



## Memorandum

**TO:** Robert S. Derico, R.A., Director, Office of Environmental Affairs

**FROM:** Elisabeth Draper, Environmental Manager 

**DATE:** March 9, 2026

**RE:** *State Environmental Quality Review (SEQR) Type II Determination* for the Vaughn College of Aeronautics and Technology 2026 *Financing Project* (Independent Colleges and Universities Program)

**Description of Proposed Action and Proposed Project.** The Dormitory Authority of the State of New York (“DASNY”) has received a funding request from Vaughn College of Aeronautics and Technology (“Vaughn” or the “College”) for its *2026 Financing Project* (the “Proposed Project”) pursuant to DASNY’s Independent Colleges and Universities Program. Accordingly, the Proposed Project is subject to environmental review pursuant to the *State Environmental Quality Review Act (“SEQRA”)*. Based on a review of the attached *Transaction Report – Single Approval* dated March 3, 2026, and supporting documentation provided by a representative of Vaughn, the Proposed Action would consist of DASNY’s authorization of an amount not to exceed \$45,000,000 in one or more series of fixed- and/or variable-rate, tax-exempt and/or taxable bonds to be sold at one or more times through a private placement on behalf of Vaughn. The proceeds of the 2026 Bonds would be used for the following:

- Refunding all or a portion of the College’s DASNY Series 2016A Bonds (\$33.9 million);
- Refinancing all or a portion of a taxable bank loan (\$2.8 million); and
- Financing various capital improvement projects throughout the campus, including infrastructure upgrades and equipment purchases (\$2.0 million).

**Refunding / Refinancing.** Proceeds from the proposed issuance are expected to be used to refund all or a portion of approximately \$33.9 million of the College’s DASNY Series 2016A Bonds, as well as to refinance an approximately \$2.8 million taxable bank loan. This transaction would enable the College to restructure and consolidate its debt. Vaughn is bound by certain financial covenants under its 2016A Bonds documents, including maintaining a Debt Service Coverage Ratio (“DSCR”) of at least 115 percent. The College failed to meet this covenant in Fiscal Year (“FY”) 2022 and FY 2023, with the latter triggering an Event of Default. In March 2024, Vaughn entered into a forbearance agreement that required specific enrollment goals to be achieved and the delivery of a plan to vacate and sell its Astoria, Queens campus. By March 2025, the College had fulfilled the enrollment requirements, avoided a second forbearance agreement, and eliminated the requirement to sell the Astoria campus.

**Financing (New Money).** Proceeds from the proposed bond issuance would be used for other renovations and deferred maintenance projects across the College campus. The Proposed Project activities to be financed or refinanced with the proposed bond proceeds are summarized below.



*Facilities Improvements:*

- HVAC upgrades to the College's Main Hall located at 86-01 23<sup>rd</sup> Avenue, Flushing, Queens County, New York 11369.
- HVAC upgrades to the College's residence hall located at 22-40 90<sup>th</sup> Street, Flushing, Queens County, New York 11369.
- Repaving of the flight line (outside of the hangar).

*Equipment Purchases:*

- New truck with plow
- Network infrastructure
- Classroom and lab computers

**About the Institution.** Vaughn College is a private, independent college offering undergraduate and graduate degrees in engineering, technology, management, and aviation. The College, located adjacent to La Guardia Airport in Queens, New York, was founded in 1932 with the primary mission to train technicians in the design, construction and service of aircraft. Today, the College enrolls over 1,400 students pursuing 25 different degrees, as well as certificates in fields such as aircraft operations, mechatronic engineering, and airport management. Vaughn is one of the only colleges in New York State to offer an undergraduate engineering degree in mechatronics, a combination of computer, electrical and mechanical engineering. Non-degree programs include air-traffic control and flight dispatch.

**SEQR Determination.** DASNY completed this environmental review in accordance with SEQRA, codified at Article 8 of the New York Environmental Conservation Law ("ECL"), and its implementing regulations, promulgated at Part 617 of Title 6 of the New York Codes, Rules and Regulations ("N.Y.C.R.R."), which collectively contain the requirements for the *State Environmental Quality Review ("SEQR")* process.

As described above, the Proposed Project components would entail the "*maintenance or repair involving no substantial changes in an existing structure or facility*"; the "*replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building, energy, or fire codes*"; "*refinancing of existing debt*", and/or the "*purchase or sale of furnishings, equipment or supplies, including surplus government property*", which are Type II actions as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(1); 6 N.Y.C.R.R. § 617.5(c)(2), 6 N.Y.C.R.R. § 617.5(c)(29) and 6 N.Y.C.R.R. § 617.5(c)(31), respectively.

