



**DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, SEPTEMBER 9, 2020 – 3:00 P.M.**

BOARD MEMBERS PRESENT:

Marvin Beatty
Ehrlich Crain
Charity Dean
Melvin Hollowell
James Jenkins
David Massaron
John Naglick
Steve Ogden

BOARD MEMBERS ABSENT:

Austin Black
David Blaszkiewicz
Richard Hosey
Nick Khouri
Sonya Delley

OTHERS PRESENT:

Kenyetta Bridges (DEGC/DDA)
Cora Capler (DEGC/DDA)
Charlotte Fisher (DEGC/DDA)
Malinda Jensen (DEGC/DDA)
Jennifer Kanalos (DEGC/DDA)
Paul Kako (DEGC/DDA)
Glen Long, Jr. (DEGC/DDA)
Lexi Mabry (DEGC/DDA)
Rebecca Navin (DEGC/DDA)
David White (DEGC/DDA)
Derek Bringham (Clearcover, Inc.)
Heide Craun (Clearcover, Inc.)
Spencer Lucker (City of Detroit)
Eric Stavriotis (CBRE)



**MINUTES OF THE DOWNTOWN DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING
WEDNESDAY, SEPTEMBER 9, 2020
ZOOM VIRTUAL MEETING – 3:00 P.M.**

GENERAL

Call to Order

Treasurer Naglick, Acting Chair, called the regular meeting of the Downtown Development Authority Board of Directors to order at 3:01 p.m. Roll call was conducted, and a quorum was established.

Approval of Minutes

Mr. Naglick asked if there were any additions, deletions or corrections to the minutes of the July 22, 2020 Regular Board meeting. Hearing none, the Board took the following action:

Mr. Hollowell made a motion approving the minutes of the July 22, 2020 Regular Board meeting, as presented. Mr. Beatty seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Beatty, Mr. Crain, Ms. Dean, Mr. Hollowell, Mr. Jenkins, Mr. Massaron, Mr. Ogden and Mr. Naglick.

Nays: None.

DDA Resolution Code 20-09-02-627 was approved.

Receipt of Treasurer's Reports for June and July 2020

Mr. Naglick asked Mr. Long to present the Treasurer's Reports. Mr. Long reviewed the Treasurer's Reports of Receipts and Disbursements for the months of June and July 2020. With there being no questions or discussion, the Board took the following action:

Mr. Hollowell made a motion approving the Treasurer's Reports for June and July 2020, as presented. Mr. Crain seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Beatty, Mr. Crain, Ms. Dean, Mr. Hollowell, Mr. Jenkins, Mr. Massaron, Mr. Ogden and Mr. Naglick.

Nays: None.

DDA Resolution Codes 20-09-03-511 and 20-09-03-512 were approved.

PROJECTS

Housing/Office/Retail Development: Clearcover, Inc.

Mr. White advised that Mr. Derek Bringham, COO and co-founder of Clearcover, Ms. Heide Craun, head of Customer Experience at Clearcover, Mr. Eric Stavriotis of CBRE, the site selection consultant, Mr.



Spencer Lucker from Detroit Employment Solution were available to respond to Board members' questions.

Mr. White reported that Clearcover, Inc. ("Clearcover") is a venture-backed, Chicago-based auto insurance carrier that leverages technology to improve customer experience and increase efficiencies to drive down insurance costs. Clearcover handles the full personal auto insurance experience, from underwriting to servicing each policy. Clearcover continues to grow its service offerings and expand availability of current insurance products into new regions of the U.S.

As a result of this growth, Clearcover is considering expanding its presence to the City of Detroit to establish a customer experience center to support its business functions, including its industry-leading customer experience team and claims team (the "Project"). The customer experience center would be Clearcover's first office outside of Chicago. The Project involves the employment of up to 303 individuals at an average salary of \$59,000. The positions have a full benefits package, including medical, dental, vision, and 401k match. Every employee also receives an equity stake in the company. Project roles include customer advocate, claims advocate, underwriters, and team leadership positions. The vast majority of the positions do not require a four-year degree. In addition to the 303 jobs included in the Project, Clearcover anticipates that software engineering positions will be included in the Detroit office as those employees are given the choice of working out of Chicago or Detroit.

