

NOTICE OF PRELIMINARY ACCEPTANCE

**RELATING TO THE
INVITATION TO TENDER BONDS DATED APRIL 5, 2024
made by
CITY OF HOUSTON, TEXAS
to the Bondowners described herein of
all or any portion of the maturities listed herein of**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Series 2015D**

**Combined Utility System
First Lien Revenue and
Refunding Bonds, Series 2016B**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Series 2017B**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Series 2018D**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Taxable Series 2018E**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Taxable Series 2019C**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Taxable Series 2020D**

**Combined Utility System
First Lien Revenue Refunding
Bonds, Taxable Series 2021B**

The purpose of this Notice of Preliminary Acceptance is to provide notice of preliminary acceptance for purchase of certain Target Bonds. All terms used herein and not otherwise defined are used as defined in the Invitation (hereinafter defined).

The tender offer expired at 5:00 p.m., Eastern time, on April 19, 2024.

Pursuant to the Invitation to Tender Bonds dated April 5, 2024 as amended and supplemented by the Pricing Notice dated April 12, 2024 (as it may be further amended or supplemented, the “**Invitation**”), the City of Houston, Texas (the “**City**”), invited Bondowners to tender Tax-Exempt Target Bonds for cash at the applicable Offer Purchase Prices set forth in the Pricing Notice and to tender Taxable Target Bonds for cash at the applicable Offer Purchase Prices based on the Fixed Spreads set forth in the Pricing Notice to be added to the relevant Treasury Security Yield on each Benchmark Treasury Security also as set forth in this Pricing Notice, plus in each case Accrued Interest on the Target Bonds tendered and accepted for purchase to but not including the Settlement Date. The Treasury Security Yield on each Benchmark Treasury Security will be determined at approximately 10:00 a.m., Eastern time, on April 23, 2024, and the Notice of Taxable Target Bonds Purchase Prices will be provided on April 23, 2024, all in accordance with the Invitation. See Section 2, “Information to Bondowners - Tender Consideration - Determination of Offer Purchase Prices for the for Taxable Target Bonds” in the Invitation.

The principal amounts of Tax-Exempt Target Bonds of each CUSIP that the City is preliminarily accepting for purchase are set forth on Schedule 1 hereto and the principal amounts of Taxable Target Bonds of each CUSIP that the City is preliminarily accepting for purchase are set forth on Schedule 2 hereto.

On April 23, 2024, unless such date is extended by the City (the “**Final Acceptance Date**”), the City will announce its acceptance for purchase of the Target Bonds, if any, from among those Target Bonds of each CUSIP initially accepted for purchase as listed on Schedule 1 and Schedule 2 hereto. The City has no obligation to accept for purchase any tendered Target Bonds and the City’s obligation to pay for Target Bonds validly tendered (and not validly withdrawn) and accepted pursuant to the Invitation is subject to the terms and conditions of the Invitation including, *inter alia*, satisfaction or waiver of the Financing Conditions) on or prior to the Settlement Date.

Should the City determine to purchase less than all of the tendered Target Bonds of a particular CUSIP, the principal amount of such Target Bonds that it will purchase will be allocated among such tendered Target Bonds on a *pro rata* basis as described in the Invitation.

The Invitation is available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at <http://emma.msrb.org>, using the CUSIP numbers for the Target Bonds, and (ii) on the website of the Information Agent and Tender Agent at www.globic.com/houston.

Any questions are to be directed to the Information Agent and Tender Agent at (212) 227-9622.

April 22, 2024

SCHEDULE 1

The tables below list the principal amount of the Tax-Exempt Target Bonds of each maturity and corresponding CUSIP that has been preliminarily accepted for purchase by the City.

CITY OF HOUSTON, TEXAS

Combined Utility System First Lien Revenue Refunding Bonds, Series 2015D

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
CG0	2026	5.000%	11,050,000	7,570,000	-
CH8	2027	5.000%	11,615,000	3,425,000	-
CJ4	2028	5.000%	12,210,000	4,790,000	-
CK1	2029	5.000%	6,295,000	1,675,000	1,675,000
CL9	2031	5.000%	2,460,000	900,000	900,000
CM7	2032	5.000%	2,440,000	95,000	95,000
CN5	2033	5.000%	2,420,000	345,000	345,000
CP0	2034	5.000%	2,395,000	-	-
CQ8	2035	5.000%	2,375,000	1,120,000	1,120,000
TOTAL			53,260,000	19,920,000	4,135,000

Combined Utility System First Lien Revenue Refunding Bonds, Series 2016B

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
GN1	2030	5.000%	31,045,000	26,900,000	26,900,000
GQ4	2032	5.000%	38,405,000	30,170,000	30,170,000
GR2	2033	5.000%	21,115,000	11,900,000	11,900,000
HC4	2033	5.250%	20,000,000	14,715,000	14,715,000
GS0	2034	5.000%	105,735,000	68,075,000	68,075,000
GT8	2035	5.000%	111,065,000	86,795,000	86,795,000
GU5	2036	5.000%	114,575,000	64,890,000	64,890,000
GZ4	2038	4.500%	43,500,000	18,770,000	18,770,000
TOTAL			485,440,000	322,215,000	322,215,000

Combined Utility System First Lien Revenue Refunding Bonds, Series 2017B

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
MZ7	2034	5.000%	8,160,000	3,080,000	3,080,000
NA1	2035	5.000%	8,580,000	6,850,000	6,850,000
NB9	2036	5.000%	9,015,000	785,000	785,000
NC7	2037	5.000%	9,480,000	8,675,000	8,675,000
ND5	2038	5.000%	9,965,000	165,000	165,000
TOTAL			45,200,000	19,555,000	19,555,000

Combined Utility System First Lien Revenue Refunding Bonds, Series 2018D

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
ST5	2033	5.000%	14,990,000	11,125,000	-
SU2	2034	5.000%	12,530,000	7,815,000	7,815,000
SV0	2035	5.000%	13,170,000	11,945,000	11,945,000
SW8	2036	5.000%	13,840,000	13,605,000	13,605,000
TOTAL			54,530,000	44,490,000	33,365,000

⁽¹⁾ CUSIP is a registered trademark of FactSet. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and the City is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy.