Type II "actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8."<sup>1</sup> Therefore, no further SEQR determination or procedure is required for any component of the Proposed Project identified as Type II.

**SHPA Determination.** The Proposed Project was reviewed in conformance with the *New York State Historic Preservation Act of 1980 ("SHPA")*, especially the implementing regulations of Section 14.09 of the *Parks, Recreation and Historic Preservation Law ("PRHPL")*, as well as with the requirements of the Memorandum of Understanding ("MOU"), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). In compliance with Article III, Section 3.0 of the MOU, OPRHP

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<sup>1</sup> 6 N.Y.C.R.R. § 617.5(a).



will be notified of the Proposed Project being funded with bond proceeds. It is the opinion of DASNY that the Proposed Project would have no adverse impact on historical or cultural resources in or eligible for inclusion in the State/National Register of Historic Places.

Attachments.

CC: Dena Amodio, Esq.  
Sara E. Stein, AICP  
David P. Ostrander  
Alex Sirdine  
SEQR File  
OPRHP File



## Transaction Report – Single Approval

### Vaughn College of Aeronautics and Technology - Queens, New York

March 3, 2026

**PROGRAM:**

Independent Colleges & Universities

**PURPOSE:**

Refunding  
Refinancing  
New Money

**NOT TO EXCEED AMOUNT:**

\$45,000,000

**NOT TO EXCEED TERM:**

30 Years

**INTEREST RATE TYPE:**

Fixed and/or Variable

**BOND TAX STATUS:**

Tax-Exempt and/or Taxable

**SALE TYPE:**

Private Placement

**EXPECTED RATINGS:**

N/A

**SECURITY:**

Pledge of Revenues  
Mortgages on property  
Debt Service Reserve Fund

#### Proposed New Issue Overview

The Board is being asked to adopt documents for one or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed \$45,000,000 with maturities not to exceed 30 years to be sold at one or more times through a private placement, on behalf of Vaughn College of Aeronautics and Technology (“Vaughn” or the “College”).

**Financing Team:**

- Placement Agent – D.A. Davidson & Co.
- Purchaser – Nuveen
- Co-Bond Counsel – Hawkins Delafield & Wood LLP and Law Office of Barry D. Lites

**Purpose:**

- Refund all or a portion of the College’s DASNY Series 2016A Bonds (\$33.9 million)
- Refinance all or a portion of a taxable bank loan (\$2.8 million)
- Financing various capital improvement projects (\$2.0 million)

**Security:**

- Pledge of Revenues
- Mortgages on property
- Debt Service Reserve Fund

**Description of the Bonds:**

- The Bonds are a special obligation of DASNY.
- The Loan Agreement is a general obligation of the College.
- The Bonds are payable from payments made under the Loan Agreement and all funds and accounts established under the Resolution.

**Financing Details:**

**Refunding/Refinancing:** Proceeds from the proposed issuance are expected to be used to refund all or a portion of approximately \$33.9 million of the College’s DASNY Series 2016A Bonds, as well as to refinance an approximately \$2.8 million taxable bank loan.

This transaction enables the College to restructure and consolidate its debt. The College has worked closely with the purchaser, Nuveen, which currently holds over 90% of the outstanding Series 2016A Bonds and will be the sole bondholder of the Series 2026 Bonds, to negotiate new terms. In addition to new financial covenants, the transaction is structured to pay interest only for the first 4 years (through 2030) with a 4-year extension of the final maturity of the Series 2016A from 2046 to 2050 (subject to tax counsel’s review of the economic lives of the financed assets). This structure will provide the College with cash flow savings of roughly \$6.9 million over

the first 11 years, compared to the previous amortization, which allows the College additional time to improve enrollment trends and stabilize its finances. Vaughn is bound by certain financial covenants under its 2016A Bonds documents, including maintaining a Debt Service Coverage Ratio (DSCR) of at least 115%. The College failed to meet this covenant in FY 2022 and FY 2023, with the latter



triggering an Event of Default. In March 2024, Vaughn entered into a forbearance agreement that required specific enrollment goals to be achieved and the delivery of a plan to vacate and sell its Astoria, Queens campus. By March 2025, the College had fulfilled the enrollment requirements, avoiding a second forbearance agreement and eliminating the requirement to sell the Astoria campus.

