



Department of

General Services

Facilities Revolving Fund 2021 Annual Report

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."

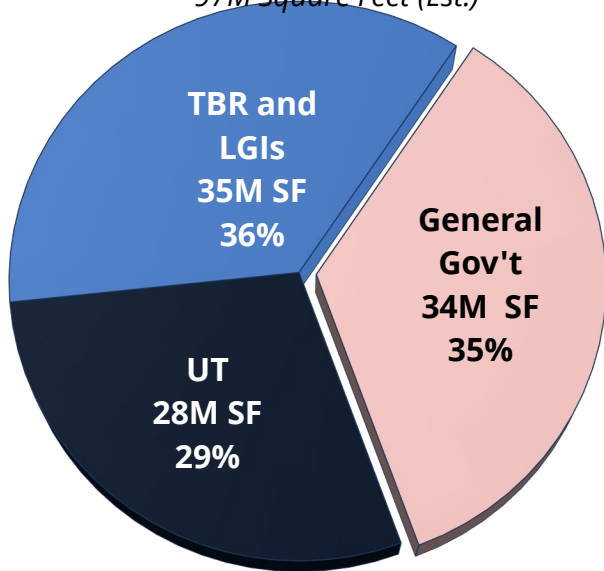
TCA 9-4-905 - Purpose of fund.

- 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.

State of Tennessee Real Estate Portfolio

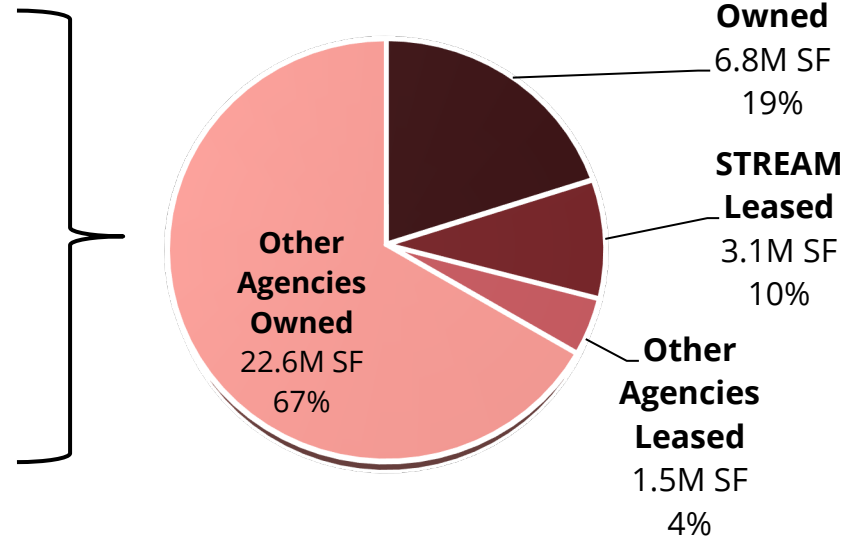
Tennessee Real Estate Portfolio

97M Square Feet (Est.)



General Gov't Real Estate Portfolio

34M Square Feet (Est.)



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

FRF Office Rate History

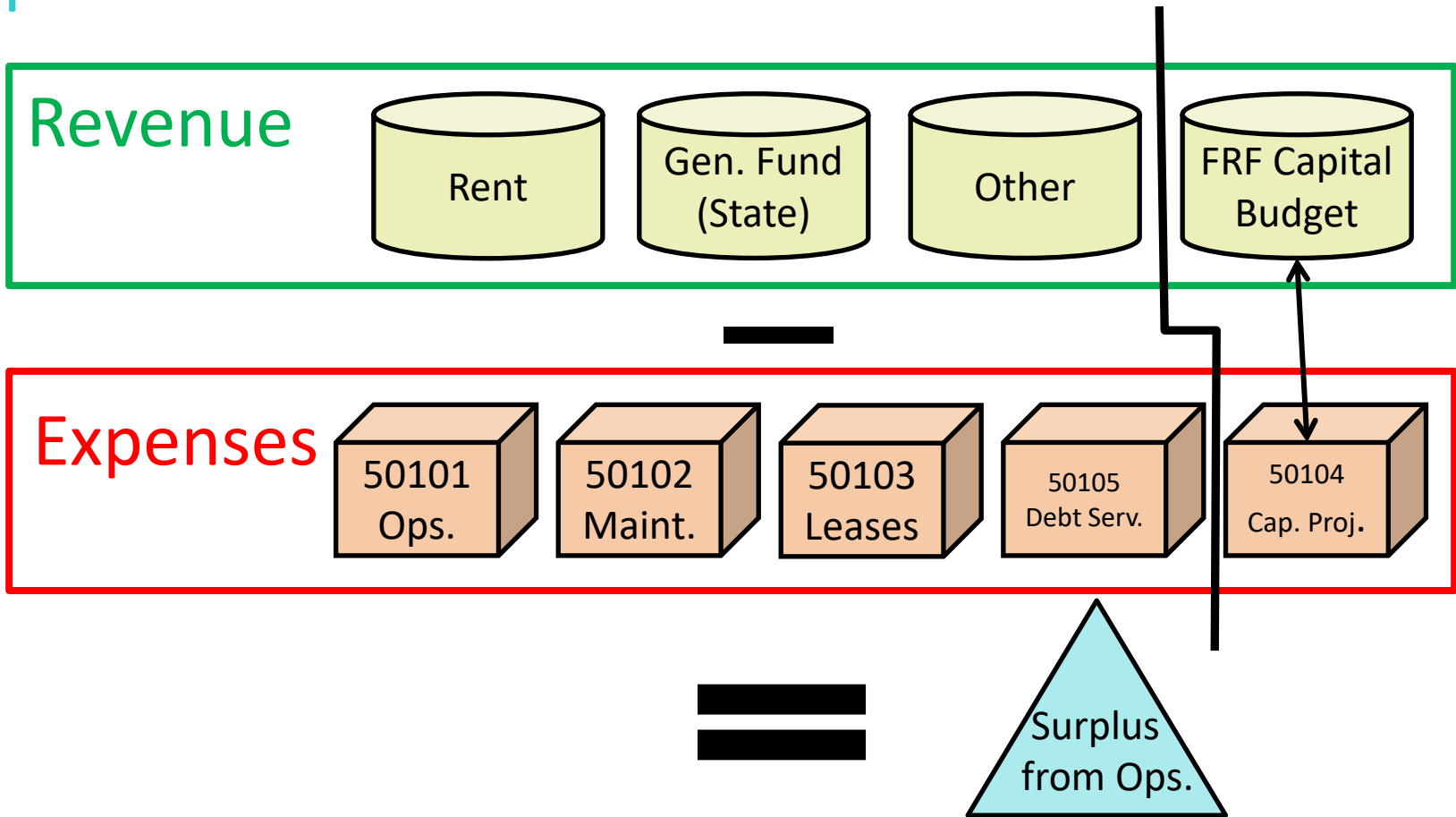
	FY20	FY21	FY22*
Davidson	\$22.50	\$25.50	\$26.50
Metropolitan	\$18	\$18	\$18
Rural	\$14	\$15	\$15

