RESOLUTION TO AUTHORIZE FINANCING OF ACADEMIC, NETWORKING AND TELEPHONIC EQUIPMENT AND REFINANCING OF EXISTING INFORMATION TECHNOLOGY EQUIPMENT LEASE

WHEREAS, there is a critical need to upgrade certain academic, networking and telephonic equipment with an estimated cost of $10.1 million;

WHEREAS, there are not sufficient funds in the operating budget to cover the projected upgrade costs of the required equipment;

WHEREAS, the FY 12 Budget includes $1.1 million for annual debt service as the initial payment for a program to finance said upgrades;

WHEREAS, the university has a $4.3 million outstanding balance on existing information technology equipment lease for the recent installation of the enterprise resource planning system;

WHEREAS, funds are already allocated for the debt service associated with the existing equipment lease;

WHEREAS, the borrowing market provides low interest opportunities to finance the upgrades and to refinancing the existing equipment lease;

WHEREAS, proposals are being sought to provide the financing program most advantageous to NJIT;

WHEREAS, the refinancing of the existing equipment lease will be at a lower annual debt service over the same repayment period;

WHEREAS, the term of the borrowing to finance the upgrades is expected to be 8 to 9 years, consistent with IRS regulations relative to useful life;

WHEREAS, the Audit and Finance and Academic Affairs Committees of the Board of Trustees recommend approval of the acquisition and financing program; and

WHEREAS, the administration will accept the financing proposal most advantageous to NJIT.
NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees authorizes the financing of the acquisition of said equipment and a refinancing of the balance on the existing information technology lease at an annual debt service not to exceed $2.0 million, the term not to exceed 9 years, and the total borrowing not to exceed $14.4 million.

Holly C. Stern, Esq.
General Counsel and Secretary to the Board of Trustees
New Jersey Institute of Technology

November 3, 2011
Board Resolution 2012-16