)	-	(532)
Total accumulated depreciation	(500,874)	(51,260)	9,029	(543,105)
Total capital assets, being depreciated, net	739,733	168,130	(44)	907,819
Total capital assets, net	$ 1,281,000	$ 336,428	$ (242,828)	$ 1,374,600

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(in thousands)

Capital asset activity for the year ended December 31, 2009, as restated was as follows:

	Beginning Balance	Additions	Retirements / Transfers	Ending Balance As restated
Capital assets, not being depreciated:				
Land	$ 90,631	$ 4,129	$ -	$ 94,760
Channel improvements	242,174	25,840	-	268,014
Construction-in-progress	108,989	138,682	(69,178)	178,493
Total capital assets, not being depreciated:	441,794	168,651	(69,178)	541,267
Capital assets, being depreciated:				
Buildings	108,900	16,829	-	125,729
Improvements other than buildings	765,349	8,020	(613)	772,756
Railroads	57,234	1,831	-	59,065
Machinery and equipment	269,066	12,752	(102)	281,716
Computer software - Intangible	-	1,341	-	1,341
Total capital assets, being depreciated:	1,200,549	40,773	(715)	1,240,607
Less accumulated depreciation for:				
Buildings	(58,164)	(3,208)	-	(61,372)
Improvements other than buildings	(244,800)	(23,026)	613	(267,213)
Railroads	(27,487)	(1,374)	-	(28,861)
Machinery and equipment	(124,859)	(18,444)	102	(143,201)
Computer software - Intangible	-	(227)	-	(227)
Total accumulated depreciation	(455,310)	(46,279)	715	(500,874)
Total capital assets, being depreciated, net	745,239	(5,506)	-	739,733
Total capital assets, net	$ 1,187,033	$ 163,145	$ (69,178)	$ 1,281,000

(in thousands)

5. Restatement

During the preparation of the 2010 financial statements, the Authority identified an error in the accounting treatment of costs related to legal defense of a disputed construction contract which were previously reported in capital asset amounts. In fiscal year 2009, capital assets, net of accumulated depreciation were overstated by $14,569 in the statement of net assets. In addition, general and administrative expenses were under reported by $15,426 and depreciation and amortization expenses were overstated by $857 in the statement of revenues, expenses and changes in net assets.

The overall effect of these corrections is presented in the table below.

	2009 as Reclassified	Correction	2009 as Restated
General and administrative expenses	$ (42,401)	$ (15,426)	$ (57,827)
Depreciation and amortization	(48,892)	857	(48,035)
Improvements other than buildings	504,686	857	505,543
Construction-in-progress	193,919	(15,426)	178,493
Invested in capital assets, net of related debt	670,140	(14,569)	655,571

6. Operating Leases

The Authority leases temporary office buildings and office equipment under a variety of agreements. Operating lease payments are recorded as expenses during the life of the lease. Rental expenses related to operating leases for the year ended December 31, 2010 and 2009 were $245 and $250, respectively. As of December 31, 2010, future minimum rental obligations to be paid by the Authority under noncancelable operating leases are as follows:

Year Ending	Future Minimum Lease Payments
2011	$ 113
2012	113
2013	103
2014	29
Total	$ 358

(in thousands)

Additionally, the Authority leases certain assets to others. These leases pertain to land, buildings and improvements and cargo handling equipment. Cost of the assets under lease totaled $105,419 consisting of $16,766 in buildings, $52,758 in improvements, $2,900 of machinery and equipment and $32,995 of railroads with a total net book value of $53,468 and current year depreciation of $3,467. As of December 31, 2010, future minimum rentals anticipated to be received by the Authority under the operating leases with initial or remaining noncancellable lease terms in excess of one year are as follows:

Year Ending	Future Minimum Lease Rentals
2011	$ 16,302
2012	15,486
2013	14,470
2014	14,316
2015	11,739
Thereafter	78,687
Total	$ 151,000

7. Short-Term Debt

The Authority operates as a navigation district pursuant to Article XVI, Section 59 of the State Constitution and in accordance with such constitutional provisions and applicable statutes has periodically issued short-term and long-term debt for the purpose of improving the assets of the Authority, including security facilities and environmental enhancements. There is no legal debt margin prescribed in such constitutional provisions as to the issuance of such debt. Harris County voters approved issuance of $387,000 and $250,000 in debt instruments for these purposes in November 1999 and November 2007, respectively.

As of December 31, 2009, $70,245 in Commercial Paper ("Notes") had been issued and remained outstanding. In February 2010, the Authority issued $89,755 in additional Notes. On August 19, 2010, the outstanding Notes of $160,000 were fully extinguished. See Note 8 for additional information.

(in thousands)

Changes in Short-Term Debt
Commercial Paper Notes*

	Beginning Balance	Additions	Deductions	Ending Balance
2010	$ 70,245	$ 89,755	$ (160,000)	$ -
2009	-	70,245	-	70,245

* Commercial paper is issued at various dates, and has various interest rates and maturities.

8. Long-Term Debt and Non-Current Liabilities

The following is a summary of bonds payable, OPEB obligation, compensated absences, deferred pipeline revenue, advances from developer, and other activities which make up the Authority's long-term liabilities for the years ended December 31, 2010 and 2009.

Changes in Long-Term Liabilities – 2010

Bonds payable	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	
Unlimited tax bonds	$ 547,415	$ 347,214	$ (131,010)	$ 763,619	$ 12,900	
Accreted interest on unlimited tax bonds	-	24	-	24	-	
Less unamortized premiums / (discounts) and deferred loss	7,769	22,068	(1,232)	28,605	-	
Total bonds payable	555,184	369,306	(132,242)	792,248	12,900	
Other non-current liabilities:						
OPEB obligation	31,460	11,250	-	42,710	-	
Compensated absences	5,368	5,922	(5,480)	5,810	473	(1)
Deferred pipeline revenue	3,943	1,012	(538)	4,417	832	(1)
Advances from developer	3,793	8,429	(2,861)	9,361	-	
Other	156	777	(114)	819	-	
Total other non-current liabilities	$ 44,720	$ 27,390	$ (8,993)	$ 63,117	$ 1,305	

(1) Included in accounts payable and other current liabilities

(in thousands)

Changes in Long-Term Liabilities – 2009

Bonds payable	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	
Unlimited tax bonds	$ 563,015	$ -	$ (15,600)	$ 547,415	$ 108,580	
Less unamortized premiums / (discounts) and deferred loss	8,346	-	(577)	7,769	-	
Total bonds payable	571,361	-	(16,177)	555,184	108,580	
Other non-current liabilities:						
OPEB obligation	19,521	11,939	-	31,460	-	
Compensated absences	5,500	4,558	(4,690)	5,368	425	(1)
Deferred pipeline revenue	-	4,645	(702)	3,943	717	(1)
Advances from developer	5,762	-	(1,969)	3,793	-	
Other	156	-	-	156	-	
Total other non-current liabilities	$ 30,939	$ 21,142	$ (7,361)	$ 44,720	$ 1,142	

(1) Included in accounts payable and other current liabilities

The Authority's long-term debt consists primarily of tax-exempt General Obligation ('GO") bonds. Repayment of the outstanding principal of these GO bonds and interest thereon is made from property taxes.

The Authority issued long-term debt of $91,279 in February 2010 and $255,935 in August 2010, a portion of which was used to extinguish the short-term debt described in Note 6.

Long-term debt is summarized as follows (in thousands):

Outstanding Long Term Debt

	Original Issue	Interest Rate % *	Issue Date	Maturity	December 31 2010	December 31 2009
General Obligation Bonds:						
Unlimited Tax Refunding Bonds:						
Series 1997	31,365	4.75 - 5.00	10/23/1997	2013	$ -	$ 3,445
Series 2000B	8,700	4.55 - 5.50	10/15/2000	2011	710	1,430
Series 2002B	7,060	5.50 - 4.25	12/12/2002	2013	1,500	2,025
Series 2004	9,000	3.00 - 5.00	12/8/2004	2016	4,260	5,010
Series 2005A	36,665	4.25 - 5.00	9/8/2005	2023	36,665	36,665
Series 2005B	62,485	4.125 - 5.00	6/8/2005	2023	62,485	62,485
Series 2006A	28,380	5	7/19/2006	2017	18,105	20,730
Series 2006B	47,085	4.75 – 5.00	10/18/2006	2031	47,085	47,085
Series 2006C	9,160	4.00 – 5.00	10/18/2006	2031	9,160	9,160
Series 2008A	234,630	5.625-6.25	7/24/2008	2038	182,045	234,630
Series 2010A	38,095	1.00 - 5.00	2/17/2010	2019	33,485	-
Series 2010B	22,930	1.00 - 5.00	2/17/2010	2026	20,790	-
Series 2010C	30,254	2.00 - 5.37	2/3/2010	2033	30,254	-
Series 2010D-1	147,940	5	8/19/2010	2035	147,940	-
Series 2010E	22,330	2.00 - 5.00	8/19/2010	2038	22,330	-
					616,814	422,665
Unamortized Premiums/(Discounts) and Deferred Loss					23,227	7,639
Series 2010C and 2010E CAB Accretion, net					24	-
Unlimited Tax Refunding Bonds, Net					640,065	430,304
Unlimited Tax Port Improvement Bonds:						
Series 1998A	81,000	3.80 - 5.00	11/17/1998	2019	-	40,500
Series 2001A	17,300	5	11/1/2001	2026	580	13,920
Series 2001B	70,000	4.00 - 5.00	11/1/2001	2026	54,490	56,695
Series 2002A	16,000	3.00 - 5.00	12/12/2002	2027	6,070	13,635
Series 2010D-2	85,665	5	8/19/2010	2039	85,665	-
Total Unlimited Tax Port Improvement Bonds					146,805	124,750
Unamortized Premiums/(Discounts)					5,378	130
Unlimited Tax Port Improvement Bonds, Net					152,183	124,880
Total Debt					792,248	555,184
Less Current Maturities					(12,900)	(108,580)
Long - Term Debt (net of unamortized premium/(discounts) and deferred loss)					$ 779,348	$ 446,604

* Interest rate of original issue

(in thousands)

Debt Service Requirements

Total debt service requirements for outstanding bonds as of December 31, 2010 are as follows:

	Bond Principal	Capital Appreciaion Bond	Bond Interest
Year Ending December 31	**General Obligation**	**Accreted Interest**	**General Obligation**
2011	$ 12,900	$ -	$ 40,656
2012	13,805	-	38,655
2013	14,460	-	38,003
2014	15,425	-	37,322
2015	16,175	-	36,579
2016-2020	104,955	-	169,598
2021-2025	119,895	-	141,280
2026-2030	139,900	-	109,652
2031-2035	162,304	17,976	69,262
2036-2039	163,800	-	20,540
	$ 763,619	$ 17,976	$ 701,547

Bond Refundings

Bonds generally mature serially based on stated maturity dates. However, bonds may be redeemed prior to their maturities if provided for under the applicable bond indenture.

At various times the Authority defeased certain bonds by placing the proceeds of new bonds, together with other available funds, in an irrevocable escrow with a trustee to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the liabilities for the bonds to be defeased are not included in the Authority's financial statements. The outstanding defeased unlimited tax bonds as of December 31, 2010 and 2009 were $19,830 and $9,250, respectively.

During 2010 the Authority issued Refunding Bonds Series 2010A, 2010B and 2010C to refund $94,030 in bonds outstanding as of December 31, 2009. During 2010, the Authority also issued Refunding Bonds Series 2010D-1, which refunded $160,000 in commercial paper, and Refunding Bonds Series 2010E, which refunded $22,330 of bonds outstanding as of December 31, 2009. The Authority had no refunding or other bonds issued during 2009.

