



Memorandum from the Office of the Inspector General

July 8, 2021

Michael D. Skaggs

REQUEST FOR FINAL ACTION – EVALUATION 2020-15750 – STRATEGIC REAL ESTATE PLAN

Attached is the subject final report for your review and final action. Your written comments, which addressed your management decision and actions planned or taken, have been included in the report. Please notify us when final action is complete. In accordance with the Inspector General Act of 1978, as amended, the Office of the Inspector General is required to report to Congress semiannually regarding evaluations that remain unresolved after 6 months from the date of report issuance.

If you have any questions or wish to discuss our findings, please contact Lindsay J. Denny, Manager, Evaluations, at (865) 633-7349 or E. David Willis, Director, Evaluations, at (865) 633-7376. We appreciate the courtesy and cooperation received from your staff during the evaluation.

David P. Wheeler
Assistant Inspector General
(Audits and Evaluations)

LJD:FAJ

Attachment

cc (Attachment):

TVA Board of Directors
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OIG File No. 2020-15750



Office of the Inspector General

Evaluation Report

To the Executive Vice President
and Chief Operating Officer

STRATEGIC REAL ESTATE PLAN

Evaluation Auditor
Lindsay J. Denny

Evaluation 2020-15750
July 8, 2021

ABBREVIATIONS

BU	Business Unit
SPP	Standard Programs and Processes
SREG	Strategic Real Estate and Governance
SRPO	Senior Real Property Officer
TVA	Tennessee Valley Authority

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MEMORANDUM DATED JUNE 30, 2021, FROM MICHAEL D. SKAGGS TO
DAVID P. WHEELER



Evaluation 2020-15750 – Strategic Real Estate Plan

EXECUTIVE SUMMARY

Why the OIG Did This Evaluation

In 2012, the Tennessee Valley Authority (TVA) established the Strategic Real Estate Program to assess the agency's real estate portfolio and identify opportunities to reduce costs, consolidate space, eliminate underutilized and noncore buildings,ⁱ govern real property processes and decisions, and align TVA's real estate with current and future business need.

In 2015, the Office of Management and Budget issued *Management Procedures Memorandum Number 2015-01, Reduce the Footprint*, requiring all Executive Branch agencies to (1) move aggressively to dispose of surplus properties held by the federal government, (2) make more efficient use of the government's real property assets, and (3) reduce total square footage of domestic office and warehouse inventory relative to an established baseline. Although TVA is not bound by this federal memorandum, TVA Standard Programs and Processes 37.001, *Real Property Management*, states TVA intends to align with the policy. In addition, the Strategic Real Estate and Governance group (SREG) applies the same principles to TVA's real estate assets. The following table shows TVA's asset portfolio over time, demonstrating estimated and projected reductions in buildings and square footage.

TVA's Portfolio	Buildings	Square Footage
2015	3,500	30 million
2020	3,390	27 million
2025 (Projected)	-	17 million

Due to an increase in transactions regarding TVA real estate, we initiated an evaluation to assess TVA's development and implementation of its strategic real estate plan. However, TVA does not formally have a strategic real estate plan; therefore, we reviewed the goals and objectives of the SREG organization to determine if they were being achieved.

What the OIG Found

We determined SREG has met, or was in the process of meeting, their stated goals and objectives. For example, SREG has (1) improved the condition, safety, and utilization of TVA's real estate assets and (2) been working to eliminate noncore and underutilized buildings through regional consolidations.

ⁱ SREG defines noncore buildings as a building or structure in poor condition that does not support a TVA function and/or TVA's mission or houses a function that can be removed, eliminated, or consolidated at another facility. These buildings are often underutilized and have a high deferred maintenance cost.



Evaluation 2020-15750 – Strategic Real Estate Plan

EXECUTIVE SUMMARY

However, we identified several areas for improvement that could enable SREG to more effectively accomplish their mission of helping TVA manage real estate assets and align the portfolio with business need. Specifically, (1) SREG does not have an accurate and comprehensive list of all real property, (2) SREG is not always included in, or knowledgeable of, key business decisions that impact real estate, and (3) TVA does not have a centralized real estate function.

What the OIG Recommends

We made recommendations to TVA management to (1) develop a complete and comprehensive database of all real property, (2) involve SREG in key business decisions impacting real estate, and (3) consider the centralization of TVA's real estate function. Our detailed recommendations are listed in the body of this report.