SCHEDULE 2

The tables below list the principal amount of the Taxable Target Bonds of each maturity and corresponding CUSIP that have been preliminarily accepted for purchase by the City.

CITY OF HOUSTON, TEXAS

Combined Utility System First Lien Revenue Refunding Bonds, Federally Taxable Series 2018E

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Average Life Date ⁽²⁾	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
TJ6	2025	N/A	3.455%	2,265,000	400,000	-
TK3	2026	N/A	3.543%	2,810,000	620,000	-
TL1	2027	N/A	3.643%	4,220,000	-	-
TM9	2028	N/A	3.723%	34,030,000	7,240,000	-
TN7	2029	N/A	3.823%	43,630,000	20,370,000	20,370,000
TP2	2030	N/A	3.923%	44,790,000	17,300,000	17,300,000
TQ0	2031	N/A	3.973%	46,120,000	14,355,000	14,355,000
TR8	2032	N/A	4.073%	1,240,000	-	-
TS6	2033	N/A	4.123%	1,340,000	-	-
TT4	2038	12/14/2036	4.172%	14,550,000	1,275,000	1,275,000
TOTAL				194,995,000	61,560,000	53,300,000

Combined Utility System First Lien Revenue Refunding Bonds, Federally Taxable Series 2019C

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Average Life Date ⁽²⁾	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
XP7	2025	N/A	1.949%	5,175,000	3,500,000	-
XQ5	2026	N/A	2.049%	5,285,000	2,295,000	-
XR3	2027	N/A	2.155%	5,405,000	-	-
XS1	2028	N/A	2.205%	27,065,000	2,700,000	-
XT9	2029	N/A	2.255%	46,435,000	10,590,000	10,590,000
XU6	2030	N/A	2.355%	53,615,000	1,890,000	1,890,000
XV4	2031	N/A	2.455%	49,550,000	1,000,000	1,000,000
XW2	2032	N/A	2.505%	49,425,000	10,625,000	10,625,000
XX0	2033	N/A	2.555%	51,250,000	-	-
XY8	2034	N/A	2.605%	21,285,000	3,730,000	3,730,000
XZ5	2035	N/A	2.655%	21,940,000	-	-
YA9	2042	3/27/2039	2.984%	151,765,000	2,965,000	2,965,000
TOTAL				488,195,000	39,295,000	30,800,000

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⁽²⁾ Average life date is shown for the Taxable Target Term Bonds only. The Taxable Target Term Bonds will be priced to their respective average life dates.

**Combined Utility System First Lien Revenue Refunding Bonds,
Federally Taxable Series 2020D**

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Average Life Date ⁽²⁾	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
B71	2025	N/A	0.976%	8,325,000	1,375,000	-
B89	2026	N/A	1.221%	3,935,000	1,740,000	-
B97	2027	N/A	1.371%	3,995,000	335,000	-
C21	2028	N/A	1.522%	4,065,000	500,000	-
C39	2029	N/A	1.572%	9,130,000	490,000	490,000
C47	2030	N/A	1.622%	9,285,000	2,600,000	2,600,000
C54	2031	N/A	1.722%	9,445,000	3,000,000	3,000,000
C62	2032	N/A	1.822%	9,620,000	1,265,000	1,265,000
C70	2033	N/A	1.872%	15,550,000	5,465,000	5,465,000
C88	2034	N/A	1.972%	15,855,000	3,880,000	3,880,000
C96	2035	N/A	2.022%	16,165,000	8,135,000	8,135,000
D20	2040	9/7/2039	2.542%	32,045,000	1,400,000	1,400,000
D38	2043	11/21/2042	2.642%	25,805,000	555,000	555,000
TOTAL				163,220,000	30,740,000	26,790,000

**Combined Utility System First Lien Revenue Refunding Bonds,
Federally Taxable Series 2021B**

CUSIP (Base No. 44244C) ⁽¹⁾	Maturity Date (November 15)	Average Life Date ⁽²⁾	Interest Rate	Outstanding Principal Amount (\$)	Principal Amount Tendered for Purchase (\$)	Preliminary Principal Amount Accepted (\$)
M20	2025	N/A	0.811%	5,215,000	875,000	-
M38	2026	N/A	1.011%	9,265,000	15,000	-
M46	2027	N/A	1.366%	9,375,000	1,745,000	-
M53	2028	N/A	1.516%	9,515,000	1,065,000	-
M61	2029	N/A	1.709%	5,205,000	1,975,000	1,975,000
M79	2030	N/A	1.909%	730,000	-	-
M87	2031	N/A	1.929%	5,545,000	5,000	5,000
M95	2032	N/A	2.009%	5,650,000	100,000	100,000
N29	2033	N/A	2.209%	630,000	-	-
N37	2034	N/A	2.309%	645,000	645,000	645,000
N45	2035	N/A	2.409%	660,000	645,000	645,000
N52	2036	N/A	2.459%	12,840,000	3,900,000	3,900,000
N60	2037	N/A	2.509%	13,160,000	2,730,000	2,730,000
N78	2038	N/A	2.599%	7,205,000	2,985,000	2,985,000
TOTAL				85,640,000	16,685,000	12,985,000

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