

Memorandum

Office of the VP (Administration and Finance)
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TO: Board of Governors

FROM: Yves Beauchamp, Vice-Principal (Administration and Finance)/
Martha Crago, Vice-Principal (Research and Innovation)

SUBJECT: Funding Agreement (*Convention d'aide Financière*) related to the *Programme de soutien à la recherche, volet 2: Soutien au financement d'infrastructures de recherche* (PSRv2) in support of CERC in Human Pain Genetics

DATE: April 26, 2018

DOCUMENT #: GD17-70

ACTION REQUIRED: INFORMATION APPROVAL/DECISION

ISSUE & EXPECTED OUTCOME Approval is sought to execute a funding agreement (*Convention d'aide financière*) with the *Ministère de l'Économie, de la Science et de l'Innovation* (MESI) for an infrastructure award under the PSRv2 program, valued at \$9.2 million. This agreement requires that the University enters into a separate financing mechanism agreement with *Financement-Québec* so that the University may receive the funding. The award is for the renovation of laboratory space in the Lyman Duff Building in support of the University's Canada Excellence Research Chair (CERC) in Human Pain Genetics.

BACKGROUND & RATIONALE

In 2013, McGill was awarded a CERC in Human Pain Genetics for Dr. Luda Diatchenko, who is jointly appointed in the Faculties of Medicine and Dentistry, valued at \$10 million. The Government of Quebec committed to match this amount in support of the CERC's infrastructure needs, on the condition that the University submit a grant application through MESI's existing programs.

At the outset of the CERC, the Chairholder, Dr. Diatchenko, received a \$2 million grant for research equipment from the Canada Foundation of Innovation (CFI), 40% of which, \$800,000, was provided by the Government of Quebec in accordance with the CFI's funding formula.

On March 8, 2017, the Executive Committee of the Board of Governors approved the submission of the grant application to the PSRv2 program for \$9.2 million to fund the renovation of laboratory space in Lyman Duff. At the same meeting, the Executive Committee, on the recommendation of the Finance Committee, approved a financial contribution of \$5.8 million in support of the renovation project, subject to confirmation of the PSRv2 award. The renovation project is estimated to cost \$15 million.

MESI has confirmed that McGill has been awarded \$9.2 million. This award is conditional on signing the funding agreement (*Convention d'aide financière*). According to the funding agreement, McGill must enter into a standard

financing mechanism agreement with *Financement-Québec* to establish a temporary line of credit and subsequent long-term loan in order to receive the award funds. In accordance with the funding agreement, MESI will reimburse the loan entered into between McGill and *Financement-Québec*.

The renovation of the laboratory space in the Lyman Duff Building will be submitted for consideration by the Building and Property Committee and the Board of Governors once the agreement is executed, funding has been secured, and the project has been tendered.

**ALIGNMENT
WITH MISSION
AND STRATEGIC
PRIORITIES**

McGill's CERC Human Pain Genetics lab is led by Dr. Diatchenko and is a world-leading research lab in this field. Furthermore, the lab complements the existing research strength of the Alan Edwards Centre for Research on Pain. In addition, the CERC is part of McGill's recently awarded initiative in neuroscience, Healthy Brain for Healthy Lives. The CERC is thus at the junction of two pillars of McGill's Strategic Research Plan, to unlock the potential of the human brain and the entire nervous system, and to support health research and improved delivery of care.

**COMPLIANCE
WITH
UNIVERSITY
POLICY**

The funding agreement is presented to the Board in accordance with the provisions of the *Policy on the Approval of Contracts and Designation of Signing Authority*. The agreement has been reviewed by Legal Services, the Office of the Vice-Principal (Research and Innovation), and the Office of the Vice-Principal (Administration and Finance)

**COMPLIANCE
WITH
LEGISLATION/
EXTERNAL
REGULATIONS**

The approval of this funding agreement is required by the Quebec Government in order to receive the \$9.2 million infrastructure award related to the CERC in Human Pain Genetics

RISK FACTORS

The risks of not proceeding with this project as quickly as possible are significant for the Human Pain Genetics lab and for the University as a whole.

This award is crucial to fulfil the terms of the Canada Excellence Research Chair program award which require a 1:1 matching of the \$10 million awarded.

There is little risk in entering into this type of funding agreement with the government. The University has already entered into similar agreements with MESI whereby they indicate they will reimburse *Financement-Quebec* once the line of credit is converted to long-term debt.

**SUSTAINABILITY
CONSIDERATIONS**

Sustainability considerations are central to this project. McGill will be seeking LEED® 4.0 ID+C – Silver accreditation for the space by integrating energy efficiency measures into the design, maximizing the use of natural lights, and by using energy efficient equipment and light fixtures.

**IMPACT OF
DECISION AND
NEXT STEPS**

Upon approval, the Vice-Principal (Administration and Finance) will sign the grant agreement which requires the University to enter into a separate financing mechanism agreement with *Financement-Québec* in order to receive the award.

The project for the renovation of the laboratory space in the Lyman Duff Building will be submitted for consideration by the Building and Property Committee and the Board of Governors.

**MOTION OR
RESOLUTION
FOR APPROVAL**

Be it resolved that the Board of Governors, on the recommendation of the Vice-Principal (Administration and Finance) and the Vice-Principal (Research and Innovation), approve the Convention d'aide financière with the Ministère de l'Économie, de la Science et de l'Innovation which will confirm the Ministry's \$9.2 million financial contribution toward the CERC in Human Pain Genetics Renovation Project, with the understanding that the Convention d'aide financière requires that the University enter into a separate financing mechanism agreement with Financement-Québec in order to receive the Ministry's financial contribution and that the renovation project in support of the CERC in Human Pain Genetics will be submitted to the Building and Property Committee for consideration.

Be it further resolved that the Board of Governors authorize the Vice-Principal (Administration and Finance) to sign the Convention d'aide financière and any related documents, provided that they are reviewed by Legal Services.

APPENDICES

The Convention d'aide financière PSRv2-353 is available upon request to the Secretariat