TVA Management's Comments

In response to our draft report, TVA management agreed with the recommendations and provided ongoing or planned actions to help ensure improvement within this key business area. See the Appendix for TVA's complete response.

Auditor's Response

We concur with TVA management's planned actions for the recommendations.

BACKGROUND

According to the Strategic Real Estate and Governance group (SREG), in 2012, the Tennessee Valley Authority (TVA) established the Strategic Real Estate Program to assess the agency's real estate portfolio and identify opportunities to reduce costs, consolidate space, eliminate underutilized and noncore buildings,¹ govern real property processes and decisions, and align TVA's real estate with current and future business need.

In 2015, the Office of Management and Budget issued *Management Procedures Memorandum Number 2015-01, Reduce the Footprint*, requiring all Executive Branch agencies to (1) move aggressively to dispose of surplus properties held by the federal government, (2) make more efficient use of the government's real property assets, and (3) reduce total square footage of domestic office and warehouse inventory relative to an established baseline. Although TVA is not bound by this federal memorandum, TVA Standard Programs and Processes (SPP) 37.001, *Real Property Management*, states TVA intends to align with the policy. In addition, SREG applies the same principles to TVA's real estate assets. In 2017, SREG developed a series of SPPs and user guides to create a governance framework for acquisition of real property and disposal or utilization of existing TVA property. The following table shows TVA's asset portfolio over time, demonstrating estimated and projected reductions in buildings and square footage.

TVA's Portfolio	Buildings	Square Footage
2015	3,500	30 million
2020	3,390	27 million
2025 (Projected)	-	17 million

SREG attempts to manage TVA's real estate assets and align the portfolio with business need through the following goals and objectives:

Goals
Right-size TVA's real estate portfolio
Align the portfolio with business need
Govern real estate direction and decisions
Objectives
Reduce TVA's real estate portfolio by one-third
Eliminate underutilized and noncore buildings
Reduce costs
Improve the condition, safety, and utilization of TVA's real estate assets
Assist business units (BU) with development of real property processes
Partner with Bus to understand business drivers and develop real property solutions.

¹ SREG defines noncore buildings as a building or structure in poor condition that does not support a TVA function and/or TVA's mission or houses a function that can be removed, eliminated, or consolidated at another facility. These buildings are often underutilized and have a high deferred maintenance cost.

Objectives, continued
Minimize potential risks
Convert real estate disposals to economic development opportunities
Increase utilization and collaboration in the workplace

TVA has functions that involve real estate in multiple BUs, including Generation Projects and Fleet Services, Resource Management and Operations Services, and Transmission and Power Supply.

- Generation Projects and Fleet Services:
 - SREG – Implements and manages TVA’s strategic real estate program.
 - Facilities Management – Performs operations and maintenance and aligns future projects with SREG, including capital allocations for core facilities.
- Resource Management and Operations Services:
 - Realty Services – Oversees acquisitions and disposals of land and land rights for all TVA organizations.
 - Natural Resources – Administers license agreements and land use agreements on reservoir property.
- Transmission and Power Supply – Owns the process for conveyances and licenses for transmission assets.

Due to an increase in transactions regarding TVA real estate, we initiated an evaluation to assess TVA’s development and implementation of its strategic real estate plan.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this evaluation was to assess TVA’s development and implementation of its strategic real estate plan. However, TVA does not formally have a strategic real estate plan; therefore, we reviewed the goals and objectives of the SREG organization to determine if they were being achieved. The scope of the evaluation was TVA’s governance of real property. To achieve our objective, we:

- Interviewed TVA personnel and reviewed initiatives to gain a better understanding of TVA’s strategic real estate program.
- Reviewed the following procedures to gain an understanding of TVA real estate management processes:
 - TVA-SPP-37.000, *Real Property Management*
 - TVA-SPP-37.001, *Acquisition and License of Non-TVA Real Property*
 - TVA-SPP-37.002, *Disposal and License of TVA Real Property*
 - TVA-SPP-37.003, *Utilization of TVA Real Property by TVA*

- Reviewed federal guidelines and other real estate strategies to identify best practices related to real property management, including the following:
 - *Executive Order 13327 – Federal Real Property Asset Management*²
 - Office of Management and Budget, *Management Procedures Memorandum Number 2015-01, Reduce the Footprint*³
 - Harvard Business Review,⁴ “Managing Real Estate to Build Value”⁵
 - Harvard Business Review, “What Every Leader Should Know About Real Estate”⁶
 - State of Tennessee Real Estate Asset Management, “Real Estate Strategy”⁷
 - Deloitte, “How Corporate Real Estate Can Support Cost-Cutting Programs”⁸
- Obtained a list of TVA properties, as of February 22, 2021, from TVA Police to compare with the building list maintained in TVA’s real property database for building and structure records to determine if the building list was complete and accurate.
- Evaluated TVA’s implementation of the Strategic Real Estate Program to determine if SREG’s goals and objectives were being accomplished.

