OPTN Finance Committee
Meeting Summary
November 8, 2023
WebEx

Andrea Tietjen, Chair
Dale Smith, Chief Financial Officer

Introduction

The OPTN Finance Committee met via WebEx teleconference on 11/08/2023 to discuss the following agenda items:

1. Opening Remarks
2. HRSA Update
3. Discussion of FY24 OPTN Budget
4. Vote

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

1. Opening Remarks

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

2. HRSA Update

Ms. Tietjen addressed the committee and provided an update that HRSA did not approve the board-approved OPTN Fee increase to $915. Ms. Tietjen introduced Dale Smith to present the FY24 Budget approved by the Board in June 2023. The budget was approved contingent on HRSA approving the fee increase to $915. Prior to today's meeting, Ms. Tietjen and Mr. Smith met with HRSA representatives to gather additional information on HRSA's decisions to decline the fee increase. HRSA stated that between the OPTN operating account and the OPTN reserve accounts, they felt there was substantial money to fund OPTN work without increasing the fee. A committee member asked to confirm that there has always been two months of cash in the operating account and three or four months of cash in the investment account and asked what level of cash amount HRSA wants the OPTN to have. Mr. Smith confirmed that was correct and that the committee would talk about the appropriate amount of cash the accounts should hold moving forward based on current budget size in the November 16 meeting. A HRSA representative stated they support looking at reserve strategies and noted that HRSA does not necessarily believe the amount is too much, but that the cash exists because of fees being collected in prior years. A committee member stated the need to continue to maintain and make changes to the system in order to continue to provide safe and effective services to the community regardless of upcoming changes in contract(s).

3. Discussion of FY 24 OPTN Budget

Mr. Smith presented the details around each of the four budget items contingent on the fee increase. The four budget items contingent on the fee increase were POC Software Engineering (SE) Staff, Member IT Security, Migration of OPTN Computer to Public Cloud, and Other IT Costs for an estimated total of $6,500,000. The committee discussed the need to continue to support and maintain the current

system with the information that is known today. The committee agreed their authority is to understand the intricacies of the budget items and to leverage the recommendation from the other committees of the Board like the Network Operations Oversight Committee (NOOC) to either recommend or not recommend to the Board based on current cash position. The Migration of OPTN Computer System to Public Cloud budget item was not yet ready to be discussed by the Finance Committee because the NOOC had not yet voted on whether they recommend the work to the Finance Committee. The NOOC will reconvene for a vote prior to the next Finance meeting on November 16.

Mr. Smith then presented the details of the POC SE Staff budget item. Mr. Smith provided context around the request to have staff support continuous distribution work. The POC has reprioritized continuous distribution, and the staff have been hired and begun work on offer filters and will be able to support POC efficiency work related to the OPTN Expeditious task force goals starting in early January. A committee member asked for clarification on how the OPTN is going to continue through contract renewal in March. They asked how the Finance Committee can plan for transition and if they should be committing funds for OPTN work if the contract will change what the current contractor is doing. A HRSA representative confirmed that the OPTN budget will continue to fund activities of OPTN and the committee would continue to fund the work OPTN needs to do independent of the contractor. HRSA also confirmed that the OPTN Board and OPTN work will continue and will not change as of March 30.

Mr. Smith then presented the Member IT Security budget item, prioritized to increase OPTN system security and member IT security oversight. The project work is currently in place. Mr. Smith noted that the Finance Department is continuing to look at estimates, and final costs are continuously being reviewed and updated throughout project work. The fourth category of Additional IT costs includes IT consulting and third-party work.

Mr. Smith presented the current OPTN cash balances as of 9/30/2023. The cash balances included the operating account and the reserve account. Going into September 30, the contractor made an adjustment for indirect cost/fringe benefit rates. That amount of $4,791,944 due to the OPTN contractor was submitted in March to HRSA and approved in August 2023 by HRSA for FY22.

4. Vote

Mr. Smith presented the OPTN Bylaws related to the use of reserve funds, Article VIII: Financial Considerations; 8.2 C. The Bylaws have two paths to use the reserve funds. The first one states if there is revenue shortfall of 3% and if operating funds are less than or equal to one month average expenses, the Executive Director can transfer funds. The second path says that the Contracting Officer's Representative (COR), Executive Director, and Executive Committee could decide if there is approval to access the reserves. A committee member asked for confirmation if two months in the operating account was in the OPTN bylaws or if that was an operational guideline. Mr. Smith stated it is an operating practice that can be evaluated and reviewed by the committee. Ms. Tietjen highlighted that the committee can only make the best decision based on information they have now and will need to revisit and review as changes occur. A committee member stated with all the changes that will occur, they supported prioritizing the POC SE staff in order to continue the OPTN work. The committee decided not to vote on the $1.7 million for the Migration to Public Cloud item until NOOC presents their recommendation to the Finance committee. A committee member asked if the committee agrees to have one month of expenses in the operating account, then the committee could decide to use funds from that account to spend down. Mr. Smith stated that for example, if the committee wanted one month in the operating account, then the $6.5 million would need to be removed from consideration. The committee decided they were not ready at this time to vote on the appropriate amount of monthly expenses that should be in the operating account. A HRSA representative asked if the original estimates

for the four additional budget items were still accurate. Mr. Smith committed to review and update the current cost projections.

The committee moved into a vote and unanimously approved to recommend the Board continue to fund the 3 budget items of POC SE Staff, Member IT Security and Other IT Costs.

RESOLVED: The OPTN Finance Committee recommends the OPTN Board of Directors fund the following projects in FY24 using funds from the OPTN's Operating Account:

- Migration of OPTN Computer System to Public Cloud
- POC/OPTN Work Focused Staff
- Member IT Security
- Other IT Costs

Migration of the OPTN Computer System to the public cloud will be considered at a future meeting. The meeting was adjourned.

Attendance

- **Committee Members**
    - Andrea Tietjen
    - Barry Massa
    - Emily Blumberg
    - George Surrat
    - Lloyd Ratner
    - Nancy Metzler
    - Stuart Sweet
- **HRSA Representatives**
    - Christopher McLaughlin
    - Mesmin Germain
- **UNOS Staff**
    - Anna Messmer
    - Dale Smith
    - Jacquelyn Flannagan
    - Kasey Darnes
    - Lauren Mauk
    - Liz Robbins Callahan
    - Morgan Jupe
    - Susie Sprinson
    - Tiwan Nicholson