

## **OPTN Finance Committee**

### **Meeting Summary**

**February 14, 2024**

**WebEx**

**Andrea Tietjen, Chair**

**Dale Smith, Chief Financial Officer**

### **Introduction**

The OPTN Finance Committee met via WebEx teleconference on 2/14/2024 to discuss the following agenda items:

1. Agenda
2. OPTN Audit Report
3. HRSA Update
4. OPTN Financial Review
5. Investment Performance Update
6. OPTN Financials Review Continued
7. Items for Discussion
8. Adjourn

The following is a summary of the Committee's discussions.

#### **1. Agenda**

Andrea Tietjen, Treasurer and Chair of the Finance Committee, welcomed the committee to the meeting and presented the agenda.

#### **2. OPTN Audit Report**

Ms. Tietjen introduced Renee Pendleton and Shelby Brown, external auditors from Cherry Bekaert. Cherry Bekaert conducted an audit in compliance with government auditing standards and grant requirements. Ms. Pendleton and Ms. Brown reported that the auditors did not identify any compliance findings or material weaknesses. The audit was conducted over four major areas of allowable activities, period of performance, cash management, and reporting of monthly financial statements. The committee noted that the audit was limited to the management of federally appropriated funds. Dale Smith, Chief Financial Officer, also reminded the committee that this audit is required under the uniform guidance as a contractor that receives more than \$750,000 of government funds. Ms. Tietjen thanked the auditors for their time and thorough work.

#### **3. HRSA Update**

Ms. Tietjen addressed HRSA to ask if they had any updates for the committee. Christopher McLaughlin, COR, stated that HRSA had no formal updates but would take questions. Ms. Tietjen recommended that the committee ask their questions of HRSA after reviewing the financials.

#### **4. OPTN Financials Review**

Mr. Smith presented the OPTN net resources as of December 2023. Mr. Smith clarified for the committee that because the OPTN is not a legal entity, they will not see a typical statement of financial

position or balance sheet. Instead, the committee will look at the cash position of the OPTN, inclusive of the Operating Account and the cash invested into the Reserve Account. Mr. Smith pointed out the decrease in operating funds due to the decision to continue to collect registration fees of \$868. The net resources remain strong but the cash position is expected to start to see a draw down. A committee member asked when the committee will need to evaluate whether to access the Reserve Account. Mr. Smith stated his expectation is to discuss the Reserve Account in the next 60-90 day period. Ms. Tietjen asked if the committee could quantify the projects that are financially supported by the Operating Account spend down, in order to share a positive message and to demonstrate the impact of the funds. Mr. Smith committed to working on a statement to represent the request. The committee discussed the need to look at the current spending pace while forecasting the budget for potential contract extension after March 29, 2024. Mr. McLaughlin stated that until the contract extension is finalized, there is not adequate information for the committee to assess the potential impact on the budget. Mr. Smith paused this portion of the agenda to introduce the Investment Performance Update.

## **5. Investment Performance Update**

Mr. Smith stated that part of the committee's fiduciary responsibility is to hear from the investment advisors on the annual performance of the investment portfolio. Mr. Smith introduced Rob Norfleet from Truist to begin their presentation. Mr. Norfleet began his presentation with reflections on the economy in 2023 as well as economical considerations looking forward. The OPTN has a diverse investment portfolio with a strategy focused on value and growth. Mr. Norfleet discussed a defensive approach and intention to find ways to create value in the portfolio in terms of enhancing risk adjusted returns. Mr. Smith added that the OPTN has an active investment advisor that sets the target ranges so that the OPTN investments cannot exceed 70%. The committee discussed the positive outlook on the investment portfolio due to different evaluations and the actions of moving investments around in a proactive manner as well as noting that the equity continued to perform well in 2023. Mr. Norfleet detailed the performance of the investments, concluding that overall it was a positive year for the OPTN investment portfolio. A committee member asked if there were any terms in the OPTN's investment strategy regarding conflicts of interest. Mr. Norfleet and Mr. Smith shared that they could bring a proposed investment standard to the committee to review and discuss. Mr. McLaughlin asked Mr. Norfleet if the Finance Committee should review the approved categories for investments. Mr. Norfleet stated that they adhere to the investment policy and that the OPTN can review and update that statement as Mr. Smith noted. McLaughlin added that HRSA has been comfortable with the process to date and that it is the Committee's prerogative if they would like to make decisions around potential conflicts of interest surrounding investment funds.