However, the College decided to proceed with the sale to right-size its campus footprint to a level more consistent with its current enrollment and operating revenues. In October 2025, Vaughn sold its Astoria property. The sales price of the Astoria property was \$12 million. Proceeds from the sale of this building were used to pay down the debt associated with its acquisition and renovation.

This transaction will also enable the College to refinance a taxable bank loan that requires periodic renewal, replacing it with a fixed-rate, tax-exempt structure that provides greater budget certainty.

**New Money:** Proceeds from the proposed issuance are also expected to be used for other renovations and deferred maintenance projects across the College (\$2.0 million).

**Sources and Uses:** New money proceeds of approximately \$2.0 million are expected to be deposited into the new money project fund. Refunding and refinancing escrow deposits are expected to total \$36.6 million, while the Debt Service Reserve Fund is expected to require a deposit of approximately \$3.5 million. The Costs of Issuance are approximated at \$1.2 million. Completing the plan of finance will require a bond issue of approximately \$38.9 million. To provide flexibility, a not-to-exceed amount of \$45.0 million is being requested.

<b>Sources of Funds:</b>		<b>Series 2026</b>
Bond Proceeds		
Par Proceeds		\$ 38,890,000
Other Sources of Funds		
Debt Service Fund		538,316
Debt Service Reserve Fund		3,535,488
Institution Equity Contribution		418,603
<b>Total Sources</b>		<b>\$ 43,382,406</b>
<b>Uses of Funds:</b>		
Project Fund Deposits		
New Money		\$ 2,000,000
Bank Loan Refinancing		2,758,269
Series 2016A Refunding		33,880,000
Debt Service Reserve Fund		3,536,550
Costs of Issuance		1,207,586
<b>Total Uses</b>		<b>\$ 43,382,406</b>

Approvals

SEQR Filing – March 9, 2026 (anticipated)      PACB Approval – March 18, 2026 (anticipated)      TEFRA Hearing – TBD

Borrower Overview

Vaughn College of Aeronautics and Technology is a private, independent college offering undergraduate and graduate degrees in engineering, technology, management, and aviation. The College, located adjacent to LaGuardia Airport in Queens, New York, was founded in 1932 with the primary mission to train technicians in the design, construction, and service of aircraft. Today, the College enrolls over 1,400 students pursuing 25 different degrees as well as certificates in fields such as aircraft operations, mechatronic engineering, and airport management. Vaughn is also one of the only colleges in New York State to offer an undergraduate engineering degree in mechatronics, a combination of computer, electrical, and mechanical engineering. Non-degree programs include air traffic control and flight dispatch.

Vaughn’s aviation maintenance program is certified under “Part 147” by the Federal Aviation Administration (FAA). Additionally, the College is one of only 36 educational institutions in the country selected by the FAA to participate in the Air Traffic Control Collegiate Training Initiative. Vaughn’s library has also been designated as a FAA Resource Center.

The College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. Certain programs are also accredited by the Technology Accreditation Commission of the Accreditation Board for Engineering and Technology

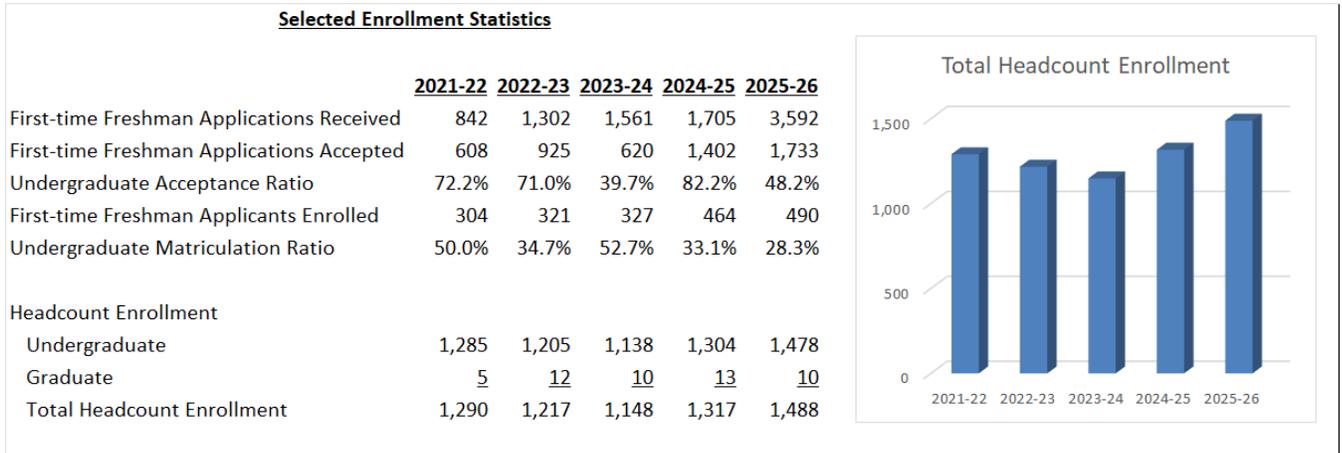


(ABET), a specialized accrediting agency recognized by the US Secretary for Education and by the Commission on Higher Education Accreditation.