(in thousands)

The table below illustrates the cash flow effect and the economic gain on the bond refundings during 2010:

Refunding Issues

Bond Series	Types of Refunding	Cash Flow Difference (Decrease)	Economic Gain
2010A Bonds	Current Refunding	$ (4,045)	$ 2,689
2010B Bonds	Advance & Current Refunding	(1,598)	792
2010C Bonds	Current Refunding	(3,298)	1,615
2010E Bonds	Current Refunding	(2,558)	1,805
		$ (11,499)	$ 6,901

Bond Restrictions

The bond resolutions require that during the period in which the bonds are outstanding, the Authority must create and maintain certain accounts ("funds") to receive the proceeds from the sale of the bonds and ad valorem taxes levied. These assets can be used only in accordance with the terms of the bond resolutions to pay the capital costs of enlarging, extending or improving the Authority's facilities or to pay the debt service cost of the related bonds.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the U.S. Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment, if applicable, for each issue every five years. There was no arbitrage liability for tax-exempt debt subject to the Tax Reform Act through December 31, 2010 and 2009. The estimated liability is updated annually for any tax-exempt issuance or changes in yields until payment of the calculated liability is due.

9. Bayport Facilities

Certain land and port facilities of the Bayport division were acquired or constructed using the proceeds from the Special Purpose Revenue bonds, Series 1964, and interest-free advances (including the interest earnings on the invested portions thereof) from the developer of an adjacent industrial park. The developer also agreed to advance to the Authority amounts necessary to cover maintenance and operating expenses of the Bayport facilities if, and to the extent that, gross revenues from the operations of the Bayport facilities were insufficient. The liability for construction and operating advances amounted to approximately $9,361 and $3,793 at December 31, 2010 and 2009, respectively. All such advances are to be repaid only from net revenues, if any, of the Bayport division earned through the year 2013.

Effective October 27, 1997, the Authority, the developer, and the Bayport operators entered into an Agreement of Compromise and Settlement (the "Agreement") that resolved various legal disputes in connection with the Authority's property at Bayport, including disputes as to reimbursement of the developer for amounts previously advanced. The Agreement provided for an increased user fee (from 22¢ per ton of liquid to 24¢) to be credited to the Bayport reimbursement account through July 31, 2013. All proceeds of this fee are used for payment of amounts then due upon the Special Purpose Revenue Bonds, Series 1964, for payment of certain of the Authority's operating expenses relating to Bayport, and for the repayment of amounts advanced to the Authority by the developer.

The Agreement limits repayments to the developer to the sum of $21,500 (plus any additional advances made by the developer, $10,658 and $4,469 through December 31, 2010 and 2009, respectively) and also provides that all repayment obligations of the Authority to the developer shall terminate by July 13, 2013. The Agreement provided for the payment of $2,232 by the Authority to the developer in exchange for the developer's final release of all of the developer's rights concerning the Authority's property at Bayport. The Agreement contains various other provisions, including provisions addressing allocation of maintenance costs for the Bayport Channel and Turning Basin among the Authority, the developer and private operators at Bayport. The Agreement superseded all prior agreements between the Authority and developer and was contingent upon the U.S. Corps of Engineers' approval of offshore disposal of Bayport dredge material. Such approval was received in October of 1998.

The Authority recorded $19,900 in advances from the developer at the time the new agreement was signed and recorded an additional $10,658 since 1997. The repayments during the years ended December 31, 2010 and 2009 were approximately $735 and $1,969, respectively.

10. Retirement Plan

Plan Description

The Port of Houston Authority Restated Retirement Plan ("Plan") is a single-employer noncontributory defined benefit retirement plan covering all permanent, full-time employees after the completion of one year of employment. The Authority controls and manages the operation and administration of the Plan. The Port Commission maintains the authority to amend the Plan provisions and the investment policy as necessary. Compass Bank (the "Trustee") serves as the trustee of the Plan. The Plan issues a stand-alone financial report that may be obtained by requesting such report from the Port of Houston Authority of Harris County, P.O. Box 2562, Houston, TX 77252, and Attention: Controller. The Authority's payroll for employees covered by the Plan for the plan fiscal years ended July 31, 2010 and 2009 was $34,939 (83% of the total payroll of $42,299) and $32,695 (77% of total payroll of $42,509), respectively.

(in thousands)

Employees become participants in the plan after completion of one year of employment and become vested after five (5) years. Vested employees are eligible to receive a normal pension benefit if they retire on the Normal Retirement date at age 65. This Normal Retirement Benefit is payable monthly for a minimum of five years certain (other options are available) and for life thereafter. It is an amount equal to 2.3% of the Average Monthly Compensation multiplied by the years of benefit service not to exceed 30.435 years. The plan provides for Early Retirement upon completion of 30 years or more of vesting service, attainment of age 62, or when the sum of the employee's age and years of service equals 85 or more and the employee has attained the age of 55 or more. Late Retirement commences when an employee works beyond the Normal Retirement Date. Benefits are adjusted accordingly for both Early Retirement and Late Retirement. The plan also provides for disability and death benefits. Terminated employees, other than for retirement, disability or death, receive a pension benefit when that former employee reaches the Normal Retirement date.

Investment Valuation and Income Recognition

Investments are stated at fair value. If available, quoted market prices are used to value investments. In the case of any unlisted asset, the Trustee will determine the market value utilizing pricing obtained from independent pricing services. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Concentration of Credit Risk

Concentration of credit risk exists when investments are concentrated in one issuer. The Plan's investment policy limits the amount that may be invested in any one issuer.

As of July 31, 2010 and 2009, the Plan had the following investments in excess of 5% of net investments.

	2010	**2009**
Goldman Sachs Financial Square Prime Obligations Fund (Cusip 38141W364)	$ 9,519,178	$ 6,931,288
Total	$ 9,519,178	$ 6,931,288

Funding Policy

The Authority's funding policy is to make cash contributions to the Plan in amounts computed by the Plan's independent actuary using the entry age normal cost method and includes amortization of the unfunded accrued liability over a 30-year period. This method and the actuarial assumptions have been designed to provide sufficient funds to pay benefits as they become payable under the Plan.

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(in thousands)

Port of Houston Authority Restated Retirement Plan
Schedule of Funding Progress

a)	Actuarial Valuation Date	August 1,2010	August 1, 2009	August 1, 2008
b)	Actuarial Value of Assets	$105,871	$ 93,179	$ 96,724
c)	Actuarial Accrued Liability (AAL)	$128,584	$122,093	$117,731
d)	Unfunded Actuarial Accrued Liability (UALL) (c-b)	$ 22,713	$ 28,914	$ 21,007
e)	Funded Ratio (b/c)	82.3%	76.3%	82.2%
f)	Annual Covered Payroll (Actuarial)	$ 34,939	$ 32,695	$ 32,270
g)	UAAL as a % of Covered Payroll (d/f)	65.0%	88.4%	65.1%

Actuarially Determined Contribution Requirements and Contributions Made

The Authority's funding policy provides for actuarially determined annual contributions, which include the normal cost and amortization of the unfunded actuarial accrued liability.

Actuarial Valuation Method

Actuarial Valuation Date	August 1, 2010	August 1, 2009	August 1, 2008
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, (closed)	Level Dollar, (closed)	Level Dollar, (closed)
Amortization Period in Years	Various	Various	Various
Asset Valuation Method	Market Value	Market Value	Market Value
Actuarial Assumptions:			
Investment Return	7.25%	7. 5%	7. 5%
Projected Salary Increases	3.0% - 7.5%	3.0% - 8.0%	3.0% - 8.0%
Inflation	3.5%	3.5%	3.5%
Cost of Living Adjustment	None	None	None

Components of the unfunded actuarial liability are amortized as level dollar amounts using closed basis amortization. The closed basis amortization method amortizes actuarial bases over a fixed number of years with a defined beginning and end. Components consisting of actuarial gains and losses are amortized over five years. Components consisting of amendments are amortized over 30 years. Components consisting of revised assumptions are amortized over ten years. The resulting equivalent single amortization base is amortized over a maximum of 30 years.

(in thousands)

Plan Statistics
For Plan Years July 31, 2010, 2009, and 2008

	2010	% Covered Payroll	2009	% Covered Payroll	2008	% Covered Payroll
Actuarial Determined Employer Contribution Normal Cost	$3,929	11.2%	$3,347	10.2%	$3,278	10.2%
Annual Required Contribution	$9,857		$7,357		$3,929	
% of ARC Contributed	100%		100%		100%	
Net Pension Obligation	None		None		None	

11. Post Employment Retiree Benefits

The Authority provides certain post employment health care benefits to eligible retired employees and their dependents. In addition, life insurance benefits are provided to all retired employees. At December 31, 2010 and 2009, there were 268 and 259 retirees, respectively, who were eligible for these benefits. The Authority funds all of the premiums for retiree life insurance and the majority of the health insurance premiums. Continuation of these benefits and the Authority's contributions are dependent on periodic authorization by the Port Commission.

The health insurance benefits provided to pre-Medicare retirees are the same as those offered to active employees. In addition, Medicare eligible retirees have the option of enrolling in Medicare Risk plans offered by the Authority or securing their own insurance and receiving a monthly reimbursement from the Authority for a portion of the cost. The supplied benefits include hospital, doctor and prescription drug charges.

Basic life insurance coverage provided to retirees is based upon the retirees' annual compensation at retirement and is valued at a flat $5, $10 or $15.

Effective January 1, 2010, new hires become eligible for Post Employment Benefits after completion of 12 years of employment and upon retirement from the Authority. Prior to that, employees who reach their Early or Normal Retirement date and retire from the Authority are eligible for Post Employment Benefits. An eligible employee may elect coverage for his or her dependents.

Disabled employees are covered in the Port of Houston Authority Group Health Plan from the date of disability.

The widow/widower of a retiree who has health care coverage through the Authority may continue coverage upon the death of the retiree.

Funding Policy

The required contribution is based on projected pay-as-you-go basis which is expected to continue. For the years ended December 31, 2010 and 2009, the cost of retiree health benefits, recorded on a pay-as-you-go basis was $1,419 and $1,466, respectively. Retiree life benefit costs for 2010 and 2009 were $120 and $91, respectively.

(in thousands)

Annual OPEB Cost and Net OPEB Obligation.

The annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation.

	2010	2009
Normal Cost at year end	$ 7,073	$ 7,073
Amortization of UAAL	7,507	7,507
Annual Required Contribution (ARC)	14,580	14,580
Determination of Net OPEB Obligation		
Annual Required Contribution	14,580	14,580
Interest on prior year Net OPEB Obligation	1,415	877
Adjustment to ARC	(1,848)	(1,146)
Annual OPEB Cost	14,147	14,311
Contributions made	(2,897)	(2,372)
Increase in Net OPEB Obligation	11,250	11,939
Net OPEB Obligation - beginning of year	31,460	19,521
Net OPEB Obligation - end of year	$ 42,710	$ 31,460

The end of year net OPEB Obligation is shown as a non-current liability on the statement of net assets.

Port of Houston Authority of Harris County, Texas
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(in thousands)

The table below reflects the schedule of OPEB Funding Progress.

	January 1, 2010	January 1, 2009	January 1, 2008
a) Actuarial Valuation Date			
b) Actuarial Value of Assets	$ -	$ -	$ -
c) Actuarial Accrued Liability (AAL)	$118,692	$118,692	$107,292
d) Unfunded Actuarial Accrued Liability (UALL) (c-b)	$118,692	$118,692	$107,292
e) Funded Ratio (b/c)	0.00%	0.00%	0.00%
f) Annual Covered Payroll (Actuarial)	$32,310	$32,310	$26,286
g) UAAL as a % of Covered Payroll (d/f)	367.40%	367.40%	408.20%

The following table shows the annual OPEB cost and net OPEB obligation assuming the plan is not prefunded.

