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**STATE AUDIT OF PROMOTION & DEVELOPMENT FUND  
SHOWS USAGE APPROPRIATE: PORT OF HOUSTON AUTHORITY**

*Activities Paid Through Fund Helped Build A Leading Port*

HOUSTON, January 30, 2002 – Port of Houston Authority Chairman James T. Edmonds today issued the following statement in response to the state audit of the Authority’s promotion and development fund:

“We’re pleased with the findings of the audit, which show that the Port of Houston’s promotion and development fund is managed in a fiscally prudent and responsible way. We welcome this review.

“We are forthright in the way we disclose and account for promotion and development fund allocations. These are the typical marketing expenditures any business makes to maintain and grow its business, particularly in today’s globally competitive environment.

“The Port of Houston’s responsible use of the promotion and development fund is a competitive advantage and has contributed to our success in building the world’s eighth largest port with an economic impact of more than \$7 billion. Activities that have been paid for by the promotion and development fund have helped build this Port into a leading seaport.

“According to the state audit, these expenditures are consistent with the requirements of the fund and are subject to the following controls:

- Active, onsite oversight by the Harris County Auditor
- Procedures outlining the use of the fund

- A legally established threshold of expenditures
- Travel policy for commissioners
- Monthly reconciliation of checks

“The audit recommends minor documentation improvements, and we’ve taken steps to modify our procedures accordingly. The audit report, we think, overreached in comparing the Port’s legally mandated guidelines to those of other state agencies.”

#### About the Port of Houston Authority

The Port of Houston Authority owns and operates the public facilities along the Port of Houston, a 25-mile-long complex of diversified public and private facilities that handle more than 175 million short tons of freight worth more than \$60 billion annually. The Port Authority plays a vital role in ensuring navigation safety along the Houston Ship Channel, a key economic catalyst for the city since the Port of Houston first opened to deep-water vessels in 1914. The Port is the source of more than 200,000 direct and related jobs and generates about \$525 million annually in state and local taxes. The Port of Houston ranks first in the U.S. in foreign waterborne commerce and second in total tonnage. Each year, more than 7,000 vessels from around the world call at the Port.

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