Due to the health impacts of the COVID-19 pandemic, Clearcover will immediately begin hiring employees from Metro Detroit to conduct virtual work. When the health crisis has abated, Clearcover will evaluate the timing, scope and location of a physical office. Establishing a physical office is a key goal of the company to further its company culture of collaboration and teamwork.

Clearcover conducted a national search and chose Michigan and Metro Detroit over its final competing site in Indianapolis, Indiana. Establishing an office in downtown Detroit would be significantly more costly than doing so in Indianapolis, due to higher parking fees, property taxes, and labor costs. To entice Clearcover to choose Michigan over Indiana and the other competing states, on August 25, 2020, the Michigan Strategic Fund ("MSF") approved a \$3.5 million Michigan Business Development Program performance-based grant and a \$400,000 Jobs Ready Michigan program performance-based grant for the Project. In addition to the foregoing incentives from the MSF, Clearcover seeks local support for the Project.

The City of Detroit Downtown Development Authority ("DDA") may provide local support for the MSF grants through the DDA's Restated Tax Increment Financing and Development Plan for Development Area No. 1 (the "Plan"). The Plan has established the Housing/Office/Retail Development and Absorption Fund (the "Program") for the purpose of assisting tenants wishing to locate within the Downtown District with costs associated with improving existing office space to accommodate the relocation. Although the Plan establishes certain conditions relating to the size of the spaced leased (less than 100,000 square feet) and the amount of subsidy per square foot (\$1.50) per year, the Plan permits the Board of Directors of the DDA to waive or modify the requirements and guidelines, as individual circumstances warrant. The objectives of the Program are to encourage employment and slow property deterioration in the Downtown District.



Staff recommended that the DDA provide an incentive to entice Clearcover to establish an office location in the Downtown District and hire Detroit residents by providing up to \$750,000 in cash subsidies (the “Cash Grant”) only if Clearcover meets defined milestones related to the size of the office, Detroit resident hiring, and other metrics described in the terms sheet included as Exhibit A (the “Term Sheet”). The Cash Grant would also incentivize Clearcover to hire Detroit residents during the remote work phase of the Project. Clearcover has established a relationship with Detroit at Work and has agreed to employer commitments including implementation of a Staffing Plan, “banning the box,” priority hiring windows for Detroit residents, and participation in Grow Detroit’s Young Talent program. However, Clearcover will not receive any installment of the Cash Grant until it has hired at least 100 full time employees and has occupied an office space in Downtown Detroit with expansion options aggregating at least 30,000 square feet pursuant to a long-term lease having an initial term expiring no sooner than December 31, 2030.

Staff believes that the Term Sheet is consistent with the Program’s objectives and is requesting that the DDA Finance Committee recommend to the DDA Board of Directors that it (i) waive requirements of the Program set forth in the Plan, as authorized by the Plan and specifically as it relates to the size of the spaced leased and the amount of subsidy per square foot per year; (ii) approve the Term Sheet; and (iii) approve the reallocation of funds from other Plan Table 3 line items, as authorized by Section 408.1 of the Plan, should there not be sufficient funds in the H/O/R line item in a given year during the term of this incentive.

Mr. Bringham provided additional information about Clearcover and introduced Ms. Craun who spoke about the customer experience at Clearcover.

Mr. Naglick advised that the DDA Finance Committee reviewed this proposed transaction and recommends approval. He stated that there happens to be an insurance expert, Mr. Hollowell, on the Board and the Finance Committee and asked if he would like to say something.

Mr. Hollowell made a motion for approval of the project, enthusiastically, subject to discussion. Mr. Beatty seconded the motion.

Mr. Jenkins asked for an explanation about the equity part of the deal. Ms. Craun explained that every single employee gets part ownership of the company, so if the company were to be acquired or traded on the stock market, every employee gets benefit because they are a part owner.

Mr. Hollowell added that the Finance Committee delved into this and one of the things that was so exciting was that they have decided to make Detroit a home, which is a great step forward in the tech sector for the City. The second important thing is the statement that it makes about auto insurance and the competitiveness in the auto insurance market.