Financing History:

Vaughn’s first issuance with DASNY was in 2016, when it issued the \$54,420,000 Vaughn College of Aeronautics and Technology Revenue Bonds, Series 2016A. As of December 31, 2025, \$33,880,000 of the 2016A Bonds remain outstanding. On November 14, 2025, the College defeased \$11.1 million of the Series 2016A Bonds issued in connection with the sale of its Astoria campus.

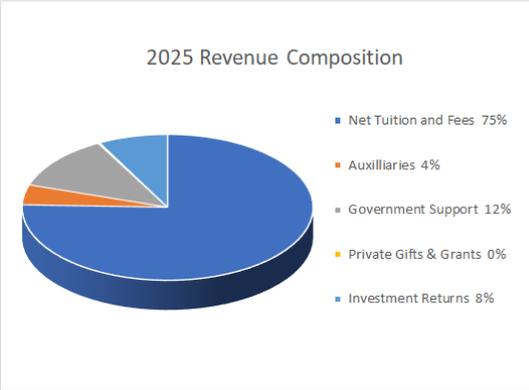
Enrollment:



- Applications received increased significantly over the five-year period, rising from just over 840 in Fall 2021 to more than 3,500 in Fall 2025, representing a 326.6% increase. The growth in recent years is particularly notable and coincides with increased demand for aviation professionals following pandemic-related disruptions in the industry.
- The number of applicants accepted by the College fluctuated over the period. During the first two years, this was largely driven by changes in application volume, as the acceptance ratio remained relatively stable between 71% and 72%. In Fall 2023, the acceptance ratio declined to a period low of 39.7%, before rebounding to 82.2% in Fall 2024, and moderating again to 48.2% in Fall 2025, when the College accepted 1,733 students. These shifts were influenced in part by operational changes, including significant turnover within the admissions staff in 2023 and disruptions associated with the rollout of the new FAFSA form.
- The volatility in applications received and acceptance ratios reflects both broader fluctuations in the aviation industry in recent years and strategic shifts by the College. A major driver of the increase in applications was the College’s decision to join the Common Application around 2022, which substantially expanded the applicant pool. Additional factors included improvements in external marketing, a transition to a new admissions CRM system that temporarily delayed outreach efforts in one cycle, and ongoing efforts to stabilize and train new admissions staff to streamline the admissions and enrollment process going forward.
- Despite a slight decline in the matriculation ratio from 33.1% in Fall 2024 to 28.3% in Fall 2025, the College enrolled 490 new students in Fall 2025, the highest level in five years.
- After three consecutive years of enrollment declines, total headcount began to rebound in Fall 2024, increasing from a low of 1,148 students to 1,488 in Fall 2025. This represents a 29.6% increase over two years and a 15.3% increase over the five-year period. The improvement followed the appointment of a new admissions team and coincided with favorable employment trends, including growing demand for aviation-related careers such as air traffic controllers.

Operations:

<b>Selected Operating Statistics</b>					
<i>(dollars in thousands)</i>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total operating revenue	\$35,895	\$35,567	\$31,848	\$39,777	\$41,843
Total operating expense	<u>39,161</u>	<u>38,703</u>	<u>39,317</u>	<u>39,558</u>	<u>41,406</u>
Change in net assets from operations	(3,266)	(3,136)	(7,469)	219	437
Total non-operating activities	<u>5,516</u>	<u>(4,469)</u>	<u>1,852</u>	<u>(2,899)</u>	<u>(912)</u>
Change in unrestricted net assets	\$2,250	(\$7,605)	(\$5,617)	(\$2,680)	(\$475)
Adjusted Operating Margin (DASNY 2024 Median: 1.3%)	-6.2%	-5.5%	-20.1%	-13.0%	-3.7%
Adjusted Net Income Margin (DASNY 2024 Median: 4.0%)	8.7%	-17.7%	-14.5%	-21.2%	-5.9%
Annual Debt Service Coverage	1.45	1.05	0.98	1.30	1.23



