

NOTICE

Related to

HARRIS COUNTY HEALTH FACILITIES DEVELOPMENT CORPORATION MEDICAL FACILITIES REVENUE BONDS (BAYLOR COLLEGE OF MEDICINE)

Series 2005B due November 15, 2035, CUSIP No. 41415MBB9

This Notice is provided by Baylor College of Medicine (the “College”) and is being filed with the Nationally Recognized Municipal Securities Information Repositories (the “NRMSIRs”) and the State Information Depository for the State of Texas, provided to financial media, and posted to the web sites of the College and the Broker-Dealer in connection with the Harris County Health Facilities Development Corporation Medical Facilities Revenue Bonds (Baylor College of Medicine) Series 2005B (the “Bonds”). Capitalized terms used but not defined in this report shall have the meanings given those terms in the Official Statement dated July 20, 2005, relating to the Bonds (the “Official Statement”).

Under the terms of the Series 2005B Bond Indenture and the Auction Agent Agreement entered into with respect to the Bonds, the Bonds bear interest at Auction Rates. The Auction Rate for the Bonds of each subseries is the lowest rate submitted in a qualifying bid in the Auction for such Bonds that allows for the sale of all of the Bonds offered at the Auction for which holders have submitted sell orders in the Auction.

The United States Securities and Exchange Commission (the “SEC”) has recently released guidance regarding certain aspects of the bidding on auction rate securities and may, in the future, release further guidance. If the SEC issues such further guidance, then the College will supplement this Notice to the extent it determines is necessary or advisable in light of such guidance.

The College intends to submit or to direct Citigroup Global Markets Inc. (“Citigroup”) (the broker-dealer with respect to the Bonds) to submit, on the College’s behalf, bids in the Auctions to purchase the Bonds. It should be noted that the interests of the College in bidding (or directing Citigroup to bid on the College’s behalf) in Auctions for Bonds are different from and, in fact, may be contrary to the interests of an investor, because the College is seeking to establish the lowest interest rate on the Bonds while an investor generally seeks the highest interest rate on the Bonds.

The College intends to take and has taken the following steps:

- Submit a bid in each of the Auctions, commencing on May 29, 2008, with the next Auction being June 19, 2008, to purchase all of the Bonds offered in the Auction at the Designated Rate (as defined below). The College submitted a bid to purchase all the Bonds on May 29, 2008, which resulted in a clearing bid at the rate of 2.12% per annum. The College purchased \$31,075,000 of the Bonds in the May 29, 2008 Auction. On June 5, 2008, the College submitted a “hold order” with respect to the \$31,075,000 of Bonds previously purchased on May 29, 2008 and a bid to purchase the remaining \$18,925,000 at 1.98% per annum. The 1.98% per annum bid was the clearing bid and the College purchased an additional \$25,000 of the Bonds in the June 5, 2008 Auction. The remaining \$18,900,000 of Bonds were subject to “hold order” from bidders other than the College. On June 19, 2008, the College submitted a “hold order” with respect to the \$31,100,000 of Bonds previously purchased and a bid to purchase the remaining \$18,900,000 of Bonds at 2.14% per annum. The 2.14% per annum bid was the clearing bid and the College purchased an additional \$950,000,000 of the Bonds in the June 12, 2008 Auction. The remaining Bonds not owned by the College were subject to “hold orders” from bidders other than the College.