Subsequent to the discussion, the Board took the following action:

Mr. Hollowell made a motion approving the Housing/Office/Retail Development loan to Clearcover, Inc., as presented. Mr. Beatty seconded the motion. A roll call vote was conducted with the following result:

Ayes: Mr. Beatty, Mr. Crain, Ms. Dean, Mr. Hollowell, Mr. Jenkins, Mr. Massaron, and Mr. Naglick.



Nays: None.
Abstentions: Mr. Ogden
DDA Resolution Code 20-09-93-31 was approved.

ADMINISTRATION

None.

PUBLIC COMMENT

None.

ADJOURNMENT

On a motion by Mr. Hollowell, seconded by Mr. Beatty, Mr. Naglick adjourned the meeting at 3:26 p.m.



CODE DDA 20-09-02-627

APPROVAL OF MINUTES OF JULY 22, 2020

RESOLVED that the minutes of the Regular meeting of July 22, 2020 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Downtown Development Authority.

September 9, 2020



CODE DDA 20-09-03-511

RECEIPT OF TREASURER'S REPORT FOR JUNE 2020

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending June 30, 2020, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

September 9, 2020



CODE DDA 20-09-03-512

RECEIPT OF TREASURER'S REPORT FOR JULY 2020

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period ending July 31, 2020, as presented at this meeting, is hereby in all respects received by the Downtown Development Authority.

September 9, 2020



CODE EDC 20-09-93-31

HOUSING/OFFICE/RETAIL DEVELOPMENT: CLEARCOVER, INC.

WHEREAS, Clearcover, Inc. ("Clearcover") is considering expanding its presence to the City of Detroit to establish a customer experience center to support its business functions and employ up to 303 individuals (the "Project"); and

WHEREAS, the Michigan Strategic Fund approved a \$3.5 million Michigan Business Development Program performance-based grant and a \$400,000 Jobs Ready Michigan program performance-based grant for the Project and Clearcover now seeks local support for the Project; and

WHEREAS, the DDA's Restated Tax Increment Financing and Development Plan for Development Area No. 1 (the "Plan") has established the Housing/Office/Retail Development and Absorption Fund (the "Program") for the purpose of assisting tenants wishing to locate within the Downtown District with costs associated with improving existing office space to accommodate the relocation; and

WHEREAS, although the Plan establishes certain conditions relating to the size of the spaced leased (less than 100,000 square feet) and the amount of subsidy per square foot (\$1.50) per year, the Plan permits the Board of Directors to waive or modify the requirements and guidelines, as individual circumstances warrant; and

WHEREAS, Staff recommends that the DDA provide an incentive to entice Clearcover to establish an office location in the Downtown District and hire Detroit residents by providing up to \$750,000 in cash subsidies only if Clearcover meets defined milestones related to the size of the office, Detroit resident hiring, and other metrics described in the terms sheet attached as Exhibit A (the "Term Sheet"); and

WHEREAS, the DDA Finance Committee has reviewed the terms of the proposed Incentive and has recommended the Board's approval of the Incentive, subject to the Incentive Conditions; and

WHEREAS, the DDA Board of Directors has determined that the establishment of an office presence in the Downtown District for Clearcover employees is consistent with the objectives of the Program, although the terms thereof vary from the guidelines in the Plan, and is otherwise consistent with the DDA's statutory purposes.

NOW, THEREFORE, BE IT RESOLVED, that the DDA Board of Directors hereby (i) waives the requirements of the Program set forth in the Plan, as authorized by the Plan, (ii) approves the Term Sheet, and (iii) approves the reallocation of funds from other Plan Table 3 line items, as authorized by Section 408.1 of the Plan, should there not be sufficient funds in the H/O/R line item in a given year during the term of this incentive.