Plan Year Ended	2010	2009	2008
Annual OPEB cost	$14,147	$14,312	$12,721
Percentage of OPEB Cost Contributed	20.5%	16.6%	21.9%
Net OPEB Obligation	$42,710	$31,460	$19,521

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The actuarial cost method used to determine the OPEB obligation is computed using the Unprojected Unit Credit Actuarial Cost Method which consists of the following cost components:

1) The Normal Cost is the Actuarial Present Value of benefits allocated to the valuation year.
2) The Actuarial Liability is the Actuarial Present Value of benefits accrued as of the valuation date.
3) Valuation Assets are equal to the market value of assets as of the valuation date, if any.

4) Unfunded Actuarial Liability is the difference between the Actuarial Liability and the Valuation Assets. The UAAL is being amortized as a level dollar amount over the maximum of 30 years, as permissible under GASB 45.

Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Authority and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. The actuarial valuation used a closed amortization period. Actuarial assumptions used included a discount rate of 4.5% compounded annually, inflation rate of 3.5%, investment return of 4.5%, mortality table, withdrawal rates, disability rates, retirement rates, participation, health care cost trend rates, marriage assumptions, annual retiree claim costs, age slope and retiree premiums.

The health care cost trend rates assume claim costs in future years equal the starting claim costs adjusted for the assumed ongoing cost trends. Such trends are based on the health care cost trend rate adjusted for the impact of plan design, cost containment features and Medicare coordination. The health care cost trend rates used for the 2010 valuation were 7.5% trending down to 4.7% (pre-Medicare) and 5.7% trending down to 4.7% (post-Medicare) over 72 years. The health care cost trend rates used for the 2009 & 2008 valuation were 7.1% trending down to 4.5% (pre-Medicare) and 7.4% trending down to 4.5% (post-Medicare) over 68 years.

12. Risk Management

The Authority is exposed to risk of financial loss from fire, windstorm, explosion and other perils that could damage or destroy assets and properties and cause loss of income should assets and properties be shut down for an extended period of time. The Authority is also exposed to third-party bodily injury and property damage claims arising from the operation and ownership of its properties and from losses resulting from on-the-job injuries sustained by employees.

Effective March 1, 2010, the Authority began self insuring the initial $350 of any claim for workers' compensation, general liability and automobile liability. The Authority has $20 Million in excess coverage above its $350 self-insured retention (SIR). State law caps the Authority's liability at $100 maximum per person for bodily injury or death per occurrence; $300 maximum for all persons for bodily injury or death per occurrence; or $100 maximum for property damage per occurrence.

As of December 31, 2010, the Authority had approximately $588 in claims liability due to 10 open workers' compensation claims for the policy periods March 1, 2005 to February 28, 2010 included in accounts payable and other current liabilities, and $777 in claims liability due to open claims for the period March 1, 2010 thru December 31, 2010 included in other non-current liabilities. Claims liability, if any, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Such liability is based upon actual reserves and is not considered material.

For the years ended December 31, 2010 and 2009, the Authority recognized $3,500 and $4,018 in insurance recoveries for damage caused by Hurricane Ike. These recoveries are included in non-operating revenues – other, net in the statements of revenues, expenses and changes in net assets.

13. Commitments and Contingencies

Commitments

At December 31, 2010 and 2009, the Authority had committed approximately $27,957 and $65,746, respectively, for supplies, services, and the purchase of equipment and the expansion of facilities.

Litigation and Claims

The Authority is a defendant in various legal actions arising in the normal course of business; it cannot predict the results of such litigation. However, based on consultation with outside counsel, the Authority generally believes the outcome of such matters will not materially affect its financial position, except that it cannot reach such conclusion at this time regarding the lawsuits described below.

The Authority is a defendant in a breach of contract action brought by Zachry Construction Corporation ("Zachry") in November 2006. The lawsuit arises out of a contract which the Authority entered with Zachry in June 2004 for the construction of the initial 1,660 feet of dock at Bayport. A change order later added an additional 332 feet of dock. Zachry originally intended to construct the dock "in the dry" behind an earthen cofferdam, which was to be made rigid and water impermeable through soil freezing technology.

In general, Zachry sought to fault the Authority for Zachry's decision to abandon the plan to freeze the cofferdam and complete the work "in the wet." Zachry also claimed that the Authority wrongfully withheld $2,600 in liquidated damages. The Authority disputed all of Zachry's contentions.

The case proceeded to a jury trial on October 20, 2009 and ended with an adverse jury verdict returned on January 21, 2010 after 35 days of evidence. On April 28, 2010, judgment was entered by the trial court in favor of Zachry on its claims totaling $19,993, with prejudgment interest totaling $3,451. The trial court denied the Authority's motions for judgment *non obstante veredicto* and for new trial, and sustained the Authority's objections to Zachry's notice to obtain additional "taxable costs" in addition to the judgment.

The Authority and Zachry have now cross-appealed the lower court's judgment. The parties' briefing of this matter is expected to conclude in September 2011, with oral argument and a ruling by the appeals court thereafter. The Authority intends to continue to vigorously contest the matter.

The Authority is a defendant in two related suits brought by approximately 70 residents of the La Porte and Shoreacres community in November 2010. In the action in Harris County Civil Court at Law, plaintiffs claim the Authority has committed an unconstitutional taking of plaintiffs' property and an intentional nuisance in connection with its operation of the Bayport Terminal. In the related District Court matter, plaintiffs claim the Authority committed negligence and negligence per se pursuant to the Texas Tort Claims Act in connection with its operation of the Bayport Terminal. Both matters complain of the sound impacts of terminal operations, and alleged light and chemical pollution. As of August 3, 2011, there has been no discovery and a trial date is set for October 24, 2011 in the Harris County Civil Court at Law matter. As of August 3, 2011, there has been no discovery and a trial date is set for February 27, 2012 in the District Court matter. The Authority disputes the claims in these matters and intends to vigorously contest them.

14. Subsequent Event

In April 2011, the Port Commission acting on behalf of the Authority, and as the Board of POHAIC, approved the dissolution of POHAIC, a blended component unit of the Authority. This dissolution will not have a material impact on the Authority's results of operations, statements of net assets or statements of revenues, expenses and changes in net assets.

Port of Houston Authority of Harris County, Texas

Required Supplementary Information

Port of Houston Authority Restated Retirement Plan
Schedule of Funding Progress

(in thousands)
(unaudited)

	August 1, 2010	August 1, 2009	August 1, 2008
a) Actuarial Valuation Date	August 1, 2010	August 1, 2009	August 1, 2008
b) Actuarial Value of Assets	$ 105,871	$ 93,179	$ 96,724
c) Actuarial Accrued Liability (AAL)	$ 128,584	$ 122,093	$ 117,731
d) Unfunded Actuarial Accrued Liability (UALL) (c-b)	$ 22,713	$ 28,914	$ 21,007
e) Funded Ratio (b/c)	82.3%	76.3%	82.2%
f) Annual Covered Payroll (Actuarial)	$ 34,939	$ 32,695	$ 32,270
g) UAAL as a % of Covered Payroll (d/f)	65.0%	88.4%	65.1%

Port of Houston Authority OPEB Obligation
Schedule of Funding Progress

(in thousands)
(unaudited)

	January 1, 2010	January 1, 2009	January 1, 2008
a) Actuarial Valuation Date	January 1, 2010	January 1, 2009	January 1, 2008
b) Actuarial Value of Assets	$ -	$ -	$ -
c) Actuarial Accrued Liability (AAL)	$ 118,692	$ 118,692	$ 107,292
d) Unfunded Actuarial Accrued Liability (UALL) (c-b)	$ 118,692	$ 118,692	$ 107,292
e) Funded Ratio (b/c)	0.0%	0.0%	0.0%
f) Annual Covered Payroll (Actuarial)	$ 32,310	$ 32,310	$ 26,286
g) UAAL as a % of Covered Payroll (d/f)	367.4%	367.4%	408.2%

Statistical Section

Statistical Section

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Authority's two most significant revenue sources, operating revenues and property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented GASB Statement 34 in 2002; schedules presenting financial information begin in that year.

Financial Trends Information

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Schedule 1

Port of Houston Authority
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2010	2009 As restated	2008	2007	2009	2005	2004	2003	2002	2001
Invested in capital, net of related debt	**$ 582,352**	$ 655,571	$ 646,777	$ 676,785	$ 615,169	$ 476,709	$ 431,595	$ 397,063	$ 359,244	$ 337,229
Restricted										
Capital	**79,270**	8,388	3,978	3,846	24,863	23,841	24,012	22,874	30,683	26,872
Debt Service	**44,248**	39,072	37,310	28,774	27,909	32,465	35,391	34,970	26,245	26,152
Other	**4,302**	122	200	181	161	225	206	531	180	126
Unrestricted	**202,968**	191,411	214,139	144,407	145,075	217,194	199,695	186,206	179,147	170,612
Total Net Assets	**$ 913,140**	$ 894,564	$ 902,404	$ 853,993	$ 813,177	$ 750,434	$ 690,899	$ 641,644	$ 595,499	$ 560,991

Schedule 2

Port of Houston Authority
Changes in Net Assets
Last Ten Fiscal Years
(in thousands)
(unaudited)

	2010	2009 As restated	2008	2007	2006	2005	2004	2003	2002	2001
Operating revenues:										
Vessel and cargo services	**$ 159,799**	$144,365 *	$171,373 *	$164,230 *	$143,550	$132,283	$116,506	101,085	88,923	86,906
Rental of equipment & facilities	**20,346**	20,524	19,984	18,872	18,103	17,473	15,878	14,977	15,340	15,510
Grain elevator	**911**	1,155	787	809	717	590	835	840	838	1,511
Bulk materials	**2,368**	2,243	2,319	2,903	3,221	2,568	2,348	2,978	2,662	2,134
Other	**3,272**	2,040	2,522	3,679	2,072	2,454	1,246	1,022	568	2,278
Nonoperating revenues:										
Investment income	**3,573**	4,136	7,154	10,019	11,606	7,478	2,963	3,243	5,650	9,481
Other	**3,836**	4,588	982	6,734	1,060	5,718	5,106	8,207	226	786
Nonoperating revenues related to property taxes:										
Property taxes	**54,919**	46,911	48,675	35,819	29,454	29,568	33,088	37,396	35,447	30,922
Investment income on unlimited tax bonds	**(47)**	165	1,113	2,045	2,077	1,432	346	(286)	2,179	1,174
Total Revenues	**248,977**	226,127	254,909	245,110	211,860	199,564	178,316	169,462	151,833	150,702
Operating expenses:										
Maintenance and operation of facilities	**95,918**	88,124 *	98,026 *	97,978 *	80,809	74,901	65,535	63,735	55,713	51,257
General and administrative	**51,742**	57,827 *	43,443	40,063	29,527	28,656	31,856	26,776	28,494	22,504
Depreciation and amortization	**53,731**	48,035	44,016	34,161	28,436	25,383	24,448	23,499	22,580	21,757
Nonoperating expenses:										
Interest expense on revenue bonds	**-**	-	-	-	176	328	808	1,176	1,541	1,816
Contribution to federal and state agencies	**1,742**	17,468	4,224	29,017	5,457	8,400	-	-	-	-
Loss on disposal of assets	**3,294**	-	-	-	-	-	-	-	-	-
Nonoperating expenses related to property taxes:										
Interest expense on unlimited tax bonds	**27,886**	26,072	21,344	10,124	10,775	9,580	8,217	7,639	7,344	7,729
Property tax expense	**2,356**	506	1,083	480	67	148	715	931	1,329	1,030
Other, Net	**480**	901	423	357	360	369	391	431	338	123
Total Expenses	**237,149**	238,933	212,559	212,180	155,607	147,765	131,970	124,187	117,339	106,216
Income before contributions	**11,828**	(12,806)	42,350	32,930	56,253	51,799	46,346	45,275	34,494	44,486
Contribution from federal and state agencies	**2,944**	3,549	6,061	7,886	6,490	7,736	2,909	870	14	3,513
Contribution from federal and state agencies-FEMA	**3,804**	1,417	-	-	-	-	-	-	-	-
Total Contribution from federal and state agencies	**6,748**	4,966	6,061	7,886	6,490	7,736	2,909	870	14	3,513
Changes in net assets	**18,576**	(7,840)	48,411	40,816	62,743	59,535	49,255	46,145	34,508	47,999
Net assets, January 1	**894,564**	902,404	853,993	813,177	750,434	690,899	641,644	595,499	560,991	512,992
Net assets, December 31	**$ 913,140**	$894,564	$902,404	$853,993	$813,177	$750,434	$690,899	$641,644	$595,499	$560,991

* Reclassifications of prior years' balances have been made to conform with the current year presentation.

