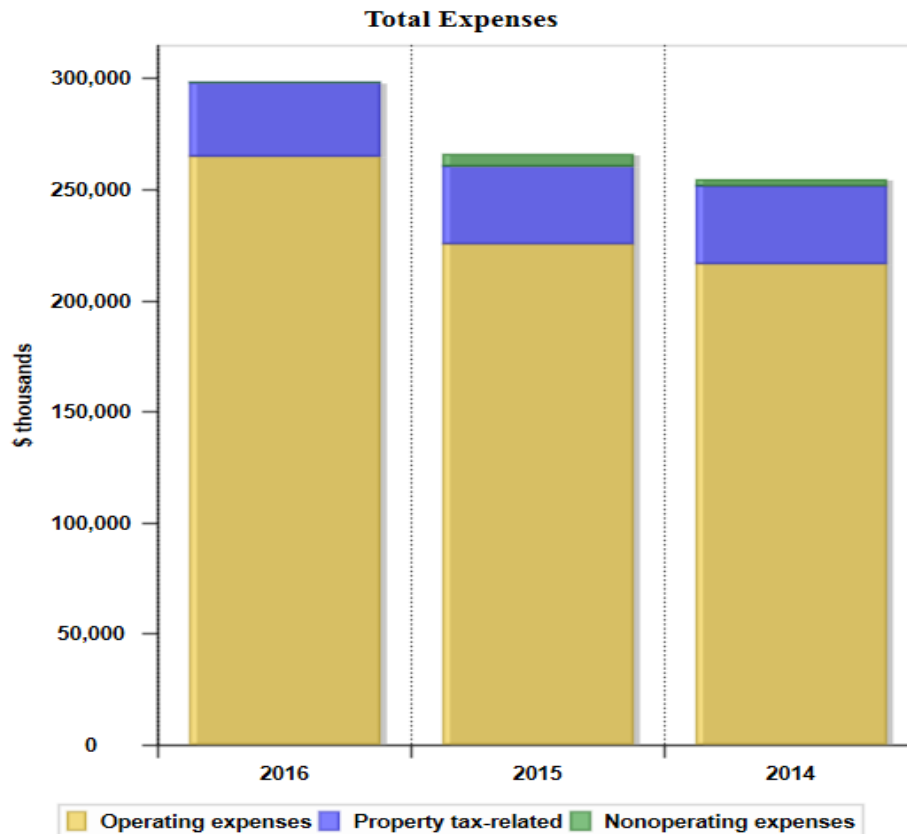


Port of Houston Authority 2016 Expenses (\$000's)

	2016	2015	2014
Operating expenses:			
Maintenance and operations of facilities	\$ 141,102	\$ 123,433	\$ 121,899
General and administrative	44,286	42,297	37,812
Depreciation and amortization	64,601	60,198	57,190
Impairment of Capital Assets	15,114	-	-
Nonoperating expenses:			
Contributions to state and local agencies	2,127	2,147	1,464
Loss on disposal of assets	(2,976)	2,849	1,220
Other	1,033	338	-
Nonoperating expenses related to property taxes:			
Interest expense on unlimited tax bonds	31,548	33,114	33,459
Property tax collection expense	1,100	1,039	1,175
Other	303	455	408
Total Expenses	\$ 298,238	\$ 265,870	\$ 254,627



For fiscal 2016, Operating expenses increased by \$39,174 or 17%, largely driven by higher maintenance and operation of facilities expenses tied to growth in container volumes. An impairment charge associated with the Cruise Terminal resulted in an increase of \$15,114. General and administrative expenses increased by \$1,989 or 5% from 2015 relating primarily to investments in strategic planning and related initiatives. Depreciation increased by \$4,403 or 7% due primarily to new assets at the container terminals.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, decreased \$1,657 over 2015.

Nonoperating expenses in 2016 decreased \$5,150 due primarily to gains recorded this year on asset dispositions.