## **6. OPTN Financials Review Continued**

Mr. Smith presented the monthly financial figures for December as well as the first quarter. The OPTN budget process focuses on the contract tasks and sub tasks with predictions of when certain projects and funds will be distributed throughout the year through contractor hours billed. Mr. Smith clarified the asterisk next to Total YTD Operating Expenses, which includes a portion of purchased services and personnel hours approved by the Committee and the Board for IT enhancements including the move of the OPTN Computer System to the cloud. The contractor conducted work within those spaces and HRSA has stated they will not reimburse the contractor for costs or salary expenses in support of the Purchased Services line for November or December. Therefore, the portion of expenses were reclassified to contractor expenses from OPTN expenses. Mr. McLaughlin confirmed Mr. Smith's accurate description of the current state. A committee member asked if the contractor would then assume costs of the OPTN Computer System move to the public cloud. Mr. Smith replied that the work is currently paused until further discussion with the contractor Board on financial responsibility. Mr. Smith

continued to detail each line item on the monthly financial figures and the impact of the funded work. The committee discussed the opportunity to collect and share ROI metrics surrounding the funding of project work and enhancements to the system.

Mr. McLaughlin spoke to the committee regarding HRSA's understanding that there will be an increase in efforts to support the Expeditious Taskforce. HRSA would like the committee to understand the funds being allocated or reallocated to Task Force work. Mr. Smith agreed that those funds will be outlined for the committee as the Task Force begins to propose projects. Mr. Smith then presented the OPTN Task Descriptions and the OPTN Actuals versus the budget by contract task for fiscal year 2024. The committee reviewed the December 2023 accounts receivable aging and the OPTN cash position as of December 31, 2023. Mr. Smith asked the committee to begin thinking about the OPTN cash position in advance of future discussions around the OPTN cash reserves. The committee then reviewed the registration highlights for December 2023 which are running ahead of projections by around 1%.

## **7. Items for Discussion**

Mr. Smith engaged the committee in discussion surrounding updates for the recently released draft OPTN Contract RFPs, extension of current OPTN contract, the Expeditious Task Force, and the secretarial data directive. Ms. Tietjen introduced a committee member, Stuart Sweet, to address concerns around the draft RFP. Mr. Sweet raised his concern to HRSA that the OPTN Board members need legal guidance to ensure they are obtaining sufficient Director and Officer insurance. He commented that the OPTN Finance committee should have the ability to allocate funds for legal counsel for the OPTN Board. Mr. McLaughlin replied that the questions have been received and any other legal questions should come to HRSA. The committee discussed that the Board should retain legal counsel independent from HRSA and from the contractor. Mr. Smith noted that at this time, HRSA has not approved OPTN funds to be allocated for legal counsel for the OPTN Board. Ms. Tietjen reiterated the committee's concerns, noting the short timeline of contractor Board and OPTN Board separation.

## **8. Adjourn**

Ms. Tietjen thanked everyone for their time and the meeting was adjourned at 2:03pm ET.

## Attendance

- **Committee Members and Advisors**
  - Andrea Tietjen, Chair
  - Barry Massa
  - Bradley Kornfeld
  - Emily Blumberg
  - George Surratt
  - Lloyd Ratner
  - Stuart Sweet
- **HRSA Representatives**
  - Christopher McLaughlin
  - Frank Holloman
  - Mesmin Germain
- **UNOS Staff**
  - Anna Messmer
  - Dale Smith
  - Kasey Darnes
  - Liz Robbins Callahan
  - Maureen McBride
  - Morgan Jupe
  - Susie Sprinson
  - Tony Ponsiglione
- **Other Attendees**
  - Rob Norfleet
  - Renee Pendleton
  - Shelby Brown