This evaluation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

² United States, Executive Office of the President [George W. Bush], *Executive Order 13327 – Federal Real Property Asset Management*, February 6, 2004, <https://www.govinfo.gov/content/pkg/FR-2004-02-06/pdf/04-2773.pdf>, accessed on July 21, 2020.

³ Executive Office of the President, Office of Management and Budget, Controller, *Management Procedures Memorandum No. 2015-01, Reduce the Footprint*, [Memoranda No. 2015-01 \(whitehouse.gov\)](https://www.whitehouse.gov/the-press-office/2015/01/01/2015-01-01-reduce-the-footprint), accessed on July 27, 2020.

⁴ Harvard Business Review aims to provide professionals around the world with rigorous insights and best practices to help lead themselves and their organizations more effectively and to make a positive impact, through its flagship magazine, books, and digital content.

⁵ Mahlon Apgar, IV, “Managing Real Estate to Build Value”, Harvard Business Review, November 1995, <https://hbr.org/1995/11/managing-real-estate-to-build-value>, accessed on November 4, 2020.

⁶ Mahlon Apgar, IV, “What Every Leader Should Know About Real Estate”, Harvard Business Review, November 2009, <https://hbr.org/2009/11/what-every-leader-should-know-about-real-estate>, accessed on November 4, 2020.

⁷ State of Tennessee, Department of General Services, “State of Tennessee Real Estate Asset Management”, Real Estate Strategy, <https://www.tn.gov/content/dam/tn/generalservices/documents/stream/real-estate-strategy/2018RealEstateStrategyFinal.pdf>, accessed on November 4, 2020.

⁸ “How Corporate Real Estate Can Support Cost-Cutting Programs”, Deloitte, https://www2.deloitte.com/content/dam/Deloitte/de/Documents/real-estate/kosteneinsparung_immobilien_en.pdf, accessed on November 4, 2020.

FINDINGS

We determined SREG has met, or was in the process of meeting, their stated goals and objectives. For example, SREG has (1) improved the condition, safety, and utilization of TVA's real estate assets and (2) been working to eliminate noncore and underutilized buildings through regional consolidations. However, we identified several areas for improvement that could enable SREG to more effectively accomplish their mission of helping TVA manage real estate assets and align the portfolio with business need. Specifically, (1) SREG does not have an accurate and comprehensive list of all real property, (2) SREG is not always included in or knowledgeable of key business decisions that impact real estate, and (3) TVA does not have a centralized real estate function.

THERE IS NO ACCURATE AND COMPREHENSIVE LIST OF TVA REAL PROPERTY

An article published by Harvard Business Review states the foundation of real estate intelligence is a database that includes square footage, occupancy costs, uses, capital values, utilization levels, and other relevant information, arrayed by line of business, function, and location. An additional Harvard Business Review article indicated real estate data should be organized across the company's entire portfolio for analytical use, including details on all locations, facility types, and financial commitments. The real estate data should also include business information, such as revenues, expenses, and staffing data, also covering cost and usage by business function to permit comparisons across units.

We reviewed the buildings list that SREG maintains within TVA's real property database and determined it is not complete or accurate. For example, we identified several discrepancies where buildings or structures had not been recorded in the database related to Transmission and Power Supply conveyances to and from local power distributors. We also identified two properties whose addresses, including the state, were inaccurate. According to SREG personnel, they are in the process of refining the data in the database by removing duplicates, adding square footage, and correcting inaccurate information. However, the data maintained in the buildings database, even if fully accurate, does not include occupancy costs, capital values, or utilization levels for management of the real estate portfolio. Additionally, we were informed SREG maintains the building and structure records within TVA's real property database whereas the data for land, leases, and licenses are maintained by other organizations in separate modules of the database. According to a self-identified gap list developed by SREG, the database modules do not interact and space management and human resources information have not been incorporated.

