Board of Governors Meeting
via Teleconference/Webinar

February 28, 2017

12:00 - 1:30 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: Consent Agenda** • Minutes of the January 24, 2017 Board Meeting • Nominations for Committee Appointments • Nomination for Advisory Panel Chair Position
12:05 – 12:15	**Consider for Acceptance:** FY 2016 Audit Report
12:15 – 12:35	Update of PCORI Governing Documents
12:35 – 1:00	Implementation of PCORnet FY17 Funding Commitment Plan • PCORnet Sustainability • Network Development
1:00	Wrap up and Adjournment

Consent Agenda Items

Grayson Norquist, MD, MSPH

Chairperson, Board of Governors

Joe V. Selby, MD, MPH

Executive Director

Motion for Consent Agenda Items

That the Board approve:

- Minutes from the January 24, 2017 Board meeting
- Nomination by the Governance Committee of Board Member Sharon Arnold to serve on the Engagement, Dissemination and Implementation Committee (EDIC) and the Science and Oversight Committee (SOC)
- Nomination of Matthew Cheung, PhD, RPh, to serve as Chair of the Rare Disease Advisory Panel (RDAP) through August 2019

Board Vote

Call for a Motion to:

- **Approve the Motion for Consent Agenda Items**

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**

Accept FY2016 Independent Auditor’s Report

Kerry Barnett, JD
Chair, Governance Committee and Vice Chairperson of the Board

Thomas J. Sneeringer, CPA
Partner, RSM US LLP

FY2016 Independent Auditor's Report

PCORI received an unmodified opinion; the financial statements presented fairly, in all material respects, the financial position, the changes in its net assets, and its cash flows

- There are no findings related to deficiencies in internal control over financial reporting
- There are no findings related to compliance or other matters

Statement of Activities

Statement of Activities	FY2016	FY2015
Revenue	$472,719,041	$423,066,941
Expenses	$345,544,317	$276,958,845
Change in Net Assets	$127,174,724	$146,108,096

Statement of Financial Position

Statement of Financial Position	FY2016	FY2015
Assets	$939,426,395	$835,237,427
Liabilities	$ 64,490,094	$ 87,475,850
Net Assets	$874,936,301	$747,761,577

Board Vote

Call for a Motion to:	• Accept FY2016 Audit Report
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

Update of PCORI Governing Documents

Mary Hennessey, Esq.

General Counsel

Update of PCORI Governing Documents

- The Governance Committee and Finance and Administration Committee are recommending updates to PCORI's governing documents to include provisions typical for tax-exempt, nonprofit organizations, including:
  - Authorization of an Executive Committee
    - Adds governance framework for Board-authorized action on urgent matters
  - Standard provisions for tax-exempt, nonprofit organizations
    - Supports best practices and enables PCORI to meet requirements of additional IRC tax-exemption sections

Authorization of Executive Committee

- Authorized to act on behalf of Board on urgent matters when not practical or it is inadvisable to wait until next Board meeting
- Not authorized to act on matters that cannot be delegated under applicable law, including authorizing law and DC nonprofit law
- Will not meet regularly; only convened at call of the Committee Chair or Vice Chair
- Any action must be reported promptly to the Board and reported at the next Board meeting

Authorization of Executive Committee

- Membership:
  - Board Chairperson and Vice Chairperson
  - Chairs of: Finance and Administration Committee; Engagement, Dissemination and Implementation Committee; Research Transformation Committee; Science Oversight Committee; and Governance Committee
- To authorize Executive Committee, Board will consider approving:
  - Charter for Executive Committee
  - Amendments to Bylaws

Update of PCORI Governing Documents

- Add standard provisions for tax-exempt, nonprofit organizations to PCORI's governing documents
  - Operation for charitable and educational purposes
  - No private inurement
  - No intervention in political campaigns
  - No substantial part of activities attempting to influence legislation
  - Upon dissolution, after payment of debts, remaining assets distributed for charitable or educational purposes consistent with PCORI's purpose or to government for public purpose