- Once the College commences to bid in Auctions for Bonds, to continue to submit bids in the Auctions to purchase up to all of the Bonds offered in each Auction at the Designated Rate until such time as the College beneficially owns all of the Bonds, up to the date specified below.
- The College shall submit a “hold order” in each Auction with respect to any Bonds offered at the Auction that were previously purchased by the College. **The application of “hold orders” could lead to the application of the All-Hold Rate, equal to 65% of One Month LIBOR, which may be a below market rate.**
- Following any Auction which results in the College’s bid becoming the Auction Rate for the Bonds offered at the Auction and at any time until the next succeeding Auction for such Bonds, any holder of any outstanding such Bonds may sell all or any portion of such Bonds to Citigroup, Citigroup will purchase, on behalf of the College, all such Bonds at a price equal to 100% of principal amount plus accrued but unpaid interest thereon.
- Within two (2) business days following each Auction in which the College bids (or directs Citigroup to bid) to purchase Bonds on its behalf, the College will provide notice to the NRMSIRs detailing information regarding bidding in such Auction, including the amount of Bonds offered for sale in the Auction; the number and aggregate dollar amount of bids made; the number of bidders other than Citigroup (for its own account) or the College; the number, interest rate(s) and amounts of bids, if any, made by Citigroup (for its own account) or the College; the clearing rate; and the high, low, and median bids received. This information and historical information regarding prior auctions will also be made available on the College’s public website at <https://www.bcm.edu/pdf/ars.pdf> and on Citigroup’s public website at https://www.smithbarney.com/products_services/fixed_income/auction_rate_securities/.

If in any Auction there are no bids to purchase Bonds at an interest rate that is equal to or lower than the Designated Rate, then (1) the College will become the owner of any Bonds offered at the Auction for which a bid or sale order has been submitted in the Auction and (2) the Auction Rate for such Bonds will be reset to a rate equal to the Designated Rate and all of such Bonds (whether or not owned by the College and whether or not offered by their respective owners for sale in such Auction) subject to such Auction will bear interest at that rate.

The College intends to continue to take the steps described above for approximately six months or until further notice. The College will provide notification to the NRMSIRs promptly upon any determination by the College to discontinue or change such actions.

The College has agreed to indemnify Citigroup for certain liabilities in connection with its submission of bids on behalf of the College, including liabilities that may arise under federal and state securities laws.

As used herein, the “*Designated Rate*” means, with respect to any date, a rate equal to the sum of (i) the most recently published SIFMA Municipal Swap Index (as published by The Securities Industry and Financial Markets Association) and (ii) 0.50% per annum (that is, 50 basis points.)

The date of this Notice is June 16, 2008.

NRMSIRs

The foregoing Notice will be disseminated to the following NRMSIRs:

Bloomberg Municipal Repository

100 Business Park Drive

Skillman, New Jersey 08558

Phone: (609) 279-3225

Fax: (609) 279-5962

<http://www.bloomberg.com/markets/rates/municontacts.html> Email:

Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive

Fort Lee, NJ 07024

Phone: (201) 346-0701

Fax: (201) 947-0107

<http://www.MuniFILINGS.com> Email:

nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc. Attn: NRMSIR

100 William Street, 15th Floor

New York, New York 10038

Phone: (212) 771-6999

Fax: (212) 771-7390

<http://www.interactivedata-prd.com>

Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc. 55 Water Street,

45th Floor

New York, NY 10041

Phone: (212) 438-4595

Fax: (212) 438-3975

<http://www.disclosuredirectory.standardandpoors.com/> Email:

nrmsir_repository@sandp.com

Issuer Name:	Harris County Health Facilities Development Corporation
Borrower Name:	Baylor College of Medicine
Principal Amount Issued:	\$50,000,000
Principal Amount Outstanding:	\$50,000,000
Securities:	Frequency: 7 Day (Th)
CUSIP:	41415MBB9
Auction Date:	06/12/2008

1. Amount of Securities for sale in the Auction:	\$50,000,000		
2. Aggregate Dollar Amount of Bids:	\$150,000,000		
3. High Bid:	5.750%		
4. Low Bid:	2.140%		
5. Median Bid:	4.625%		
6. Clearing Rate:	2.140%		
7. Total Number of Bids:	4		
a. Number of Bids (other than dealer/issuer):	1		
b. Bid(s) Made by Participating Dealer, if any:			
Number:	1		
Interest Rate:	5.750%	Amount:	\$50,000,000
c. Bid(s) Made by Participating Dealer on Behalf of Issuer/Borrower, if any:			
Number:	2		
Interest Rate:	2.140%	Amount:	\$18,900,000
Interest Rate:	0.000%	Amount:	\$31,100,000

IMPORTANT DISCLOSURES

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