The existence of a property database that provides adequate and up-to-date information is essential for facilitating effective strategic planning of corporate real estate. This database would enable TVA to:

- **Make Sound Decisions About the Real Estate Portfolio** – According to the Harvard Business Review, leaders need accurate data, synthesized into relevant information, which allows them to connect real estate decisions to corporate strategy. Without an accurate, complete, and comprehensive listing of real property assets, real estate decisions could be made without pertinent information as a guide.
- **Identify and Monitor Key Performance Indicators** – According to CoreNet Global,⁹ the selection of appropriate metrics is fundamental to appreciate the cost and value of real estate positions and where these are likely to trend in the future. The list of potential metrics can be long, but should be focused on the areas of cost, control, value, and risk. Without detailed data, appropriate metrics cannot be measured.
- **Create a Real Estate Cost Allocation to Communicate to BUs How Much Their Space Costs TVA** – As mentioned above, cost and usage data by BU is important to allow for comparisons across TVA. Since TVA BUs budgets do not include their space costs, there is no incentive for them to modify their behavior in relation to real estate.

SREG IS NOT ALWAYS INCLUDED IN OR KNOWLEDGEABLE OF KEY BUSINESS DECISIONS THAT IMPACT REAL ESTATE

As mentioned previously, one of SREG's goals is to align TVA's real estate portfolio with business need. To effectively align real estate with the business need, SREG should be involved in or knowledgeable of business decisions that may or will impact TVA's real estate assets. Through BU presentations, TVA Today articles, and one-on-one outreach, SREG has worked to build relationships, communicate, and educate BUs throughout TVA about their role in real property management. TVA-SPP-37.001, *Acquisition and License of Non-TVA Real Property*, indicates that each BU should appoint a real property designee to serve as BU lead in real property matters. However, we were informed that these positions are not always maintained and turn over often, which creates difficulty in developing an ongoing and consistent relationship, hindering SREG's ability to stay informed of what is happening with real estate in each BU.

According to TVA's real property management SPPs, BUs must initiate a real property request to SREG upon consideration of acquisitions, license, lease, disposal, or any utilization/modification to TVA real property. Additionally, TVA-SPP-37.000, *Real Property Management*, states that all requests to add square footage to the portfolio or impact buildings, land, and/or structures must be reviewed and approved through SREG prior to decisional activities being

⁹ CoreNet Global is a non-profit association, representing more than 11,000 executives in 50 countries with strategic responsibility for real estate assets of large corporations. The organization's mission is to advance the practice of corporate real estate through professional development opportunities, publications, research, conferences, designations and networking.

scheduled or implemented.¹⁰ However, according to a self-identified gap list developed by SREG, real estate decisions are often made at executive or BU level without following the requirements of the SPPs. SREG indicated they often find out about new programs through TVA internal announcements or through Project Approval/Project Review Board meetings. Decisions being made by BUs without SREG input could lead to funding projects that do not align with TVA's stated real estate goals and objectives. SREG provided an example of a request made at a project meeting for funding of \$1 million to build a fence. Once SREG became aware of this request, they determined TVA did not own the property where the fence would be built and informed the requestor they would have to identify another option.

SREG informed us of another recent example where an organization planned to grow a portion of their workforce and needed additional space. The organization consulted SREG for assistance in this search for space and SREG provided options to them. However, several months later, the organization again reached out to SREG to ask for help in finding space. During the time since they first asked for options, the organization had independently found another space outside the options provided by SREG and was now being forced to vacate this space and needed somewhere else to go. According to SREG personnel, they are working to locate and provide space for the group to relocate.

SREG's ability to align TVA's real estate portfolio with business need is dependent on BUs involving and working with SREG to make real estate decisions. Additionally, without consistent adherence to the governance framework throughout TVA, the portfolio could end up in the same place it was prior to the efforts to reduce square footage and right-size the footprint.

TVA DOES NOT HAVE A CENTRALIZED REAL ESTATE FUNCTION

An article published by Deloitte¹¹ states, "It is not sufficient just to manage the real estate operation. It is essential that corporate real estate management is strategically and professionally positioned in the company." As mentioned previously, TVA has functions that involve real estate in multiple BUs, including Transmission and Power Supply, Resource Management and Operations Services, and Generation Projects and Fleet Services. During a reorganization in fiscal year 2020, SREG was moved from Resource Management and Operations Services¹² to Generation Projects and Fleet Services, more closely aligning them within the Facilities organization. However, the reorganization

¹⁰ Limited exclusions exist, including releasing deeds of trust in connection with Economic Development loans and shoreline management.

