Board of Governors Meeting
via Teleconference/Webinar

January 10, 2017

12:00 - 1:00 pm ET

pcori®

PATIENT-CENTERED OUTCOMES RESEARCH INSTITUTE

Welcome and Introductions

Gray Norquist, MD, MSPH

Chairperson, Board of Governors

Joe Selby, MD, MPH

Executive Director

Agenda

Time	Agenda Item
12:00	Call to Order, Roll Call, and Welcome
12:00-12:05	**Consider for Approval:** • Minutes of the December 13, 2016 Board Meeting
12:05-12:55	**Consider for Approval: PCORI Funds Management** Resolutions Relating to Funds Management, including Resolutions Relating to: Financial and Banking Authorizations; Investment Policy; and Charter of the Finance and Administration Committee
12:55-1:00	Wrap up and Adjournment

Board Vote

Call for a Motion to:	• Approve the minutes of the December 13, 2016 Board Meeting
Call for the Motion to Be Seconded:	• Second the Motion • If further discussion, may propose an Amendment to the Motion or an Alternative Motion
Voice Vote:	• Vote to Approve the Final Motion • Ask for votes in favor, opposed, and abstentions

PCORI Funds Management

Larry Becker
Chair, Finance and Administration Committee

Regina Yan, MA
Chief Operating Officer

Mary Hennessey, Esq.
General Counsel

Agenda

- Background
- Funds Management Plan
- Internal Controls
- Summary of Each Set of Resolutions, each followed by Proposed Resolutions
  - Funds Management
  - Financial and Banking Authorizations
  - Investment Policy
  - Finance and Administration Committee Charter
- Motion to Approve

Background

- PCORI wants to manage its financial commitments more efficiently and closely. All funds allocated to PCORI in the PCOR Trust Fund are already committed to PCORI-funded awards, its programs and operations
- These funds will be drawn down from the PCOR Trust Fund as they are available and transferred to PCORI's banking account(s) in order for PCORI to more effectively meet its financial obligations
- Funds Management Plan has been reviewed by the Finance & Administration Committee (FAC) and FAC is recommending its approval to the Board
- Resolutions needed to implement the plan and that have the appropriate legal framework are presented today for approval

Funds Management Plan

- Objectives:
  - Security and preservation of funds,
  - High level of liquidity to meet PCORI's expenditure requirements, and
  - Maintenance of PCORI's independence

- In addition to the current Operating Account, Investment Account (for purchasing the Treasury securities) and Safekeeping Account (to hold the securities) will be established

Funds Management Plan, cont.

- Funds above immediate monthly cash need will be invested in U.S. Treasury securities and kept in a safekeeping account segregated from other funds of the financial institution
- The securities will be laddered with monthly maturities for liquidity
- Funds in the operating account above the daily balance will be placed in an automatic sweep investment in a U.S. Treasury-only money market fund with daily liquidity

Internal Controls

- The following were reviewed by the FAC:
  - Current controls on financial transactions
  - Control processes set by the financial institution
  - New control procedures established over investments
- External auditor was consulted on controls over investments to ensure proper policy, segregation of duties, and approval procedures are in place
- Report on investment will be part of quarterly financial reports to FAC as well as periodic reports to Board of Governors

Summary: Resolutions on Funds Management

- Board will confirm appropriate authorizations to establish and maintain necessary financial arrangements and PCORI oversight over funds

- Board will consider approving Resolutions relating to Funds Management that confirm plan to withdraw PCORI funds from PCOR Trust Fund as the funds are available and hold funds in appropriate financial accounts of PCORI, as well as three sets of resolutions relating to:
  - Financial and Banking Authorizations;
  - Investment Policy; and
  - Finance and Administration Committee Charter

Resolutions: Funds Management

Pursuant to Article IV, Section 4.5 of the Bylaws of Patient-Centered Outcomes Research Institute ("PCORI"), the Board of Governors ("Board") adopts the following resolutions:

***WHEREAS**, PCORI is funded through the Patient-Centered Outcomes Research Trust Fund ("Trust"), a trust fund that Congress established in the U.S. Department of Treasury through Section 9511 of the Internal Revenue Code of 1986, as amended;*

***WHEREAS**, in accordance with its authorizing statute, charter and mission, PCORI has been withdrawing money from the Trust ("PCORI Funds") as PCORI's estimated payment needs arise and using a commercial bank deposit account as its operating account for the purpose of paying immediate expenses and obligations;*

***WHEREAS**, the Board has determined that it may be prudent to withdraw PCORI Funds from the Trust as such Funds become available and to hold such Funds in appropriate financial accounts of PCORI to enable PCORI to meet its commitments and obligations in accordance with its statutory mission and to exercise close oversight of PCORI Funds;*

Resolutions: Funds Management, cont.