BE IT FURTHER RESOLVED, that any two Officers, or any one of the Officers and any one of the Authorized Agents or any two of the DDA's Authorized Agents, shall hereafter have the authority to



negotiate and execute an agreement consistent with the terms and conditions outlined in the Term Sheet, together with such other terms and conditions that are determined by such Authorized Agents and/or Officers to be customary or appropriate and not inconsistent with this resolution, and to negotiate and execute all other documents, contracts, or papers, and take all actions, necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DDA.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any officer or authorized agent of the DDA, in the name and on behalf of the DDA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

September 9, 2020



**Project Skylight
Proposed Terms of DDA Parking Subsidy Agreement**

Amount of Subsidy: up to \$750,000

Payment Schedule and Milestones:

Completion Date	Milestone	Subsidy Amount
December 31, 2022	<ul style="list-style-type: none"> • Execute a lease for office space in the Development Area with expansion options aggregating at least 30,000 square feet having an initial term expiring no sooner than December 31, 2030; • Hire and maintain at least 60 FTEs • Employ at least 30 Detroit residents; and • Comply with the Hiring Plan (as defined below) 	None
December 31, 2023	<ul style="list-style-type: none"> • Hire and maintain at least 100 FTEs in the Development Area with an average yearly wage of \$59,000; • Occupy office space in the Development Area with expansion options aggregating at least 30,000 square feet pursuant to a long-term lease having an initial term expiring no sooner than December 31, 2030; • Employ at least 40 Detroit residents • Comply with the Hiring Plan (as defined below) 	\$250,000.00
December 31, 2024	<ul style="list-style-type: none"> • Hire and maintain at least 150 FTEs in the Development Area with an average yearly wage of \$59,000; • Occupy office space in the Development Area with expansion options aggregating at least 30,000 square feet pursuant to a long-term lease having an initial term expiring no sooner than December 31, 2030; • Employ at least 60 Detroit residents; and • Comply with the Hiring Plan (as defined below) 	\$125,000.00
December 31, 2025	<ul style="list-style-type: none"> • Hire and maintain at least 300 FTEs in the Development Area with an average yearly wage of \$59,000; • Occupy office space in the Development Area with expansion options aggregating at least 30,000 square feet pursuant to a long-term lease having an initial term expiring no sooner than December 31, 2030; • Demonstrate an aggregate Capital Investment in the Development Area of at least \$3 Million (as defined below); • Employ at least 120 Detroit residents; and • Comply with the Hiring Plan (as defined below) 	\$375,000.00



The Company shall be required to submit to the DDA an employment certification with respect to the above employment milestones and a copy of the executed lease agreements and other supporting documentation demonstrating the satisfaction of the above milestones. DDA shall have the right to conduct an audit of the Company's relevant books and records in order to confirm the information contained in its annual certification and/or completion of the milestones.

- For any year in which any portion of the required milestone conditions are not met, the Company may notify the DDA that it will defer completion and payment of that milestone to the following year. Such notice shall be provided in writing at least 30 days in advance of the corresponding milestone completion date. For any year in which a milestone is deferred, that milestone and any subsequent milestones shall be deferred accordingly by one year, provided however, subsidy payments for any milestones not completed by December 31, 2027 shall be forfeited. If a deferred milestone is not completed by the following year, the Agreement is terminated.
- For any year in which the required headcount is less than 100%, but 50% or greater than the required level, the Company shall have the option to i) exercise its deferral right described above, or ii) elect to receive the subsidy in an amount reduced by 50% (the "Reduced Subsidy"). All other milestone conditions must be met in order for a Reduced Subsidy to be provided.
- "Capital Investment" is defined as expenditures by the tenant for furniture, fixtures, and equipment placed in service within the Development Area, leasehold improvements, renovations, and any goods or services for the Project that are purchased and capitalized under GAAP, including architect fees, moving costs, and other related expenses.

Payment terms:

DDA shall pay the subsidy for which a certification is received within 60 days of receipt or 60 days following the final resolution of any audit, provided that in any year in which DDA does not receive tax increment revenues in an amount sufficient to pay the subsidy in accordance with the above schedule after payment by the DDA of (i) all bonded indebtedness, incurred before or after the date of the agreement, and (ii) all contractual obligations made prior to the date of the agreement, DDA shall have the right to delay the scheduled payment of the subsidy to the extent of such insufficiency.

Conditions to Effectiveness:

- Approval by the City of Detroit of a Detroit Resident Priority Hiring Plan (the "Hiring Plan")
- Approval of the above terms by the DDA Board of Directors
- Execution by Company and DDA of a mutually agreeable Parking Subsidy Agreement incorporating the above terms.



CLEARCOVER, INC.

By: _____

Its: _____

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

By: _____

Its: _____

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

By: _____

Its: _____