THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

SCOTT M. STRINGER
COMPTROLLER

**COMPTROLLER'S MEMORANDUM**
**#16-02**

**To:** Agency Heads/Fiscal Officers

**From:** Michele Mark Levine
Deputy Comptroller for Accountancy/Chief Accountant

**Date:** December 16, 2016

**Subject:** Changes to Section 8.2, Leasehold Betterments, of the Office of the Comptroller's *Directive #10 – Charges to the Capital Project Fund.*

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This Comptroller's Memorandum (CM) reflects amendments to the Office of the Comptroller's *Directive #10 – Charges to the Capital Project Fund.* The amendments involve updates to Section 8.2, Leasehold Betterments, of the Directive.

Amended text is *italicized.*

***8.2 Leasehold Betterments***

Betterments and upgrades made to real property, structures, facilities, equipment, or other Capital Assets the City uses or controls under a long term lease may be eligible for capital funding provided that the project meets all Baseline Eligibility Criteria outlined in Section 3.0 of this Directive. The probable period of usefulness (PPU) used to structure the financing for such a betterment or upgrade must not exceed the useful life of the betterment or upgrade or the remaining term of the lease, whichever is shorter, but in no case can be less than five years.

*Unexercised lease renewal options or purchase options may be counted in determining the remaining lease term for purposes of ascertaining whether the useful life of a betterment is at least five years provided that the following conditions are satisfied, as demonstrated by the lease and supporting documentation: (i) such option may be unilaterally exercised by the City; (ii) the City agency that is a party to such lease is authorized, without further regulatory approvals, to exercise such option; and (iii) the Agency Head or a Deputy Agency Head of such City agency has certified in writing that it intends unconditionally to exercise such option. Such unexercised options may not be counted in determining the remaining lease term where the City or a covered organization of the City is not the*

*lessee. In addition, in order to be eligible for capital funding, betterments to leased property must meet all Baseline Eligibility Criteria outlined in Section 3.0 of this Directive.*

Questions related to this Comptroller's Memorandum, or Directive #10, should be directed via email to the *Technical and Professional Standards Unit*.