***WHEREAS**, the Board has determined that it is advisable to adopt a series of resolutions to confirm appropriate authorities and oversight relating to the holding and monitoring of PCORI Funds, including resolutions relating to banking and financial authorizations, an investment policy, and delegation of authority to an appropriate PCORI Committee of the Board, as set forth more specifically in the resolutions that follow.*

***NOW THEREFORE**, the Board has considered and adopted the following three sets of resolutions: Resolutions Relating to Financial and Banking Authorizations; Resolutions Relating to Investment Policy; and Resolutions Relating to the Finance and Administration Committee Charter, all as set forth below.*

Summary: Resolutions on Financial and Banking Authorizations

- Replace financial resolutions adopted by Board in 2010, which need updating given funds management plan
- Confirm authority for two authorizing officers to establish, maintain, and close financial and banking arrangements that are appropriate for accepting, holding PCORI funds, including for the funds management plan
  - Authorizing officers remain Board Chairperson, Board Vice Chairperson, President (Executive Director), Treasurer (Chief Operating Officer), and Secretary (General Counsel)
- Continue to grant authority to authorizing officers to implement and to designate others to implement

Resolutions: Financial & Banking

***WHEREAS**, on November 23, 2010, the Board of Governors (the "Board") of the Patient-Centered Outcomes Research Institute ("PCORI") adopted general resolutions related to financial authority, such resolutions being labeled "Resolution c.ii;"*

***WHEREAS**, the Board wishes to replace those 2010 resolutions labeled "Resolution c.ii." with the following resolutions;*

***WHEREAS**, the Board has determined that it is prudent for PCORI to establish banking and other financial accounts to permit the deposit, management, and investment of funds that PCORI withdraws from the Patient-Centered Outcomes Research Trust Fund ("PCORTF") (the "PCORI Funds") to enable PCORI to carry out its statutory responsibilities;*

***WHEREAS**, such banking and financial accounts may include operating accounts, investment accounts, safekeeping accounts, and such other accounts as may be appropriate, from time to time, to enable the deposit, management and investment of PCORI Funds in accordance with PCORI's Investment Policy and to meet PCORI's financial commitments;*

***NOW THEREFORE BE IT RESOLVED**, that Resolution c. ii., dated November 23, 2010, is hereby repealed and replaced in its entirety by the following resolutions, effective for actions taken on and after the date hereof;*

Resolutions: Financial & Banking, cont.

***FURTHER RESOLVED**, that each of the Chairperson, President, Vice Chairperson, Treasurer, and Secretary (the "Authorizing Officers") of PCORI are hereby authorized, in all cases acting jointly with at least one other Authorizing Officer, and subject to appropriate internal controls that reasonably minimize the risk of unauthorized unilateral action, to establish, maintain, and close such banking and financial arrangements as from time to time become necessary, desirable or appropriate to effectuate the purposes and intent of the foregoing resolutions, including all financial resolutions adopted on the same date as these resolutions, and for the expeditious handling and protection of PCORI Funds, including but not limited to operating accounts, investment accounts and safekeeping accounts with reputable financial institutions and that in connection therewith each such Authorizing Officer, in all cases acting jointly with at least one other Authorizing Officer, may execute and deliver on behalf of PCORI such forms of banking or other resolutions as such financial institutions and the PCORTF may request and each such Authorizing Officer may approve, which resolutions, when executed by such Authorizing Officer or Authorizing Officers and inserted in the minute book of PCORI, shall be deemed to be duly adopted resolutions of the Board of PCORI with the same full force and effect as if such resolutions had been set forth herein in their entirety; and*

Resolutions: Financial & Banking, cont.

FURTHER RESOLVED, *that each of the Authorizing Officers of PCORI is hereby authorized and empowered to execute and deliver such further agreements, instruments, documents and certificates and to pay such expenses, in the name and on behalf of PCORI or such Authorizing Officer, as any such Authorizing Officer may deem necessary or advisable to effectuate the purposes and intent of the foregoing resolutions, including all financial resolutions adopted on the same date as these resolutions, the taking of such actions, the execution and delivery of such agreements, instruments, documents and certificates and the payment of such expenses by any such Authorizing Officer to be conclusive evidence of his or her authorization hereunder and the approval thereof; and*

FURTHER RESOLVED, *that each Authorizing Officer is hereby authorized to designate officers or other employees or contractors of PCORI who shall have authority to sign and countersign checks, drafts, or other orders of payment, drawn on bank accounts of PCORI and the PCORTF; and*

Resolutions: Financial & Banking, cont.