¹¹ Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax, and related services.

¹² Resource Management and Operations Services is the current name of the organization. Prior to the reorganization, the organization was called River and Resources Stewardship.

moved SREG to a different BU from Realty Services,¹³ which executes acquisition and disposal of real property interests.

As mentioned previously, SREG developed a governance framework through a new series of TVA SPPs. According to SREG, the goal of this framework is to reduce risk to TVA and enable BUs to be more consistent in doing what is best for TVA. However, with multiple BUs involved in performing real estate functions, there is still opportunity for inconsistency in making real estate decisions for TVA. SREG has also self-identified a gap related to the lack of a centralized real estate department, resulting in splintered decision making and transaction management challenges.

According to the State of Tennessee's Real Estate Strategy, all general government agencies should have real estate strategies that align with the requirements of the agency programs and government initiatives. These strategies should be part of a framework used to guide decisions regarding real estate. SREG has three primary goals: right-sizing TVA's real estate portfolio, aligning the portfolio with business need, and governing TVA real estate direction and decisions. While a real estate program was developed, its goals are specific to SREG, even though the goals encompass real estate decisions for the entire agency. In addition, other BUs real estate actions made without SREG involvement suggest SREG's authority and position in the organization may limit their ability to effect change. Without a formalized, agency-wide strategy or plan, there is a risk of inconsistent decision making related to TVA's real estate portfolio.

Additionally, according to TVA-SPP-37.000, *Real Property Management*, TVA voluntarily complies with *Executive Order 13327 – Federal Real Property Asset Management*. One of the requirements of the executive order is the establishment of an Agency Senior Real Property Officer (SRPO). This officer should be designated from senior management officials and is responsible for monitoring real property assets of the agency; however, TVA has not established an SRPO. Executive-level ownership of real property could provide consistent guidance for real property portfolio decisions.

The centralization of the real estate function, formalization of a real estate strategy or plan, and implementation of an SRPO could help address the previously mentioned areas for improvement, allowing for TVA real estate decisions to be made consistently and with the appropriate governance framework.

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With the implementation of new technology driving many changes for TVA, along with post-pandemic workplace changes and potential for remote work to increase, there will be significant opportunities for SREG to continue to align and

¹³ Realty Services is the current name of the organization. Prior to the reorganization, the group was called Realty Services and Geographic Information Systems.

shape TVA's real estate portfolio with its business need. SREG will need to be equipped with a comprehensive database and sound information with which to support real estate decisions, as well as a consistently followed framework for real property decisions throughout the agency.

RECOMMENDATIONS

We recommend the Executive Vice President and Chief Operations Officer:

- Continue to refine the completeness and accuracy of the buildings database.
TVA Management's Comments – TVA management stated they agreed with the recommendation and will continue to refine and improve the building database. These efforts include providing staff to oversee the database, working with the Technology and Innovation group to reduce manual efforts and improve automation, and continue to review data for accuracy and up-to-date status. See the Appendix for TVA management's complete response.
Auditor's Response – We concur with TVA management's planned actions.
- Develop an accurate and comprehensive database for all TVA real estate assets, to include space management and human resource data.
TVA Management's Comments – TVA management stated they agreed with the recommendation and will continue to work with the Technology and Innovation group to seek improvements and/or new opportunities to have a more comprehensive and all-inclusive database. See the Appendix for TVA management's complete response.
Auditor's Response – We concur with TVA management's planned actions.
- Communicate and reinforce the requirement for real estate decisions to flow through SREG through compliance with the governance framework, including SPPs and real property requests.
TVA Management's Comments – TVA management stated they agreed with the recommendation and will continue to communicate and reinforce that real property requests and decisions flow through the established governance framework and procedures. In fiscal year 2022, there will be a real property training module in the Learning Management System to communicate and reinforce the process for any employee whose work intersects with real property actions. See the Appendix for TVA management's complete response.
Auditor's Response – We concur with TVA management's planned actions.
- Consider centralization or restructure of TVA's real estate functions.
TVA Management's Comments – TVA management stated they agreed with the recommendation and understand the centralization of real estate functions has value and aligns with industry peers. Therefore, centralization may be considered in the future. At this time, management will continue to support improvements to real estate structure and functions, as well as look for opportunities to close process gaps to improve efficiency, clarity, and

communication. See the Appendix for TVA management's complete response.