Revenue Capacity Information

Schedule 3

Port of Houston Authority of Harris County, Texas
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)
(amounts in thousands)

Year Levied	Real Property	Personal Property	Less Exemptions(a)	Total Taxable Assessed Value	Total Direct Tax Rate
2001	166,766,060	29,648,949	28,562,178	167,852,831	0.01826
2002	177,384,368	30,086,451	31,497,120	175,973,699	0.01989
2003	188,724,992	30,104,266	34,561,745	184,267,513	0.02000
2004	198,837,806	32,119,652	37,273,945	193,683,513	0.01673
2005	225,099,703	37,135,876	58,291,042	203,944,537	0.01474
2006	245,978,734	34,366,780	62,806,433	217,539,081	0.01302
2007	276,832,919	40,024,020	69,264,770	247,592,169	0.01437
2008	303,289,718	41,639,012	76,330,731	268,597,998	0.01773
2009	311,188,647	45,005,241	80,505,070	275,688,818	0.01636
2010	300,557,174	43,837,867	80,137,056	264,257,985	0.02054

(a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older receive an exemption up to a maximum individual amount of $160,000.

Source: Harris County Appraisal District Property Use Recap as of 12/23/10

Note: Property in the county is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per $100 of assessed value.

Schedule 4

Port of Houston Authority of Harris County, Texas
County - Wide Ad Valorem Tax Rates (a)
Last Ten Fiscal Years
Year Levied
(Unaudited)

Purpose	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Harris County										
General Fund (b)	**$0.33401**	$0.33401	$0.33815	$0.33918	$0.34221	$0.34728	$0.33117	$0.34490	$0.33538	$0.33606
General Bonds Debt Service	**0.03635**	0.03642	0.03192	0.03200	0.03465	0.03047	0.04303	0.01889	0.03056	0.02368
Total Constitutional Funds	**0.37036**	0.37043	0.37007	0.37118	0.37686	0.37775	0.37420	0.36379	0.36594	0.35974
County - Wide Road Debt Service	**0.01769**	0.02181	0.01916	0.02121	0.02553	0.02211	0.02566	0.02424	0.02220	0.02419
	0.38805	0.39224	0.38923	0.39239	0.40239	0.39986	0.39986	0.38803	0.38814	0.38393
Flood Control District										
Maintenance	**0.02727**	0.02754	0.02754	0.02754	0.02733	0.02733	0.02553	0.02981	0.02853	0.02853
Debt Service	**0.00196**	0.00168	0.00332	0.00352	0.00508	0.00589	0.00765	0.01193	0.01321	0.01905
	0.02923	0.02922	0.03086	0.03106	0.03241	0.03322	0.03318	0.04174	0.04174	0.04758
Port of Houston Authority										
Debt Service	**0.02054**	0.01636	0.01773	0.01437	0.01302	0.01474	0.01673	0.02000	0.01989	0.01826
Hospital District										
General	**0.19216**	0.19216	0.19216	0.19216	0.19216	0.19216	0.19021	0.19021	0.19021	0.19021
Total	**$0.62998**	$0.62998	$0.62998	$0.62998	$0.63998	$0.63998	$0.63998	$0.63998	$0.63998	$0.63998

Source: Harris County Appraisal District
(a) Tax rates are stated per $100 assessed valuation.
(b) For the 1995 through 2001 tax years, the tax levied by Harris County for General Fund purposes includes Jury Fund & Road & Bridge Fund purposes.

Schedule 5

Port of Houston Authority of Harris County, Texas
Direct and Overlapping Debt and Property Tax Rates (a)
December 31, 2010
(Unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
County - Wide Taxing Jurisdiction										
Harris County	**$0.3881**	$0.3922	$0.3924	$0.4024	$0.3999	$0.3999	$0.3880	$0.3881	$0.3839	$0.3590
Harris County Flood Control District	**0.0292**	0.0292	0.0311	0.0324	0.0332	0.0332	0.0417	0.0417	0.0475	0.0617
Port of Houston Authority	**0.0205**	0.0164	0.0144	0.0130	0.0147	0.0167	0.0200	0.0198	0.0183	0.0183
Harris County Hospital District	**0.1922**	0.1922	0.1922	0.1922	0.1922	0.1902	0.1902	0.1902	0.1902	0.2027
	$0.6300	$0.6300	$0.6301	$0.6400	$0.6400	$0.6400	$0.6399	$0.6398	$0.6399	$0.6417
Cities										
Baytown	**0.7870**	0.7870	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370	0.7370
Bellaire	**0.3999**	0.3759	0.4400	0.4400	0.4700	0.4800	0.4800	0.4900	0.4900	0.4900
Deer Park	**0.7050**	0.7050	0.7200	0.7200	0.7200	0.7200	0.7000	0.6990	0.7000	0.7000
Houston	**0.6388**	0.6388	0.6450	0.6450	0.6500	0.6550	0.6550	0.6550	0.6650	0.6650
La Porte	**0.7100**	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100	0.7100
League City	**0.6160**	0.6300	0.6088	0.6088	0.6275	0.6400	0.6400	0.6625	0.6700	0.6700
Missouri City	**0.5284**	0.5284	0.4993	0.4945	0.4980	0.5017	0.5100	0.5330	0.5200	0.5503
Pasadena	**0.5916**	0.5620	0.5670	0.5670	0.5670	0.5670	0.5670	0.5670	0.5790	0.5790
Pearland	**0.6651**	0.6526	0.6526	0.6527	0.6744	0.6950	0.6960	0.6860	0.6860	0.6950
Seabrook	**0.6268**	0.5884	0.6203	0.6210	0.6307	0.6196	0.6082	0.6006	0.6010	0.5840
South Houston	**0.6732**	0.6732	0.6770	0.6588	0.6863	0.7000	0.7000	0.0000	0.6950	0.6910
Webster	**0.2575**	0.2325	0.2489	0.2575	0.2575	0.2680	0.2510	0.2400	0.2600	0.2600
West University Place	**0.3741**	0.3588	0.3660	0.4020	0.4300	0.4467	0.4467	0.4300	0.4200	0.4000
School Districts	**.0922-1.5400**	.1101-1.5266	.1144-1.6450	.1167-1.8150	.1207-2.000	.1145-2.000	.1145-1.970	.1055-1.940	.0110-1.920	.110-1.868

Source: Harris County Appraisal District Jurisdiction Information as of 03/01/11
(a) Includes all Tax Bonds.

Schedule 6

HARRIS COUNTY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

(amounts in thousands)

(Unaudited)

	2010			2001		
Taxpayers	2010 Taxable Valuations (a)	Rank	Percentage of Total 2010 Taxable Valuation (b)	2001 Taxable Valuations (a)	Rank	Percentage of Total 2001 Taxable Valuation (c)
EXXON MOBIL CORP	$ 2,664,569	1	1.01	$ 2,992,441	1	1.78
CENTERPOINT ENERGY INC	2,396,880	2	0.91			
SHELL OIL CO	1,863,832	3	0.71	1,375,098	3	0.82
CHEVRON CHEMICAL CO	1,206,070	4	0.46			
HINES INTERESTS LTD PTNRSP	1,071,150	5	0.41	988,014	6	0.59
HOUSTON REFINING	953,784	6	0.36			
AT&T MOBILITY LLC	871,744	7	0.33	1,310,877	5	0.78
EQUISTAR CHEMICALS LP	788,660	8	0.30	1,324,082	4	0.79
CRESCENT REAL ESTATE	740,434	9	0.28	498,717	10	0.30
WAL MART	733,661	10	0.28			
HEWLETT PACKARD	639,066	11	0.24	608,117	8	0.36
CULLEN ALLEN HOLDINGS LP	632,089	12	0.24			
COMCAST OF HOUSTON LLC	588,773	13	0.22			
NATIONAL OILWELL INC	552,545	14	0.21			
AMOCO CHEMICAL CO	550,776	15	0.21			
LYONDELL CHEMICAL CO	525,146	16	0.20	836,735	7	0.50
DOW CHEMICAL	518,229	17	0.20			
KROGER CO	431,249	18	0.16			
TPG 2101 CITYWEST 1 & 2 LP	425,711	19	0.16			
AIR LIQUIDE	413,949	20	0.16			
HOUSTON LIGHTING & POWER CO.				2,059,774	2	1.23
OXY VINYLS LP				538,048	9	0.32
CELANESE LTD				456,686	11	0.27
CRESCENT REAL ESTATE EQUITIES				439,936	12	0.26
LYONDELL- CITGO REFINING CO.				438,053	13	0.26
ANHUESER BUSCH INC.				410,640	14	0.25
TRIZECHAHN ALLEN CENTER LP				408,965	15	0.24
Total	$ 18,568,318		7.03%	$ 14,686,183		8.75%

Source: Harris County Appraisal District.

(a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.

(b) Based on the County's total taxable value as of December 31, 2010.

(c) Based on the County's total taxable value as of January 1, 2002.

Schedule 7

Port of Houston Authority of Harris County, Texas
Property Tax Levies and Collections
For the Years 2001 Through 2010

(Unaudited)

(in thousands)

Fiscal Year	Taxes levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections After One Year (a)	Total Collections After One Year (a)	
		Amount	Percentage of Levy		Amount	Percent of Levy
2001	$ 30,659	$ 28,574	93.20%	$ 825	$ 29,399	95.89%
2002	34,904	32,558	93.28%	887	33,445	95.82%
2003	36,923	34,417	93.21%	1,990	36,407	98.60%
2004	32,403	30,064	92.78%	1,633	31,697	97.82%
2005	29,689	26,805	90.29%	2,217	29,022	97.75%
2006	28,671	26,131	91.14%	1,961	28,092	97.98%
2007	35,566	32,795	92.21%	2,109	34,904	98.14%
2008	48,288	43,622	90.34%	3,926	47,548	98.47%
2009	45,086	41,875	92.88%	2,400	44,274	98.20%
2010	**54,364**	**50,650**	**93.17%**	N/A	N/A	N/A

Source: Harris County Tax Assesor - Collector as of February 28, 2011

(a) Taxes collected after one year were updated for collection through fiscal year 2010 for the fiscal year 2003 tax levy and thereafter.