***FURTHER RESOLVED**, that each of the Authorizing Officers is hereby authorized to request, authorize, and direct the designated depositories of PCORI (including their correspondent banks of such depositories) to honor all checks or other items in PCORI's name on its accounts designated in such authorization, when bearing the signature of any such person(s) named in such authorization. The designated depositories (including their correspondent banks) shall be authorized to honor and charge PCORI's accounts at such depositories for all such checks, regardless of by whom or by what means the signature or signatures thereon may have been affixed thereto, if such signature or signatures resemble the specimens from time to time filed with depositories by any of the Authorizing Officers of PCORI; and*

***FURTHER RESOLVED**, that each of the Authorizing Officers is hereby authorized to designate the officers or employees or contractors of PCORI who shall have authority to issue instructions directing such banks and other financial institutions or third parties to transfer funds from accounts of PCORI and from the PCORTF through various means, including but not limited to transfer by check, draft, wire transfer, automated clear house transfers, or otherwise.*

Summary: Resolutions on Investment Policy

- Resolutions confirm that PCORI funds are subject to Investment Policy, which can only be approved or amended by the Board
- Investment Policy establishes investment objectives:
  - Preserving value of funds and maintaining high levels of liquidity to enable PCORI to fulfill its commitments to fund multi-year research and other initiatives
  - Preserving PCORI's independence and integrity—no investments in entities related to products or services that may be focus of research and other projects funded by PCORI
  - Limits investments to interest-bearing obligations of the United States and other investments of like investment quality and liquidity
- Investment Policy confirms that Board, including Board Committee, oversees management of funds consistent with fiduciary duties of good faith and care

Resolutions: Investment Policy

WHEREAS*, the Board of Governors (the “Board”) of the Patient-Centered Outcomes Research Institute (“PCORI”) has determined that the management, investment and oversight of the funds that PCORI withdraws from the Patient-Centered Outcomes Research Trust Fund (“PCORI Funds”) should be subject to the Investment Policy, which is adopted by the Board and which may be amended solely by the Board, from time to time; and*

NOW THEREFORE BE IT RESOLVED*, that the Board hereby adopts the Investment Policy attached hereto as Exhibit A to guide PCORI in the management, investment and oversight of PCORI Funds, which may be amended from time to time solely by the Board.*

Summary: Resolutions on Charter of Finance and Administration Committee

- Current charter recognizes that FAC provides oversight on PCORI financial and administrative matters, including oversight of banking and financial relationships and investments
- Resolutions recognize role of FAC in carrying out responsibilities of Board with respect to oversight of PCORI funds and provide for delegation of authority by Board to FAC over matters relating to PCORI fund accounts and oversight of PCORI funds, subject to Board-approved Investment Policy
- Revised FAC Charter continues to recognize role of FAC and adds clarifying language addressing Board's delegation of oversight of deposit, management, and investment of PCORI funds to FAC, subject to Board-approved Investment Policy

Resolutions: FAC Charter

WHEREAS*, the Board of Governors (the "Board") of the Patient-Centered Outcomes Research Institute ("PCORI") has determined that the Finance and Administration Committee of the Board shall be responsible for carrying out the responsibilities of the Board with respect to oversight of the management and investment of funds that PCORI withdraws from the Patient-Centered Outcomes Research Trust Fund ("PCORI Funds"), including such Funds held in any operating accounts, investment accounts, safekeeping accounts, and any and all other banking, financial or other accounts held by PCORI for holding and/or investment of PCORI Funds;*

WHEREAS*, the Board wishes to delegate to the Finance and Administration Committee the authority to exercise any and all decision-making authority related to such accounts within the parameters of the Investment Policy, which shall be subject to approval and/or amendment solely by action of the Board;*

Resolutions: FAC Charter, cont.

NOW THEREFORE BE IT RESOLVED*, that the Board hereby delegates to the Finance and Administration Committee the authority to carry out the Board's responsibilities with respect to the oversight of the management and investment of the PCORI Funds, including authority to exercise any and all decision-making authority with respect to such Funds and the accounts in which they may be held, consistent with the Board-approved Investment Policy; and*

FURTHER RESOLVED*, that the Finance and Administration Committee Charter is hereby amended to reflect such delegation of authority, as attached hereto as Exhibit B.*

Proposed Motion

- That the PCORI Board of Governors approve each of the proposed Resolutions of the Board of Governors of Patient-Centered Outcomes Research Institute relating to Funds Management, including
  - The Resolutions Relating to Funds Management
  - The Resolutions Relating to Financial and Banking Authorizations;
  - The Resolutions Relating to Investment Policy, including approving the Investment Policy; and
  - The Resolutions Relating to the Charter of the Finance and Administration Committee (FAC), including approving the revised FAC Charter

Board Vote

Call for a Motion to:

- Approve the Proposed Motion

Call for the Motion to Be Seconded:

- Second the Motion
  - If further discussion, may propose an Amendment to the Motion or an Alternative Motion

Roll Call Vote:

- Vote to Approve the Final Motion
  - Ask for votes in favor, opposed, and abstentions

Wrap Up and Adjournment

Gray Norquist, MD, MSPH

Chairperson, Board of Directors