- As a result of its enrollment challenges, Vaughn’s financial performance weakened between 2021 and 2023. Operating revenues reflected the College’s enrollment trends, declining early in the period and showing signs of recovery beginning in FY 2024. Revenues ended the period on a positive note, increasing by 16.6% over the five-year period and 31.4% from the low point in FY 2023.
- After three years of operating deficits, the College reported modestly positive operating results in FY 2024 and FY 2025 of \$219 thousand and \$437 thousand, respectively.
- The College relies heavily on student-generated revenue, which accounted for 75% of total revenue in FY 2025, making enrollment the primary driver of operating performance. This underscores the importance of continued enrollment growth and ongoing financial stabilization efforts.
- The College’s non-operating performance remains weak, as it has continued to draw on its endowment to support operations, which has been a key driver of the negative changes in unrestricted net assets. In recent years, the College made significant endowment draws above its 5% spending policy, including 21.5% in FY 2023 and 17.3% in FY 2024. Endowment draws are expected to return to the 5% policy level in FY 2026.
- As discussed previously, the College failed to meet its DSCR covenant requirement of 115% in fiscal years 2022 and 2023. However, this ratio has since improved to 123% as of fiscal year-end 2025. The College currently makes monthly debt service payments to DASNY to fund its semi-annual bondholder payments, and it continues to make these payments on time and in full.

Balance Sheet:

<b>Selected Financial Position Statistics</b>					
<i>(dollars in thousands)</i>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Total Assets	\$105,762	\$98,455	\$90,841	\$84,761	\$85,588
Total Liabilities	63,059	63,357	60,692	56,591	57,365
<b>Net Assets</b>					
Unrestricted	37,330	30,379	24,762	22,082	21,607
Temporarily Restricted	5,021	4,343	4,558	5,199	5,490
Permanently Restricted	<u>352</u>	<u>376</u>	<u>829</u>	<u>889</u>	<u>1,126</u>
Total Net Assets	\$42,703	\$35,098	\$30,149	\$28,170	\$28,223
<b>Long-Term Debt</b>	\$54,133	\$52,775	\$51,287	\$49,714	\$48,060
Total Cash & Investments to Operating Expenses (DASNY 2024 Median: 1.6:1)	0.9	0.8	0.6	0.5	0.6
Total Cash & Investments to Total Debt (DASNY 2024 Median: 2.3:1)	0.6	0.5	0.5	0.4	0.5
Total Cash & Investments per Student	\$24,195	\$26,316	\$22,939	\$20,896	\$17,432



- Despite recent improvement in operating performance, the College’s balance sheet and liquidity position remain weaker compared to earlier years and DASNY medians, reflecting the previously discussed operating deficits and elevated endowment draws.
- Over the five-year period, Total Assets declined by approximately 19.1%, from \$105.8 million in FY 2021 to \$85.6 million in FY 2025, while Total Liabilities declined more modestly by 9.0%, from \$63.1 million to \$57.4 million.
- As a result, Total Net Assets declined by 33.9%, from \$42.7 million in FY 2021 to \$28.2 million in FY 2025.
- Long-term debt decreased gradually from \$54.1 million to \$48.1 million over the period; however, leverage remains elevated, as indicated by the Total Cash and Investments-to-Debt ratio of 0.5x. The College’s recent defeasance of debt tied to the Astoria building sale is not yet reflected in these results and is expected to reduce leverage and improve this metric.
- The College’s liquidity remains constrained, as the recent improvement in operations has not yet rebuilt reserves. This is reflected in a Total Cash and Investments-to-Operating Expenses ratio of 0.6x, as well as Total Cash and Investments per Student declining from approximately \$24,000 in FY 2021 to about \$17,500 in FY 2025. Cash flow savings expected in the initial years of the proposed debt restructuring should help the College rebuild liquidity as it continues to stabilize its finances.
- The proposed 2026 financing will allow the College to restructure and consolidate its debt. Vaughn has worked closely with the purchaser, Nuveen, to negotiate new terms that provide near-term debt service relief and introduce new financial covenants, including Days Cash on Hand and enrollment-related requirements.

**Recommendation**

- The Board is being asked to adopt the necessary documents for the Vaughn College of Aeronautics and Technology financing. Hawkins Delafield & Wood LLP and Law Office of Barry D. Lites, co-bond counsel, will provide the Board with an overview of certain bond document provisions at the March 11, 2026, Board meeting.

*This report was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.*

*The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.*