

Memorandum

Office of the V-P (Administration & Finance)
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TO: Board of Governors

FROM: Mr. Michael Di Grappa, Vice-Principal, Administration and Finance/
Dr. Rose Goldstein, Vice-Principal, Research and International Relations

SUBJECT: Approval to sign Grant Agreement and enter into financing mechanism in support of Green Chemistry (CERC) Initiative

DATE: February 2, 2015

DOCUMENT #: GD14-21

ACTION REQUIRED: INFORMATION APPROVAL/DECISION

ISSUE & EXPECTED OUTCOME: Approval is requested to enter into an agreement with the Québec Ministère de l'Économie, de l'Innovation et des Exportations (MEIE) for a grant agreement in support of an infrastructure award under the PSRv2 program, related to the Green Chemistry Canada Excellence Research Chair (CERC).

In addition, approval is requested to establish a line of credit and a long-term debt with Financement-Quebec, in order to receive the Government's funding contribution as required by the Ministère des Finances (see Appendix A).

BACKGROUND & RATIONALE:

In November 2012, McGill's proposal to recruit a world-class researcher for a prestigious CERC in Green Chemistry and Green Chemicals was given formal approval by the federal Minister of State (Science and Technology). In support of this CERC, in December 2013, a grant application of \$17.5 million was submitted to MESRST (name changed in August 2014 to MEIE) under its PSRv2 program, for a renovation project in support of the CERC. MEIE has indicated it will contribute \$9.2 million (maximum) towards associated renovation costs, and McGill would therefore contribute at least \$8.3 million. The Board of Governors, on the recommendation of the Finance Committee, approved McGill's contribution of at least \$8.3 million in February 2014.

In December 2014, the MEIE confirmed that McGill has been awarded the grant conditional of signing the award agreement and entering into a standard financing mechanism agreement with Financement-Quebec. Due to uncertainties with government funding in the next fiscal year, starting April 1, 2015, MEIE has recommended that McGill sign the grant agreement immediately.

The construction project associated with this grant agreement will be considered by the Building and Property Committee on February 19th.

MEIE has provided the agreement (Convention d'aide financière) for our signature, which includes the timeline and total cost provided at the proposal submission stage. Given that the renovation project has yet to be approved by our governing bodies, we propose to amend the timeline and (possibly) the total cost contained in the Convention d'aide financière as needed, based on the outcome of governance approvals. MEIE agrees with this approach.

The Provincial Government requires that the Board of Governors approve its template resolution (see Appendix A) allowing McGill University to establish a line of credit and a long-term debt with Financement-Quebec, which would be the vehicle by which the Government's grant would be received.

**ALIGNMENT
WITH MISSION
AND
STRATEGIC
PRIORITIES:**

McGill's Department of Chemistry is one of the leading chemistry departments in the world. It has established a global reputation for cutting edge research and teaching, particularly in the area of Green Chemistry. The Department is now poised to leverage past significant investments to achieve a new level of global preeminence through McGill's new Green Chemistry CERC.

Borrowing allows the University to finance certain objectives and is required by the Quebec Government in many instances, including for the funding resulting from the award of this Green Chemistry CERC.

**COMPLIANCE
WITH
UNIVERSITY
POLICY:**

The Regulations Relating to the Approval of Contracts and Signing Authority require that Board approval be sought for the signature of a grant agreement of a value of \$4 million or more.

**COMPLIANCE
WITH
LEGISLATION/
EXTERNAL
REGULATIONS:**

The approval of this resolution is required by the Quebec Government in order to enter into an agreement to establish a mechanism for receiving funding resulting from the award of the Green Chemistry CERC.

Compliance with legislation and external regulations for the resolution and resulting agreement was verified by the General Counsel.

RISK FACTORS:

If McGill does not sign this grant agreement early February 2015, there is a risk that the Ministry will lose the budget it wishes to allocate to fund this project.

MEIE has confirmed, in writing, that the total cost and timeline of the renovation project will be updated in the agreement after the signing. This will follow the standard procedure for amendments of a signed agreement.

According to PSRv2 program requirements, MEIE will contribute \$9.2 million or maximum 80 percent of the total project cost, whichever is lowest. Given that the financial montage currently is 60 percent from MEIE and 40 percent McGill, there is minimal risk that the total financial contribution from

MEIE to the project will decrease.

There is little risk in entering into this type of funding agreement with the government. We have already entered into an agreement with MEIE (formerly MDEIE) whereby they indicate they will reimburse Financement-Quebec once the line of credit is converted to long-term debt.

**IMPACT OF
DECISION AND
NEXT STEPS:**

Upon approval, the Vice-Principal, Research and International Relations will sign the grant agreement (Convention d'aide financière).

Upon approval of the resolution in Appendix A, the adopted resolution will be sent to the Quebec Government and the University will enter into two agreements with Financement-Quebec: *Convention de marge the crédit* and *Convention de prêt à long terme*.

The associated renovation project will be considered by the Building and Property Committee at its meeting on February 19, 2015.

**MOTION OR
RESOLUTION
FOR APPROVAL:**

Be it resolved that the Board of Governors, on the recommendation of the Vice-Principal (Research and International Relations) approve the Convention d'aide financière with the Ministère de l'Économie, de l'Innovation et des Exportations which will confirm the Ministry's \$9.2 million financial contribution toward the CERC Green Chemistry Renovation Project, with the understanding that a renovation project in support of this grant will be submitted to the Building and Property Committee for consideration.

Be it further resolved that the Board of Governors authorize the Vice-Principal (Research and International Relations) to sign the Convention d'aide financière and any associated document, following review by Legal Services.

Additionally, the Board is asked to approve the Financement-Quebec resolution contained in Appendix A.

APPENDICES:

Appendix A: Proposed resolution as received and required from the Quebec Government.
