

OPTN Finance Committee

Meeting Summary

November 16, 2023

WebEx

Andrea Tietjen, Chair

Dale Smith, Chief Financial Officer

Introduction

The OPTN Finance Committee met via WebEx teleconference on 11/16/2023 to discuss the following agenda items:

1. Opening Remarks
2. HRSA Update
3. NOOC Presentation
4. Financial Statements/Audit Update

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

1. Opening Remarks

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

2. HRSA Update

Ms. Tietjen addressed HRSA and asked if they had any specific updates to provide the committee. HRSA responded that they did not have any updates but will comment as needed throughout the discussions.

3. NOOC Presentation

Dan Yip, Chair of the Network Operations & Oversight Committee (NOOC), addressed the committee and presented the rationale of the recommended work for the Migration of OPTN Computer System to the Public Cloud by the NOOC. Dr. Yip provided details from the discussion and vote of the NOOC. The NOOC first discussed and approved the high-level decision of if the OPTN Computer System should be moved to the public cloud. The second discussion and vote surrounded how that move should occur. Dr. Yip expressed that the position of the NOOC is that they should be stewards of the OPTN Computer System. The NOOC's ask of HRSA, USDS, and the OPTN Contractor is to work collaboratively to come back to the NOOC within 30 days with a status update of the scope of work needed to move the OPTN Computer System to the Public Cloud. The NOOC voted 5 approve, 0 abstain, 0 decline to recommend to the Finance Committee that funds to be set aside for FY24 to continue to be allotted for the move to public cloud based on collaboration between HRSA and the OPTN Contractor. The committee asked if server hardware was owned or leased. Mr. Smith explained that the systems are in Nutanix, a private cloud not owned by the contractor. The committee asked HRSA if they have articulated to the contractor what their expectations will be for future contractors to support the OPTN Computer System. HRSA replied they cannot disclose what future procurements will include. A committee member noted that the group serves as the OPTN Finance Committee, and is responsible for helping HRSA do no harm in transition of the contract, and that the OPTN Computer System requirements in the requests for proposals (RFPs) should be discussed with the committee in order to put the OPTN in the best position

through transition. HRSA stated their goal of making sure the OPTN is clear about the resources it is putting forward and that the recommendations are thoroughly understood. Mr. Smith compared the OPTN Contractor recommended approach and the USDS recommended approach, noting that the contractor approach was less expensive and faster than the HRSA and USDS approach. The contractor approach is “lift and shift” compared to the USDS approach of “componentization”. Ms. Tietjen noted the importance of comparing the cost of migration to the cloud with the cost of managing risk if the system was not protected. A committee member asked for a risk analysis for both approaches, but currently prefers the lift & shift approach. Another committee member asked why the two approaches were mutually exclusive. The committee discussed the ability to first lift and shift while working on long term componentization. Dr. Yip clarified that the lift and shift approach has had the focus of the NOOC prior to HRSA and USDS’ recommendation of componentization. This discussion is what led the NOOC to recommend that the Contractor, HRSA, and USDS come back to the NOOC with further exploration into the approaches. Tiwan Nicholson, Senior Director of IT Operations, agreed that the two approaches are not mutually exclusive but are being shown as two different options, and that his personal recommendation would be to use componentization over the next 2 or 3 years and continue to phase out pieces of the systems through lift and shift to leverage both approaches. The committee discussed how both approaches could be successful through a review of various functional parts of the system. The committee discussed and came to consensus to commit the funds needed to be able to move forward with moving the highest risk and key functions of the OPTN computer system to the public cloud.

The committee unanimously approved to allocate \$1.7 million in the current fiscal year budget to analysis and initial implementation of migration of the OPTN Computer System to the public cloud.

4. Financial Statements/Audit Update

Mr. Smith walked the committee through the current OPTN Statement of the Financial Position. Mr. Smith explained the fringe benefit rate and reimbursement between the OPTN Contractor and HRSA of an agreed upon indirect cost rate. Prior to the indirect cost adjustment, the budget variance was 1.3% due to either more billings than estimated or a lower budget spend than estimated. In March of every year, the contractor submits their audit results and their benefit costs with an agreed upon fringe benefit and indirect cost rate to HRSA. The contractor works with HHS on the agreed upon fringe benefit and indirect cost rates. Proposed by the contractor to HRSA on 3/31/23 was a fringe benefit rate of 49.4%. This amount has increased over the last few years due to inflation, personnel raises, and recruiting costs applied to FY22 and FY23, driving an adjustment of \$4.7 million. A committee member asked where these funds are allocated from. Mr. Smith stated that historically it comes from vouchers and then is refunded from the operating account. Mr. Smith then presented the year-to-date FY24 OPTN registration fees. In October, the OPTN was 543 registrations above the budget, and it is unclear if that trend will continue. Mr. Smith presented the accounts receivable aging as of October 2023 as well as the OPTN cash position as of October 31, 2023. Mr. Smith informed the committee that in early 2024 they will hear from the investment manager to discuss and review the investment portfolio. The contractor holds the investment firm accountable to a benchmark and will continue to review and assess performance of the firm to meet or exceed the benchmark. Mr. Smith walked the committee through the audit requirements for an organization that receives over \$750,000 in federal appropriations. The audit will begin next week, and an update will be shared with the committee in the new calendar year. Mr. Smith presented the committee with a timeline of Finance deliverables for the OPTN. Andrea Tietjen thanked Mr. Smith and the committee for their diligent review and attention to detail of the complex work the committee is responsible for.

The meeting was adjourned.

Attendance

- **Committee Members and Advisors**
 - Andrea Tietjen
 - Barry Massa
 - Bradley Kornfeld
 - Emily Blumberg
 - George Surratt
 - Lloyd Ratner
 - Nancy Metzler
 - Stuart Sweet
- **HRSA Representatives**
 - Christopher McLaughlin
 - Mesmin Germain
- **UNOS Staff**
 - Anna Messmer
 - Dale Smith
 - Julie Nolan
 - Kasey Darnes
 - Liz Robbins Callahan
 - Maureen McBride
 - Morgan Jupe
 - Susie Sprinson
 - Tiwan Nicholson
- **Other Attendees**
 - Daniel Yip