Auditor's Response – We concur with TVA management's planned actions.

- Consider the creation of an Agency SRPO, in alignment with *Executive Order 13327*.

TVA Management's Comments – TVA management stated they agreed with the recommendation and have a Real Property Review Council that was established in 2017 to provide guidance on real property actions and help communicate real property issues across TVA. The council includes three executives and two directors, with the Director of Facilities Management serving as the chairperson. Management will continue to monitor the effectiveness of the council and its alignment with the executive order. See the Appendix for TVA management's complete response.

Auditor's Response - We concur with TVA management's planned actions.

- Consider development of a formalized strategic plan or guiding principles for TVA real estate management.

TVA Management's Comments – TVA management stated they agreed with the recommendation. In fiscal year 2022, a strategic real estate guiding document will be in place, along with regional master plans that aim to reduce TVA's footprint, align with business, and consolidate the agency's real estate assets into more centralized, core facilities. See the Appendix for TVA management's complete response.

Auditor's Response - We concur with TVA management's planned actions.

June 30, 2021

David P. Wheeler, WT 2C-K

RESPONSE: DRAFT EVALUATION 2020-15750 – STRATEGIC REAL ESTATE PLAN

Reference: OIG Memorandum dated June 16, 2021

Thank you for the opportunity to address recommendations from DRAFT Evaluation 2020-15750 – Strategic Real Estate Plan. We agree with the provided recommendations. Ongoing and planned actions described below will help ensure improvement within the Strategic Real Estate Group (SREG) and this key business area.

Below are the six recommendations that were made and responses for each, including actions in progress and/or planned.

Recommendation 1: Continue to refine the completeness and accuracy of the building database.

Response: We agree with this recommendation and will continue to refine and improve the building database. These efforts include providing staff to oversee the database, working with Technology & Innovation (TI) to reduce manual efforts and improve automation, and continue to review data for accuracy and up-to-date status.

Recommendation 2: Develop an accurate and comprehensive database for all TVA real estate assets to include space management and human resource data.

Response: We agree with this recommendation and will continue to work with our TI group to seek improvements and/or new opportunities to have a more comprehensive and an all-inclusive database.

Recommendation 3: Communicate and reinforce the requirement for real estate decisions to flow through SREG through compliance with the governance framework, including Standard Programs and Processes (SPPs) and real property requests.

Response: We agree with this recommendation. We will continue to communicate and reinforce that real property requests and decisions flow through the established governance framework and procedures. In Fiscal Year 2022, there will be a real property training module in the Learning Management System to communicate and reinforce the process. The training is intended for any employee whose work intersects with real property actions. It is not mandatory, but rather a resource to learn about TVA's real property and real property processes.

Recommendation 4: Consider centralization or restructure of TVA's real estate functions.

Response: We agree with this recommendation. We understand that centralization of real estate functions has value and aligns with industry peers. Therefore, centralization may be considered in the future. At this time, we will continue to support improvements to our real estate structure and functions, as well as look for opportunities to close process gaps to improve efficiency, clarity, and communication.

David P. Wheeler
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Recommendation 5: Consider the creation of an Agency Senior Real Property Officer in alignment with *Executive Order 13327*.

Response: We agree with this recommendation. We currently have a group – the Real Property Review Council (RPRC) – that was established in 2017 to provide guidance on real property actions and help communicate real property issues across TVA. This group includes three executives and two directors, with the Director of Facilities Management serving as the chair of the council. We will continue to monitor the effectiveness of the RPRC and its alignment with the executive order.

Recommendation 6: Consider the development of a formalized strategic plan or guiding principles for TVA real estate management.

Response: We agree with this recommendation. In Fiscal Year 2022, a strategic real estate guiding document will be in place, along with regional master plans that aim to reduce TVA's footprint, align with business, and consolidate the agency's real estate assets into more centralized, core facilities.

This memorandum provides acceptance of the noted recommendations. If you have further questions, please contact Bob Deacy, Senior Vice President, Generation Projects & Fleet Services, at 423-290-7146.



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Executive Vice President & Chief Operating Officer
WT 7B-K

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