Schedule 8

Port of Houston Authority
Operating Revenues by Type
Last Ten Fiscal Years
(unaudited)
(in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating revenues: (a) (b) (c)										
Vessel and cargo services	**$ 159,799**	$ 144,365 *	$ 171,373 *	$ 164,230 *	$ 143,550	$ 132,283	$ 116,506	$ 101,085	$ 88,923	$ 86,906
Rental of equipment & facilities	**20,346**	20,524	19,984	18,872	18,103	17,473	15,878	14,977	15,340	15,510
Grain elevator	**911**	1,155	787	809	717	590	835	840	838	1,511
Bulk materials	**2,368**	2,243	2,319	2,903	3,221	2,568	2,348	2,978	2,662	2,134
Other	**3,272**	2,040	2,522	3,679	2,072	2,454	1,246	1,022	568	2,278
	$ 186,696	$ 170,327	$ 196,985	$ 190,493	$ 167,663	$ 155,368	$ 136,813	$ 120,902	$ 108,331	$ 108,339
Revenue Tonnage (d) (e)										
General Cargo	**20,809**	19,681	24,871	23,102	23,657	19,942	18,441	15,184	14,704	14,091
Bulk	**10,508**	9,184	10,371	10,123	9,696	8,623	7,909	9,012	8,637	7,890
	31,317	28,865	35,242	33,225	33,353	28,565	26,350	24,196	23,341	21,981

* Reclassifications of prior years' balance have been made to conform with the current year presentation.

Source: The Authority
(a) General cargo tonnage and bulk tonnage generate operating revenues from vessel and cargo services, grain elevator and bulk material.
(b) Revenues are defined by tariffs based upon terminal and type of services. Some units of measure used (depending on type of service) are units, weight, number of days and gallons.
(c) Excludes Port Development Corporation and Port of Houston Authority International Corporation.
(d) Based on information as received as estimates.
(e) Revenue tonnage is tonnage from which PHA revenues are derived. Does not include non Authority tonnage figures.

Schedule 9

Port of Houston Authority
Revenue Tonnage (a)
Last Ten Fiscal Years
(unaudited)
(in short tons)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Cargo										
Barbours Cut										
All other	5,709,735	5,571,883	7,592,527	10,044,562	9,550,199	8,897,900	8,103,018	7,382,472	6,620,054	5,983,853
Lease	3,888,444	3,848,608	4,224,952	3,959,332	5,676,018	5,369,441	4,852,423	3,744,455	3,564,903	3,021,031
	9,598,179	9,420,491	11,817,479	14,003,894	15,226,217	14,267,341	12,955,441	11,126,927	10,184,957	9,004,884
Bayport Container Terminal	6,567,986	5,802,758	4,198,520	1,522,186	-	-	-	-	-	-
Turning Basin										
Autos Import	109,713	73,325	115,660	113,567	95,719	121,370	114,124	142,706	132,056	123,235
Autos Export	16,148	23,641	32,211	21,585	18,216	24,654	20,901	14,222	10,479	12,768
Steel Imports	2,005,659	2,195,728	4,961,811	3,631,363	4,206,717	2,008,066	1,861,318	1,104,480	1,510,864	1,837,728
All other	788,363	622,113	1,559,870	1,571,635	1,610,654	1,524,844	1,185,115	1,038,280	942,259	813,373
	2,919,883	2,914,807	6,669,552	5,338,150	5,931,306	3,678,934	3,181,458	2,299,688	2,595,658	2,787,104
Jacintoport	1,235,498	1,072,605	1,220,081	1,509,501	1,312,717	1,285,578	1,328,490	1,118,457	1,003,913	1,007,195
Care Terminal	188,279	249,001	421,064	438,722	522,501	427,792	552,025	373,560	402,195	354,885
Woodhouse	299,098	221,798	544,590	289,586	638,609	204,494	274,128	164,597	243,710	312,355
Galveston	-	-	-	-	25,131	77,677	149,251	100,777	274,048	624,969
	20,808,923	19,681,460	24,871,286	23,102,039	23,656,481	19,941,816	18,440,793	15,184,006	14,704,481	14,091,392
Bulk										
Barbours Cut	3,136	2,426	4,409	-	-	3,438	1,110	1,346	-	
Galveston	-	-	-	-	-	-	-	-	-	-
Jacintoport	1,653	10,803	-	626	-	4,529	-	-	-	298,206
Care Terminal	446,801	192,753	756,891	610,965	399,887	388,737	312,168	185,787	194,457	2,756
Woodhouse	31,857	30,468	6,031	45,780	11,003	36,447	11,525	30,181	38,318	82,308
Sims Bayou	783,041	648,650	571,557	860,009	1,108,220	1,292,821	996,984	865,383	917,982	968,014
S.J.B. Liquid Facility	551,405	492,921	428,698	404,359	410,613	364,969	309,205	217,285	264,269	194,953
Turning Basin	1,978,411	1,732,249	1,985,245	1,505,652	1,608,685	1,640,084	1,533,430	1,551,894	1,436,370	1,373,977
	3,796,304	3,110,270	3,752,831	3,427,391	3,538,408	3,731,025	3,164,422	2,851,876	2,851,396	2,920,214
Bulk Materials Terminal	4,669,560	4,513,258	4,520,962	4,949,954	4,551,697	3,561,052	3,694,483	4,808,372	3,846,720	2,979,139
Grain Elevator #2	2,042,395	1,560,258	2,096,735	1,746,128	1,606,343	1,330,575	1,050,119	1,351,313	1,938,668	1,990,476
	10,508,259	9,183,786	10,370,528	10,123,473	9,696,448	8,622,652	7,909,024	9,011,561	8,636,784	7,889,829
Grand Total	31,317,182	28,865,246	35,241,814	33,225,512	33,352,929	28,564,468	26,349,817	24,195,567	23,341,265	21,981,221

Based on information as received and estimates.

Source: The Authority

(a) Revenue tonnage is tonnage from which PHA revenues are derived. Does not include non Authority tonnage figures

Schedule 10

Port of Houston Authority
Top Ten Vessel and Cargo Customers
Current Year and Ten Years Ago
(amounts in thousands)
(Unaudited)

Taxpayers	2010 Customers	2010 Rank	2010 Percentage of Total 2010 Revenue	2001 Customers	2001 Rank	2001 Percentage of Total 2001 Revenue
Mediterranean Shipping Inc. SA	$ 29,696	1	15.76%	5,768	3	5.32%
Hapag-Lloyd AG	21,597	2	11.46	3,464	4	3.20
CMA-CGM (America), Inc	14,418	3	7.65			
Hamburg Sud North America	7,889	4	4.19			
Cia Libra de Navegacao	5,732	5	3.04			
Zim Integrated Shipping	5,532	6	2.94			
Seaboard Marine, Ltd.	4,187	7	2.22			
Biehl & Company - Vessel	3,293	8	1.75	3,059	6	2.82
OOCL(USA) Inc./	2,420	9	1.28			
Biehl & Company - SSA Line	2,127	10	1.13			
CP Ships US Agency, LLC				9,890	1	9.13
P & O Ned Lloyd Limited				6,049	2	5.58
Kerr Norton Strachan Agency				3,303	5	3.05
APL Limted				2,868	7	2.65
Libra De Navegacao S.A.				1,605	8	1.48
Cosco North America, Inc.				1,567	9	1.45
Biehl & Co. - CLB Line				1,560	10	1.44
Total	$ 96,891		51.42%	39,133		36.12%

Source: The Authority

Debt Capacity Information

Schedule 11

Port of Houston Authority of Harris County, Texas
Ratios of net General Bonded Debt by Type
Last Ten Fiscal Years
(unaudited)
(in thousands, except per capita)

	General Obligation Bonds							
Fiscal Year	**Unlimited Tax Refunding Bonds**	**Unlimited Tax Port Improvement Bonds**	**Commercial Paper**	**Gross General Bonded Debt**	**Less Debt Service Funds Cash**	**Net General Bonded Debt**	**Percentage of Actual Property Value**	**Per Capita**
2001	38,135	286,570	-	324,705	9	324,696	0.19	94
2002	40,495	291,160	-	331,655	7	331,648	0.19	93
2003	34,685	271,560	-	306,245	8	306,237	0.17	85
2004	37,975	249,925	6,800	294,700	11	294,689	0.15	81
2005	130,620	184,085	21,034	335,739	7	335,732	0.16	91
2006	211,100	146,005	21,744	378,849	7	378,842	0.17	97
2007	204,935	139,030	113,478	457,443	5	457,438	0.18	116
2008	431,065	131,950	-	563,015	7	563,008	0.21	141
2009	422,665	124,750	70,245	617,660	6	617,654	0.22	152
2010	**616,814**	**146,805**	**-**	**763,619**	**11**	**763,608**	**0.29**	**187**

Fiscal Year	**Revenue Bonds**	**Special Purpose Revenue Bonds**	**Total Outstanding Debt**	**Percentage of Personal Income**	**Per Capita**
2001	22,125	240	347,061	2.68	100
2002	17,175	160	348,983	2.72	98
2003	12,935	80	319,252	2.39	89
2004	8,620	-	303,309	2.11	83
2005	4,363	-	340,095	2.17	92
2006	-	-	378,842	2.13	97
2007	-	-	457,438	2.36	116
2008	-	-	563,008	2.96	141
2009	-	-	617,654	N/A	152
2010	-	-	**763,608**	N/A	**187**

Notes: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements
See Schedule 3 for property value data
Population data can be found in Schedule 15
N/A - Not Available

Schedule 12

Port of Houston Authority of Harris County, Texas

Net Revenues Available for Debt Service on First - Lien Revenue Bonds

For Each of the Ten Years in the Period Ended December 31, 2010

(Unaudited)

(in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Gross Revenues										
Operating Revenues										
Vessel and Cargo Services	**$157,633**	$142,310	$169,584	$162,636	$141,697	$131,007	$114,915	$99,655	$87,666	$85,575
Rental of Port Facilities	**20,325**	20,451	19,910	18,800	18,033	17,412	15,817	14,929	15,294	15,497
Grain Elevator	**911**	1,155	787	809	717	589	835	840	838	1,511
Bulk Materials Handling Plant	**2,368**	2,243	2,319	2,903	3,221	2,568	2,348	2,978	2,662	2,133
Other	**3,272**	2,040	2,435	3,630	1,915	2,361	1,036	971	548	2,279
Total	**184,509**	168,199	195,035	188,778	165,583	153,937	134,951	119,373	107,008	106,995
Nonoperating Revenues										
Interest on Investments	**3,451**	4,552	6,736	9,992	11,292	7,427	3,500	3,713	5,472	9,267
Other	**11,319**	9,798	7,198	14,699	8,255	13,660	8,172	9,611	639	4,638
Total	**14,770**	14,350	13,934	24,691	19,547	21,087	11,672	13,324	6,111	13,905
Total Gross Revenues	**199,279**	182,549	208,969	213,469	185,130	175,024	146,623	132,697	113,119	120,900
Operation Expenses										
Maintenance and Operation of Facilities										
Vessel and Cargo Services	**90,861**	77,591	94,473	85,178	73,236	66,918	60,906	58,506	51,837	47,878
Rental of Port Facilities	**3,945**	3,774	3,311	4,185	3,560	6,151	2,954	2,962	3,059	2,618
Grain Elevator	**263**	221	163	404	557	477	197	221	412	123
Bulk Materials Handling Plant	**34**	88	94	307	723	435	589	268	265	230
Other	**2,385**	1,796	1,797	1,916	358	919	888	899	865	407
Total	**97,488**	83,470	99,838	91,990	78,434	74,900	65,534	62,856	56,438	51,256
General and Administrative Expenses	**51,487**	63,411	41,930	46,029	28,846	28,380	31,316	26,250	28,360	22,504
Total Operating Expenses	**148,975**	146,881	141,768	138,019	107,280	103,280	96,850	89,106	84,798	73,760
Nonoperating Expenses	**5,750**	18,473	4,461	29,151	5,869	8,550	686	1,053	269	122
Total Expenses	**154,725**	165,354	146,229	167,170	113,149	111,830	97,536	90,159	85,067	73,882
Net Revenues Available For Debt Service on First Lien Revenue Bonds	**$44,554**	$17,195	$62,740	$46,299	$71,981	$63,194	$49,087	$42,538	$28,052	$47,018
Average Annual Debt Service on First Lien Revenue Bonds	**$ -**	$ -	$ -	$ -	$4,456	$4,514	$4,619	$4,938	$5,675	$5,225
Coverage by Net Revenues	**N/A**	**N/A**	**N/A**	**N/A**	1615%	1400%	1063%	861%	494%	900%

Schedule 13

Port of Houston Authority of Harris County, Texas

Table of Bonded Debt Service Requirements (a)

(unaudited)

Fiscal Year Ending December 31	Outstanding Debt Service Requirements
2011	53,555,949
2012	52,459,529
2013	52,462,561
2014	52,747,161
2015	52,754,261
2016	52,759,961
2017	54,945,136
2018	55,019,111
2019	55,732,161
2020	56,097,011
2021	56,077,174
2022	55,362,849
2023	49,912,974
2024	49,911,691
2025	49,910,454
2026	49,907,014
2027	49,910,044
2028	49,910,794
2029	49,912,581
2030	49,911,631
2031	49,910,188
2032	49,907,888
2033	49,908,025
2034	49,905,806
2035	49,910,275
3036	49,909,275
2037	49,910,113
2038	49,912,181
2039	34,608,000
Total	**$ 1,483,141,798**

(a) The table sets forth the annual debt service requirements on the Authority's ad valorem tax bonds as of December 31, 2010, excluding bonds that have been refunded and defeased.