Update of PCORI Governing Documents

- Remove outdated provisions
  - List of initial Board members
  - PCORI's old address
  - Dissolution provision in Bylaws
- To adopt updated provisions, Board will consider resolutions approving:
  - Restated and Amended Articles of Incorporation
  - Amendments to Bylaws

Proposed Motion

- That the PCORI Board of Governors approve and adopt each of the following proposed governing documents:
  - Executive Committee Charter
  - Amendments to PCORI Bylaws
  - Amended and Restated Articles of Incorporation

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

Update: Planning for Implementation of the FY17 Funding Commitment Plan to support PCORnet Sustainability

Rachael Fleurence, PhD

Program Director, Research Infrastructure, PCORI

FY17 Budget Activities

Budget Line	Total FY17 Approved	Committed	Anticipated Request	Remaining
Research	up to $37.0 M	$7.0 M	$0.0 M	$30.0 M
Infrastructure (capacity building)	up to $34.2 M	$8.8 M	$25.4 M	$0.0 M

- PCORI's goal is to provide infrastructure resources to develop a sustainable PCORnet
- A workgroup organized within PCORnet to move PCORnet to an independent, non-profit entity (referred to as NewCo until a formal name is determined), with the goal to advance PCORnet sustainability
  - NewCo will:
    - Continue to be patient and people-centered
    - Be incorporated as nonprofit with tax exempt status (501c3)
    - Is planning to incorporate in March 2017
- PCORI anticipates proposing a request for funding to support NewCo at the March 2017 PCORI Board meeting
  - Today's presentation is a discussion of the upcoming request. No approval is being requested today

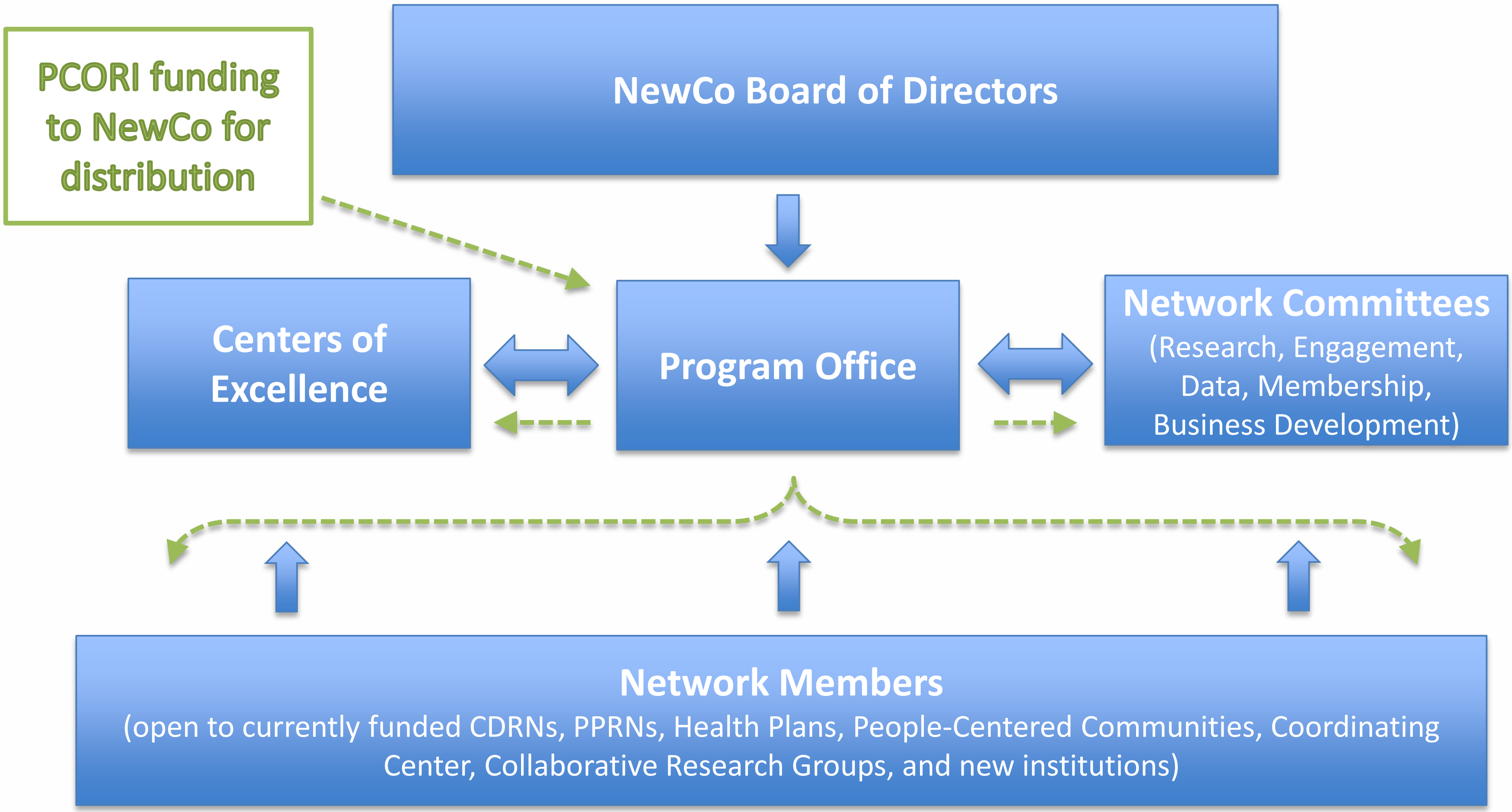
Implementing the FY2017 Funding Commitment Plan

