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Baylor medical school reports bond troubles

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By [Andis Robeznieks](#)

Posted: August 17, 2009 - 3:00 pm EDT

Houston's Baylor College of Medicine has issued a notice stating that, on June 30, it had defaulted on its "financial covenants" associated with several sets of bonds issued in 1999, 2007 and 2008.

The notice did not reveal any dollar amounts involved. "This was a technical covenant default; not a payment default," according to an e-mail from Claire Bassett, vice president of public affairs and federal government relations at the school.

The notice did, however, state that several corrective actions have been taken. These included: hiring Navigant Consulting "to recommend changes in its revenue-producing activities and expenses," adopting a revised budget to reduce its operating deficit, entering into "discussions with other parties concerning a possible joint undertaking to complete, own and/or operate its hospital and clinic project," and entering discussions with Rice University toward a "possible combination."

Rice is also in Houston, and the two schools **released a letter this past spring** announcing that discussions had been going on for months regarding a potential merger of the two institutions.

"The college intends to continue the corrective actions described above or other action until it re-establishes compliance with its financial covenants," the default notice said. "There can be no assurance that any such action will be successful."

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