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Demographic and Economic Information

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Port of Houston Authority of Harris County, Texas

Miscellaneous Statistical Data

December 31, 2010

(Unaudited)

Port of Houston Authority Facts:

Date of Incorporation: 1911

Form of Government: A political subdivision of the State of Texas

Area : 1,778 Square Miles

Altitude: Harris County (generally coterminous with Port of Houston Authority) - Sea level to 310 feet
City of Houston - Center of downtown area - 41 feet

Selected Economic Statistics

Year	GDP (a)	National Unemploymen (b)	Total U.S. Exports (c)	Total U.S. Imports (c)	U.S. Rig Count (d)	Oil Price $/Bbl (e)	PMI (f)
2010	2.8%	9.6%	$ 1,277.5	$ 1,912.1	1,546	$ 79.48	57.3
2009	-2.6%	9.3%	$ 1,056.0	$ 1,559.6	1,089	$ 61.95	46.2
2008	0.0%	5.8%	$ 1,287.4	$ 2,103.6	1,879	$ 99.67	45.5
2007	1.9%	4.6%	$ 1,148.2	$ 1,957.0	1,768	$ 72.34	51.1
2006	2.7%	4.6%	$ 1,026.0	$ 1,853.9	1,649	$ 66.05	53.1
2005	3.1%	5.1%	$ 901.1	$ 1,673.5	1,383	$ 56.64	54.4
2004	3.6%	5.5%	$ 814.9	$ 1,469.7	1,192	$ 41.51	59.1
2003	2.5%	6.0%	$ 724.8	$ 1,257.1	1,032	$ 31.08	51.7
2002	1.8%	5.8%	$ 693.1	$ 1,161.4	830	$ 26.18	50.8
2001	1.1%	4.7%	$ 729.1	$ 1,141.0	1,156	$ 25.95	43.4

(a) Gross Domestic Product percent change based on 2005 dollars. **Source:** Bureau of Economic Analysis

(b) Average monthly unemployment rate per year. **Source:** Bureau of Labor Statistics

(c) Billions of dollars. **Source:** Customs data from Department of Commerce, U.S. Census Bureau

(d) Annual average total U.S. rig count. **Source:** Baker Hughes rig count data

(e) Cushing, OK WTI spot price. **Source:** Energy Information Administration (EIA)

(f) Purchasing Managers Index value above 50 means growth. **Source:** Institute for Supply Management

Port of Houston Authority of
Harris County, Texas
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
2001	3,460,589	5.7%	$ 129,728,437	$ 37,165
2002	3,557,055	5.4%	128,298,585	35,919
2003	3,596,086	6.3%	133,463,543	36,719
2004	3,644,285	5.9%	143,417,824	38,810
2005	3,693,050	5.4%	156,920,733	41,703
2006	3,886,207	4.5%	178,160,838	45,961
2007	3,935,855	4.2%	194,177,877	49,634
2008	3,984,349	4.6%	190,226,395	47,788
2009	4,070,989	7.6%	N/A	N/A
2010	4,092,459	8.2%	N/A	N/A

Sources: Population - Bureau of the Census
Unemployment Rate - Texas Workforce Commission
Personal Income - Bureau of Economic Analysis
N/A - Not Available

Schedule 16

HARRIS COUNTY, TEXAS
PRINCIPAL CORPORATE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO*
(amounts in thousands)
(Unaudited)

	2010			2001		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Continental Airlines (merger pending w/ United Airlines)	14,792	1	0.56%	17,010	1	0.74%
Exxon Mobil	13,500	2	0.51%			
Shell Oil Company	12,700	3	0.48%	6,933	9	0.30%
National Oilwell Varco Inc.	8,500	4	0.32%			
Chevron Companies	7,000	5	0.26%			
JP Morgan Chase	6,750	6	0.25%	6,295	10	0.27%
Jacobs Technology	6,500	7	0.25%			
AT&T Inc. (acquired SWB)	6,214	8	0.23%			
Halliburton (KBR spun off)	5,675	9	0.21%	15,704	2	0.68%
CenterPoint Energy (spun off from Reliant Energy)	4,744	10	0.18%			
Compaq Computer				12,996	3	0.56%
Wal-Mart				9,700	4	0.42%
Kroger Food Stores				9,689	5	0.42%
Reliant Energy Inc				8,091	6	0.35%
Southwestern Bell/SWB				7,342	7	0.32%
Enron				7,311	8	0.32%
	86,375			101,071		

* Based on calendar year.

Source: Houston Business Journal, Business First Survey/Greater Houston Partnership/HBJ

Note: Total County Employment for 2010 was approximately 2,650,000 and for 2001 was 2,307,099.

Port of Houston Authority of Harris County, Texas

Harris County Population Statistical Data

December 31, 2010

(Unaudited)

Regional Population (a)

Year	City of Houston	Harris County	Year	City of Houston	Harris County
1880	16,513	27,985	**1950**	596,163	806,701
1890	27,557	37,249	**1960**	938,219	1,243,158
1900	44,633	63,786	**1970**	1,232,802	1,741,912
1910	78,800	115,693	**1980**	1,594,086	2,409,544
1920	138,276	186,667	**1990**	1,632,833	2,818,199
1930	292,352	359,328	**2000**	1,953,631	3,400,578
1940	384,514	528,961	**2010**	2,099,451	4,092,459

Harris County Voters in Presidential Elections (b)

	2008	2004	2000	1996	1992
Registered Voters	**1,974,777**	1,876,296	1,886,661	1,597,211	1,337,405
Votes Cast	**1,188,731**	1,088,793	995,631	871,656	958,234
Percentage of Registered Voters Voting	**60.20%**	58.03%	52.78%	54.60%	71.60%

Motor Vehicle Registration (c)

	2010	2009	2008	2007	2006
Passenger Cars, Small Trucks and Misc.	**3,289,327**	3,341,255	3,207,888	2,814,918	2,814,918
Large Trucks	**33,136**	31,418	32,468	22,367	22,367
Total	**3,322,463**	3,372,673	3,240,356	2,837,285	2,837,285

(a) Source: Department of Commerce, U.S. Census Bureau

(b) Source: Harris County Tax Assessor - Collector and Voter Registrar

(c) Source: Harris County Tax Assessor - Collector and Voter Registrar

Schedule 17a

Port of Houston Authority

Miscellaneous Statistical Data

December 31, 2010

(Unaudited)

Students enrolled in colleges and universities located within Harris County (d)

	2010	2009	2008	2007	2006
Baylor College of Medicine	**1,489**	1,431	1,385	1,398	1,358
Houston Baptist University	**2,597**	2,710	2,564	2,339	2,143
Houston Community College	**49,717**	42,104	61,396	57,457	57,168
Lone Star College System	**63,826**	55,491	51,483	49,253	46,048
Rice University	**5,879**	5,663	5,132	5,243	5,119
San Jacinto College:					
Central, South, North	**32,105**	27,011	24,616	25,556	26,712
South Texas College of Law	**1,295**	1,272	1,267	1,252	1,237
Texas Southern University	**9,557**	9,394	9,102	9,540	11,224
Texas Woman's University: Houston	**1,308**	1,252	1,184	1,223	1,184
University of Houston:					
University Park	**38,752**	37,000	36,104	34,663	34,334
Downtown	**12,900**	12,742	12,283	11,793	11,449
Clear Lake	**8,099**	7,643	7,658	7,522	7,706
University of St. Thomas	**3,520**	3,132	3,246	3,350	3,607
University of Texas:					
Dental Branch	**473**	474	471	452	439
Graduate School of Biomedical Sciences	**586**	593	570	578	544
Medical School	**1,025**	1,009	963	935	912
School of Biomedical Informatics	**120**	103	99	80	73
School of Nursing	**886**	765	759	771	753
School of Public Health	**1,395**	1,025	1,003	959	930
Total	**235,529**	210,814	221,285	214,364	212,940

Number of Employees

	2010	2009	2008	2007	2006
Harris County (e)	**17,270**	15,809	15,693	15,237	15,313
Flood Control District (e)	**421**	382	326	339	346
Port of Houston Authority	**592**	592	595	580	560

(d) Source: Texas Higher Education Coordinating Board (Fall 2010 Enrollment Data)

(e) Source: Harris County Fiscal Year 2009-10 Annual Budget

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Operating Information

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Port of Houston Authority

Table of Physical Characteristics of the Port Facilities of the Authority
(Unaudited)

	Berth Lengths (Feet)	Water Depth Below Mean Low Tide (Feet)	Paved Marshalling Area (Acres)	Covered Storage (Sq. Feet)
Turning Basin				
36 general Cargo Wharves	376 - 600	27 - 37*	36.0	1,150,000
5 Liquid Bulk Wharves	226 - 570	33 - 36	-	-
Wharf - 32 Project Cargo	800	37*	20.2	-
Woodhouse Terminal**				
Wharf 1	660	39	2.2	-
Wharves 2 and 3	1,250	35	-	231,750
Grain Dock**	600	42	-	-
Dry Bulk Cargo Facility				
Wharf 1	800	42		-
Wharf 2	400	42	-	-
Jacintoport				
Wharves 1 - 3	1,830	40	7.5	82,500
Care Terminal				
Wharf 1	500	36	9.6	45,000
Wharf 2	618	38	4	-
Sims Bayou Liquid Bulk Facility				
Berths	320	40	-	-
San Jacinto Barge Terminal				
Berth	200 - 700	16	-	-
Barbours Cut Terminal				
LASH Berth	810	36		
Container Berths 1 - 6	6,000	40	230	255,000
Passenger Berth	900	36	30	
Bayport		40	60	-
Container Berths 4 & 5	3,300	40	160	

* The maximum depth allowable due to Channel Project depths.

** Woodhouse Terminal is the location of Houston Public Grain Elevator No. 2, a 6,000,000-bushel capacity grain elevator having an average loading capacity of 80,000 bushels per hour.

EQUIPMENT

Turning Basin One 40-long ton capacity container crane which serves 9 berths on a rental basis. Privately owned mobile cranes and additional cargo handling equipment are available for hire on an hourly basis.