- 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

*FY22 Davidson rate to be submitted for approval at upcoming meeting

FRF Finances – How does it work?

FRF



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

	Total Revenue	Total Expense	Net Revenue/ (Deficit)
FRF Operations	\$163,316,000	\$137,471,000	\$25,845,000
FRF Capital Projects	\$8,644,000	\$60,949,000	\$(52,305,000)
Combined			\$(26,460,000)

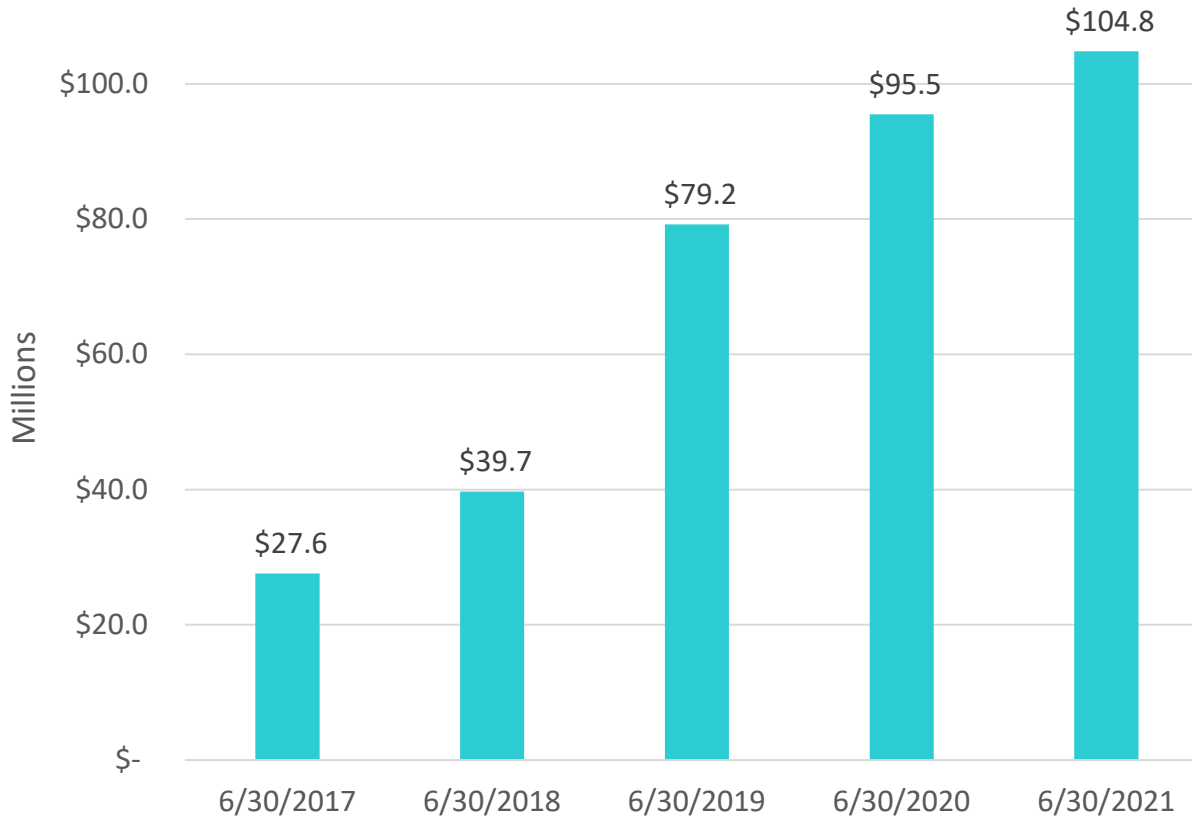
FRF Reserves (June 30, 2021)*

- 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





Questions?

FY22 Budget and FY23 Recommended Budget

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