- Funds will be used to support PCORI's goal for a sustainable PCORnet through infrastructure funding to NewCo through two tracks:
  - Support of a NewCo Program Office
  - Expansion of the data and clinical trial capabilities of PCORnet
- Funding would be awarded for a two-year contract

Request is within the approved FY2017 funding commitment plan for PCORnet research and infrastructure.

This specific request was initially endorsed by the RTC on December 19, 2016.

Funds would flow through NewCo to Network Components



Funding to NewCo will expand upon the current infrastructure investment

2014	2015	2016	2017	2018	2019

Phase I (1.5 Y)

- Individual network development
- Network-wide governance policies and Common Data Model development
- CDRNs create cohorts

Phase II (3 Y)

- Formation of network-wide governance structure
- Data readiness to conduct research
- Advance administrative simplicity

NewCo (2 Y)

- Develop trial infrastructure
- Increased data to participate in more, rapid, and diverse research
- Increased data linkage to people-centered communities

Infrastructure funding directed to NewCo

Activity	Cost (M) (2017 – 2019)

Data and Network Nodes
• Expand the data infrastructure to support a higher volume of research
  • Increased data to allow for more rapid research
  • Additional data elements (in collaboration with funded Collaborative Research Groups) to support a broader range of research
• Data linkages between people-centered communities and health systems
	$23.4

NewCo Program Office • Implement an evolved PCORnet governing structure to advance sustainability • Implement a successful business model for ongoing sustainability • Data Network Technology Infrastructure increases to capacity to support the data and network nodes	$2.0
Budget Request	**$25.4**

In FY2017, Research Infrastructure has $25.4 M remaining to commit to PCORnet infrastructure. Additional infrastructure funding is available in FY2018, pending Board approval.

Process for awarding funds to NewCo

- Funding will be awarded through a cost-reimbursable contract
- NewCo will submit a project plan with milestones that will be approved by PCORI
- Contract will use a cost-reimbursement mechanism
  - Staged contract with defined milestones and associated funding
  - Evaluations throughout the course of the award to monitor progress
- RTC will continue to be the oversight sub-committee of the PCORI Board and will be consulted and informed throughout the contract

Tentative NewCo Timeline (from Start-up Workgroup)

• File Articles of incorporation	3/10/17
• Obtain EIN	3/10/17
• Add 4 new Board members	3/31/17
• Draft people-centricity policy	4/14/17
• First Board meeting	4/19/17
• Ratify by-laws	
• Ratify people-centricity policy	

Discussion of upcoming request

- PCORI anticipates bringing the following request to the PCORI Board in March:
  - Provide $25.4 M in infrastructure funding to NewCo to support a sustainable PCORnet

Wrap Up and Adjournment

Gray Norquist, MD, MSPH

Chairperson, Board of Directors