Barbours Cut Terminal

- **Container Cranes:** six 40 long ton, four 50 long ton
- **Yard Cranes:** forty 40 long ton
- **Other Cranes:** four 20,000-pound lifters for handling empty containers and two 80,000-pound container handling machines
- **Other Equipment:** 33 heavy duty yard tractors and 125 heavy duty yard chassis are available for rent from the Authority. Private firms also provide this equipment as well as heavy lift equipment.

Bayport

- **Container Cranes:** nine 65-long ton
- **Yard Cranes:** eighteen 40-long ton
- **Other Equipment:** 6 heavy duty terminal tractors and 20 yard chassis one 80,000-pound container handling machine

Schedule 19

Port of Houston Authority
Freight Traffic Statistics
(unaudited)
(in thousands)

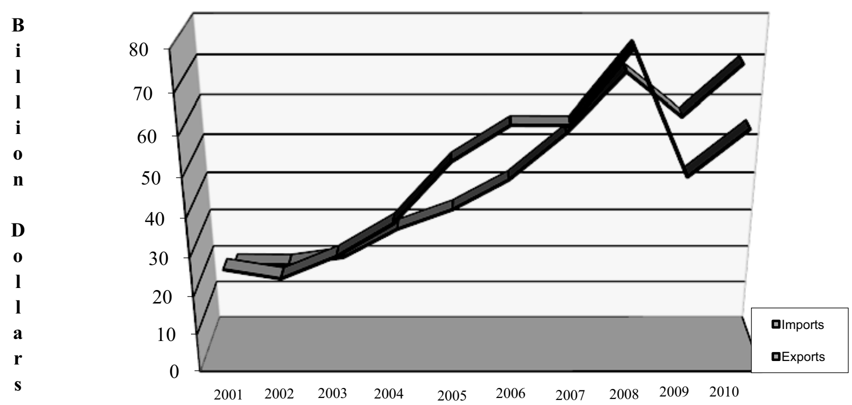
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Freight handled by the Authority only (excluding tonnages handled by private terminals) - short tons (2,000 lbs.) (a) (d)										
Breakbulk Cargo	3,771	3,768	8,006	6,678	7,545	4,679	4,481	3,244	3,697	3,971
Container Cargo	17,038	15,914	16,866	16,425	16,111	15,156	13,960	11,941	11,007	10,120
Bulk Grain	2,042	1,560	2,097	1,746	1,606	1,331	1,050	1,351	1,939	1,991
Bulk Plant	4,670	4,513	4,521	4,950	4,552	3,561	3,694	4,808	3,847	2,979
Other Bulk	12,725	11,032	11,248	10,621	10,622	10,064	9,588	8,675	8,170	8,399
Total	40,246	36,787	42,738	40,420	40,437	34,791	32,773	30,019	28,660	27,460
Freight handled by entire Port of Houston (includes tonnage handled by both the Authority and private terminals) - short tons (2,000 lbs.) (b) (c) (d)										
Foreign										
Imports	(e)	84,629	92,019	94,692	106,905	103,190	97,713	90,335	80,027	85,485
Exports	(e)	63,340	54,380	50,650	45,972	41,860	39,824	36,558	35,161	35,108
Total Foreign		147,969	146,399	145,342	152,877	145,051	137,537	126,893	115,188	120,593
Coastwise										
Receipts	(e)	(f)	3,143	4,182	4,625	3,045	2,064	2,901	2,659	3,324
Shipments	(e)	(f)	4,909	4,717	5,366	6,789	6,450	7,791	9,622	8,207
Total Coastwise			8,052	8,899	9,991	9,834	8,514	10,692	12,281	11,531
Internal										
Receipts	(e)	28,460	25,179	29,227	28,035	25,514	26,314	25,055	22,230	22,921
Shipments	(e)	20,397	17,830	17,948	17,787	17,114	16,833	15,963	14,923	16,255
Total Internal		48,857	43,009	47,175	45,822	42,628	43,147	41,018	37,153	39,176
Local	(e)	14,515	14,747	14,648	13,457	14,153	12,848	12,320	12,939	13,750
Total		211,341	212,207	216,064	222,147	211,666	202,046	190,923	177,561	185,050
Value of foreign trade handled by entire Port of Houston (c)										
Imports	$ 60,132,809	$ 48,435,089	$ 78,873,336	$ 78,873,336	$ 61,005,734	$ 61,032,718	$ 52,172,024	$ 36,835,357	$ 28,454,318	$ 22,545,812
Exports	70,784,680	57,866,051	68,821,466	68,821,466	53,805,807	41,957,426	34,266,240	29,063,697	21,455,130	19,395,811
Total	$ 130,917,489	$ 106,301,140	$ 147,694,802	$ 147,694,802	$ 114,811,541	$ 102,990,144	$ 86,438,264	$ 65,899,054	$ 49,909,448	$ 41,941,623

(a) Source: Annual Review published by the Authority.
(b) Source: U. S. Army Corps of Engineers, Waterborne Commerce of the U. S.
(c) Source: Bureau of Census, U.S. Department of Commerce.
(d) The amounts are restated to reflect actual volumes after year - end adjustments.
(e) Amounts not available.
(f) Amounts no longer provided.

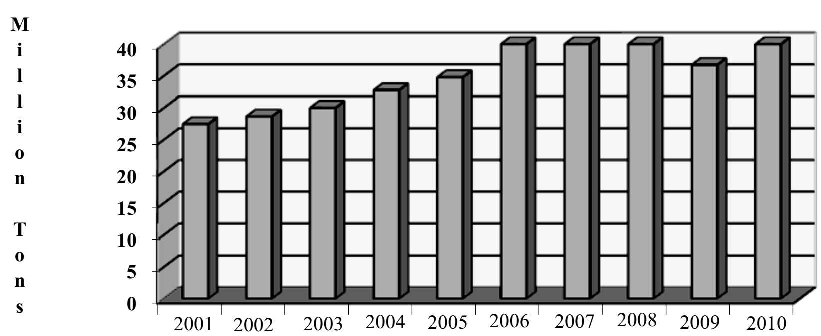
Schedule 19a

PORT OF HOUSTON AUTHORITY
OF HARRIS COUNTY, TEXAS
FREIGHT STATISTICS
LAST TEN YEARS

VALUE OF FOREIGN TRADE HANDLED BY ENTIRE PORT



FREIGHT HANDLED BY THE AUTHORITY (Excludes Private Terminals)



See Freight Traffic Statistics on Page 79

Port of Houston Authority
Cargo Statistics
Last Ten Fiscal Years
(in thousands)
(in short tons)
(unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Revenue Tonnage										
Including Bayport Companies	40,246	36,787	42,738	40,420	40,437	34,898	32,773	30,019	28,660	27,460
Excluding Bayport Companies	31,317	28,865	35,242	33,225	33,353	28,564	26,350	24,196	23,341	21,981
General Cargo (a)	20,809	19,681	24,871	23,102	23,656	19,942	18,441	1,584	14,704	14,091
Bulk Materials Handling Plant	4,670	4,513	4,521	4,950	4,552	3,561	3,694	4,808	3,847	2,979
Grain Elevator #2	2,042	1,560	2,097	1,746	1,606	1,331	1,050	1,351	1,939	1,990
Other Bulk Movements										
Bulk (Excluding Bayport Compnies) (b)	3,796	3,110	3,753	3,427	3,538	3,731	3,164	2,852	2,851	2,920
Bulk Bayport companies	8,929	7,922	7,496	7,194	7,084	6,333	6,423	5,823	5,319	5,479
Barbours Cut Terminal										
Bulk (b)	3	2	4	-	-	3	1	1	-	-
General Cargo (a)	9,598	9,420	11,817	14,004	15,226	14,267	12,955	11,127	10,185	9,005
Bayport Container Terminal										
General Cargo (a)	6,568	5,803	4,199	1,522	-	-	-	-	-	-
Steel (a)										
Import	2,296	2,405	5,976	4,406	5,385	2,559	2,618	1,403	1,970	2,367
Export	425	251	310	336	243	243	180	178	107	115
Autos - Turning Basin										
Tons - Import (a)	110	73	116	114	96	121	114	143	132	122
Export (a)	16	24	32	22	18	25	20	14	10	11
Units - Import	59	41	64	61	51	65	63	81	81	76
Export	7	12	12	8	7	11	9	7	4	4
Bagged Goods (a)										
Import	50	1	16	44	58	39	59	66	142	37
Export	206	352	346	562	620	526	569	590	540	376
Container TEU	1,817	1,799	1,795	1,771	1,608	1,594	1,440	1,244	1,147	1,058

Source: The Authority
(a) Tonnage included in General Cargo above
(b) Tonnage included in Bulk Cargo above

Schedule 21

Houston Ship Channel Including Port of Houston Authority

Vessel Arrivals

(unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
American Flag										
Break Bulk	29	20	15	17	24	15	34	24	23	16
Bulk Carrier	20	15	18	13	15	14	10	18	16	11
Containers	155	118	130	139	139	148	166	174	168	159
Roll-On/Roll-Off	4	3	9	7	13	10	12	9	22	15
Tankers	64	144	199	175	191	220	208	210	219	335
Tug Tow	298	280	410	470	402	164	165	384	457	382
Vehicle Carrier	6	2	4	12	16	12	4	7	3	3
Other	6	3	7	18	7	4	5	3	7	3
	582	585	792	851	807	587	604	829	915	924
Foreign Flag										
Break Bulk	812	781	893	866	802	757	659	705	754	948
Bulk Carrier	606	638	902	865	979	844	838	663	698	729
Containers	873	835	836	799	859	866	759	709	738	670
Roll-On/Roll-Off	65	102	129	125	154	154	169	137	176	396
Tankers	4,750	4,191	4,396	4,086	3,832	3,703	3,358	3,117	2,977	2,793
Tug Tow	-	-	1	-	-	-	-	-	-	-
Vehicle Carrier	97	73	39	49	34	66	50	79	81	57
Other	64	72	70	62	81	80	102	62	75	96
	7,267	6,692	7,266	6,852	6,741	6,470	5,935	5,472	5,499	5,689
Total Vessel Arrivals	7,849	7,277	8,058	7,703	7,548	7,057	6,539	6,301	6,414	6,613

Source: Piers Global Intelligence Solutions

Schedule 21

Port of Houston Authority

PHA Public Wharves

Vessel Arrivals (continued)

(unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Turning Basin										
Ships	999	962	1,255	1,196	1,177	1,021	911	832	910	979
Barges	1,416	1,186	1,546	1,492	1,596	1,556	1,391	1,052	1,092	1,279
Bulk Plant, Jacintoport, Care Woodhouse, and HPGE#2										
Ships	595	541	669	705	684	710	624	622	609	631
Barges	545	525	485	496	805	635	704	998	709	518
Barbours Cut and Galveston										
Ships	695	704	809	969	1,067	1,122	1,010	927	943	970
Barges	32	43	46	58	280	517	471	409	286	167
Bayport Container Terminal										
Ships	379	335	225	97	-	-	-	-	-	-
Barges	2	1	1	4	-	-	-	-	-	-
Bayport Companies										
Ships	704	652	611	632	583	518	466	494	511	480
Barges	2,115	1,754	1,657	1,620	1,597	1,597	1,483	1,305	1,241	1,223
Total PHA Arrivals										
Ships (a)	3,372	3,194	3,569	3,599	3,511	3,371	3,011	2,875	2,973	3,060
Barges	4,110	3,509	3,735	3,670	4,278	4,305	4,049	3,764	3,328	3,187

