The Fund

TCA 9-4-901 – Created.

There is hereby created within the general fund a special account to be known as the "state office buildings and support facilities revolving fund."

TCA 9-4-905 - Purpose of fund.

• The state office buildings and support facilities revolving fund is to provide for:
  – (1) Operating expenses for office buildings and support facilities;
  – (2) Debt service payments on general obligation bonds authorized to build or acquire office buildings and support facilities;
  – (3) Routine maintenance expenditures on office buildings and support facilities;
  – (4) Major maintenance and renovation projects for office buildings and support facilities as approved by the state building commission;
  – (5) Relocation expenses for state agencies;
  – (6) Payments for leased space occupied by state agencies; and
  – (7) Payments to build or acquire buildings or support facilities as approved by the state building commission.
Tennessee Real Estate Portfolio
97M Square Feet (Est.)

- TBR and LGIs
  35M SF
  36%

- UT
  28M SF
  29%

- General Gov’t
  34M SF
  35%

General Gov’t Real Estate Portfolio
34M Square Feet (Est.)

- STREAM
  Owned
  6.8M SF
  19%

- STREAM
  Leased
  3.1M SF
  10%

- Other Agencies
  Owned
  22.6M SF
  67%

- Other Agencies
  Leased
  1.5M SF
  4%
About FRF

• **What is in FRF?**
  – Multi-Tenant Office Buildings
  – Warehouses
  – General Government Special Use: Health Labs, TBI Labs, and Data Centers

• **What isn’t in FRF?**
  – Higher Education Facilities
  – A Majority of General Government Properties
    • Armories, State Parks, Youth Development Centers, Prisons, State Special Schools (Dept. of Education), Mental Health Hospitals
FRF Program Areas

- **Facilities Operations**
  - Utilities
  - FM Services (Operations Maintenance, Security, Janitorial, Landscaping)

- **Facilities Maintenance**
  - (<$100K, minor repairs to HVAC, roof, etc.)

- **Leases and Space Planning**
  - Furniture and Moving Expenses
  - Leasing (payments to landlords)

- **FRF Capital Outlay Projects**
  - Improvements
  - Maintenance (>=$100k)

- **Debt Service on Bonds**
**FRF Rate Types**

- **Approved by SBC**
  - **Market Rate**
    - Office and Warehouse rates
  - **Special Rates**
    - Health Labs, TBI Labs and Data Centers

- **Approved by F&A**
  - **A-87 Rate (IAW Uniform Guidance – Federal Reimbursement)**
    - Rate based on actual, allowable expenses in prior fiscal year
    - A-87 rate is not allowed to include funds designated for future capital maintenance projects or renovations.
    - Billed to agencies directly or indirectly funded with federal funds

---

**FRF Office Rate History**

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davidson</td>
<td>$22.50</td>
<td>$25.50</td>
<td>$26.50</td>
</tr>
<tr>
<td>Metropolitan</td>
<td>$18</td>
<td>$18</td>
<td>$18</td>
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<tr>
<td>Rural</td>
<td>$14</td>
<td>$15</td>
<td>$15</td>
</tr>
</tbody>
</table>

*FY22 Davidson rate to be submitted for approval at upcoming meeting
FRF Finances – How does it work?

Revenue
- Rent
- Gen. Fund (State)
- Other
- FRF Capital Budget

Expenses
- 50101 Ops.
- 50102 Maint.
- 50103 Leases
- 50105 Debt Serv.
- 50104 Cap. Proj.

Surplus from Ops.
FY21 FRF Annual Report

“**A report reflecting the expenditures and fiscal year-end condition of FRF**” – State Building Commission Bylaws

- Report submitted annually
- Includes both operations and capital projects program areas

<table>
<thead>
<tr>
<th></th>
<th>Total Revenue</th>
<th>Total Expense</th>
<th>Net Revenue/ (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRF Operations</td>
<td>$163,316,000</td>
<td>$137,471,000</td>
<td>$25,845,000</td>
</tr>
<tr>
<td>FRF Capital Projects</td>
<td>$8,644,000</td>
<td>$60,949,000</td>
<td>$(52,305,000)</td>
</tr>
<tr>
<td>Combined</td>
<td></td>
<td></td>
<td>$(26,460,000)</td>
</tr>
</tbody>
</table>
FRF Reserves (June 30, 2021)*

- Reserve Balance $317.1M
- Obligations† ($212.3M)
- Unobligated $104.8M

*FRF Reserve balance is calculated by F&A
† Includes $25M for 2022 Office Space Reduction Plan
FRF Unobligated Reserve Balance

<table>
<thead>
<tr>
<th>Date</th>
<th>Reserve Balance (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2017</td>
<td>$27.6</td>
</tr>
<tr>
<td>6/30/2018</td>
<td>$39.7</td>
</tr>
<tr>
<td>6/30/2019</td>
<td>$79.2</td>
</tr>
<tr>
<td>6/30/2020</td>
<td>$95.5</td>
</tr>
<tr>
<td>6/30/2021</td>
<td>$104.8</td>
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</tbody>
</table>
## FY22 Budget and FY23 Recommended Budget

<table>
<thead>
<tr>
<th>Allotment Code</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>50101 – Facilities Operations</td>
<td>$65,307,200</td>
<td>$65,540,600</td>
</tr>
<tr>
<td>50102 – Facilities Maintenance</td>
<td>$3,830,000</td>
<td>$3,861,800</td>
</tr>
<tr>
<td>50103 - Leases and Space Planning</td>
<td>$68,672,100</td>
<td>$69,507,100</td>
</tr>
<tr>
<td>50104 - Capital Projects</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>50105 - Debt Service</td>
<td>$23,900,000</td>
<td>$23,900,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$161,709,300</strong></td>
<td><strong>$162,809,500</strong></td>
</tr>
</tbody>
</table>