(a) Included in Total of Vessel Arrivals for the Houston Ship Channel

Schedule 22

Port of Houston Authority

Bulk Commodity Statistics

Last Ten Fiscal Years

(in thousands)

(short tons) (a)

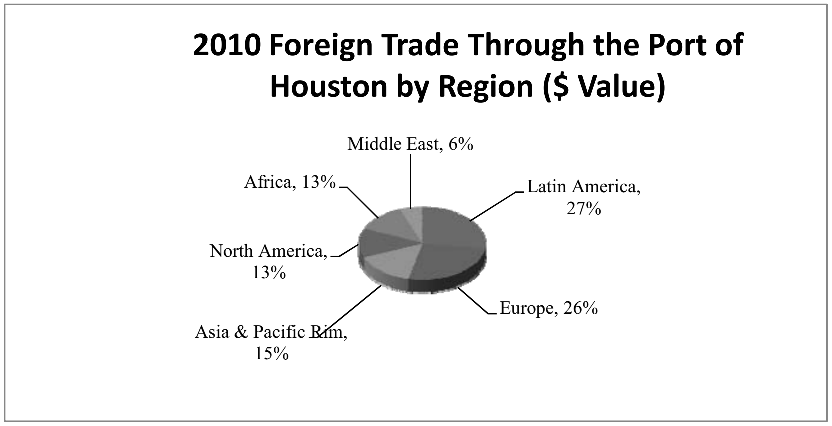
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cement	-	-	-	-	158	179	-	-	-	-
Coke	4,673	4,518	4,563	4,979	4,404	3,382	3,660	4,808	3,835	2,970
Cotton Seed Oil	-	-	-	-	-	-	-	6	-	5
Fertilizer	27	26	37	-	-	-	3	-	24	-
Grain	2,042	1,560	2,097	1,746	1,606	1,331	1,050	1,351	1,939	1,990
Industrial Chemical	10,989	9,490	8,929	8,957	8,938	8,335	7,986	7,319	6,807	6,709
Molasses	121	206	234	156	347	283	330	344	281	464
Petroleum Products	549	343	125	43	32	72	71	73	53	156
Tallow	345	320	518	480	419	328	402	382	423	319
Dry Bulk	504	377	964	870	824	995	737	496	562	719
Vegetable Oil	159	252	375	64	-	-	-	-	-	-
Miscellaneous Bulk	28	14	24	23	53	51	93	56	31	36
Totals	19,437	17,106	17,866	17,318	16,780	14,956	14,332	14,834	13,955	13,368

Source: The Authority

(a) Short tons equal 2000 pounds

Houston's Foreign Seaborne Trade by Region

Europe and Latin America are Houston's top seaborne trading partners.

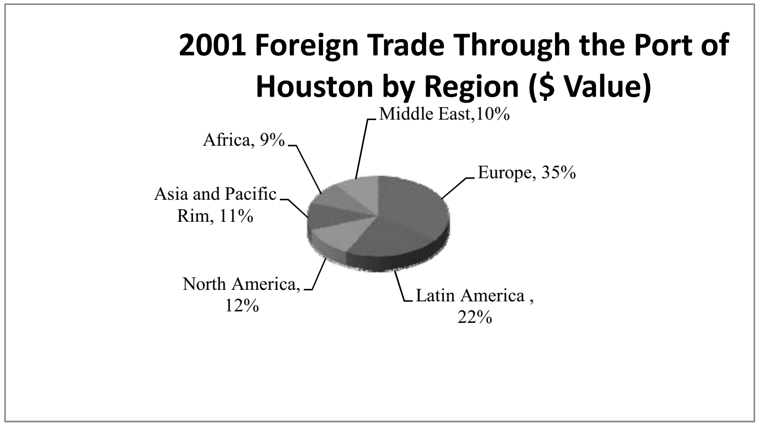


Latin America was Houston's top seaborne trading region in 2010, accounting for 27 percent of total foreign shipments through the Port of Houston. The countries of Europe account for 26 percent, making the region Houston's second largest trading area.

TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2010 (000s)				
	Imports	**Exports**	**Total**	**Percent of World Total**
Latin America	9,396,824	26,410,027	35,806,851	27%
Europe	17,246,379	16,957,158	34,203,537	26%
Asia & Pacific Rim	7,655,405	11,973,929	19,629,334	15%
North America	11,249,611	6,059,505	17,309,116	13%
Africa	10,624,700	5,737,960	16,362,660	13%
Middle East	3,937,221	3,587,473	7,524,694	6%
Worldwide Total	60,110,140	70,726,052	130,836,192	100%
Source: U.S. Dept. of Commerce, Bureau of Census				

Houston's Foreign Seaborne Trade by Region

Europe and Latin America are Houston's top seaborne trading partners.



Europe was Houston's top seaborne trading region in 2001, accounting for 35 percent of total foreign shipments through the Port of Houston. The countries of Latin America account for 22 percent, making the region Houston's second largest trading area.

TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2001 (000s)				
	Imports	**Exports**	**Total**	**Percent of World Total**
Europe	9,497,346	6,131,622	15,628,968	35%
Latin America	3,971,163	5,949,005	9,920,168	22%
North America	3,545,896	1,811,531	5,357,427	12%
Asia & Pacific Rim	2,509,188	2,303,260	4,812,448	11%
Middle East	3,265,805	1,401,133	4,666,938	10%
Africa	2,177,497	1,925,111	4,102,608	9%
Worldwide Total	24,966,895	19,521,662	44,488,557	100%
Source: U.S. Dept. of Commerce, Bureau of Census				

Port of Houston Authority

Number of Authority Employees by Type

Last Ten Fiscal Years

(unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Exempt Employees	183	182	177	160	146	141	130	127	125	107
Non-Exempt Employees	409	410	418	420	414	379	367	365	356	366
Total Employees	592	592	595	580	560	520	497	492	481	473
Hourly Employees (in above)	152	157	162	158	154	147	135	133	130	135
Operations Staff	143	143	148	143	140	127	112	111	110	112
General & Administrative Staff	400	400	403	382	360	337	329	324	314	303

Source: The Authority

APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form. Consequently, purchasers of ownership interests in the Bonds will not receive certificates representing their respective interests in the Bonds. This section describes how ownership of the Bonds is to be transferred and how the payments of principal of and interest on the Bonds are to be paid to and accredited by Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Underwriters and the Authority believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission ("SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar as set forth in the Order. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

APPENDIX C

FORM OF BOND COUNSEL OPINION

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haynesboone

October 20, 2011

WE HAVE ACTED as Bond Counsel for the Port of Houston Authority of Harris County, Texas (the "Authority"), in connection with an issue of bonds (the "Bonds") described as follows:

> PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, UNLIMITED TAX REFUNDING BONDS, SERIES 2011A (AMT), dated October 1, 2011, in the aggregate principal amount of $47,345,000 maturing on October 1 in each year from 2012 through and including 2026. The Bonds are issuable in fully registered form only, in denominations of $5,000 of principal amount or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the orders (the "Orders") adopted by the Port Commission of the Authority and the Commissioners Court of Harris County, Texas (the "County") authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. In such capacity we have examined the Constitution and laws of the State of Texas and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the bonds that are being refunded with the proceeds of the Bonds (the "Refunded Bonds"), as described in the Orders. The transcript contains certified copies of certain proceedings of the Authority, including a certification that the Authority's authorizing statute has not been repealed), the certificate (the "Certificate") of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, the paying agent for the Refunded Bonds (the "Paying Agent"), certain certifications and representations and other material facts within the knowledge and control of the Authority, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds. We have also examined executed Bond No. T-1.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Authority or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Authority's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Haynes and Boone, LLP
Attorneys and Counselors
1221 McKinney, Suite 2100
Houston, Texas 77010
Phone: 713.547.2000
Fax: 713.547.2600

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences legal authority for the issuance of the Bonds in compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding obligations of the Authority enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases; and the Bonds have been authorized and delivered in accordance with law;

(2) The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem tax levied, without limit as to rate or amount, upon taxable property located within the Authority, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds; and

(3) The deposit with the Paying Agent pursuant to the Orders constitutes the defeasance of the orders authorizing the issuance of the Refunded Bonds and the discharge and final payment of the Refunded Bonds; in reliance upon the accuracy of the calculations contained in the Certificate, the Refunded Bonds, having been discharged and paid, are no longer outstanding and the lien on and pledge of ad valorem taxes as set forth in the orders authorizing their issuance are appropriately and legally defeased; the holders of the Refunded Bonds may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds only out of the funds provided therefor now held for that purpose by the Paying Agent; and therefore the Refunded Bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor to the Paying Agent.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

FORM OF SPECIAL TAX COUNSEL OPINION

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October 20, 2011

Port of Houston Authority of Harris County, Texas
111 East Loop North
Houston, Texas 77029-4327

Re: $47,345,000 Port of Houston Authority of Harris County, Texas Unlimited Tax Refunding Bonds, Series 2011A (AMT)

Ladies and Gentlemen:

We have represented the Port of Houston Authority of Harris County, Texas, (the "Authority") as its Special Tax Counsel in connection with the issuance and sale of the Authority's Unlimited Tax Refunding Bonds, Series 2011A (AMT), in the aggregate principal amount of $47,345,000 (the "Bonds"), pursuant to the terms of the Authority's Order Authorizing the Sale of the Bonds, dated August 23, 2011 and the Order of the Commissioners Court of Harris County adopted on September 13, 2011 (together the "Orders"). Except as otherwise indicated, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Orders.

In our capacity as Special Tax Counsel, we have examined a transcript containing certified copies of certain proceedings of the Commissioners Court of Harris County, Texas (the "County") and the Port Commission of the Authority, and certain certificates and other documents of representatives of the County, the Authority and others. We have relied upon those certificates as to certain factual matters which we have not independently verified. We have also examined such portions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, regulations and published rulings of the Internal Revenue Service (the "Service"), as we have deemed necessary for the purposes of this opinion.

We have assumed with your permission and without independent verification (i) the genuineness of certificates, records and other documents and the accuracy and completeness of the statements contained therein; (ii) the due authorization, execution and delivery of the Order by the Authority, and the validity and binding effect of the

Orders on the Authority and the County, respectively; (iii) that all documents and certificates submitted to us as originals are accurate and complete; (iv) that all documents and certificates submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted to us was accurate and complete.

Based on the foregoing, and subject to the matters set forth below, we are of the opinion that:

1. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law except with respect to the interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities or a "related person" thereof as those terms are defined Section 147(a) of the Code.

2. Interest on the Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax on individuals and corporations.

In providing such opinions, we have relied on representations of the Authority, the Underwriters and the Financial Advisor with respect to matters solely within the knowledge of the Authority, the Underwriters and the Financial Advisor, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Orders pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Authority fails to comply with the foregoing covenants of the Orders, interest on the Bonds could become includable in gross income from the date of its original delivery, regardless of the date on which the event causing such includability occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, persons owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer. We observe that the Authority has covenanted in its Orders not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

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APPENDIX E

SUMMARY OF TABLES RELATED TO CONTINUING DISCLOSURE OF INFORMATION

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PORT OF HOUSTON AUTHORITY

OF HARRIS COUNTY, TEXAS

UNLIMITED TAX REFUNDING BONDS,
SERIES 2011A (AMT)

PORT COMMISSION

James T. Edmonds

Steve L. Phelps	Jimmy Burke
James W. Fonteno, Jr.	Janiece Longoria
Kase L. Lawal	Elyse Lanier

Alec G. Dreyer.. Chief Executive Officer
Erik A. Eriksson.. Senior Vice President and General Counsel
Thomas J. Heidt.. Vice President Finance and Administration
Barbara J. Schott, CPA.. County Auditor
Orlando Sanchez..County Treasurer

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