



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: November 15, 2005

TO: Michigan Economic Growth Authority

FROM: Jim Donaldson, Vice President
Business Development *[Signature]*

SUBJECT: Briefing Memo – Cobra Sport, Inc.
Rural MEGA Credit

COMPANY NAME AND ADDRESS:

Cobra Sport, Inc
3029 Prospect Avenue
Cleveland, Ohio 44115

HISTORY OF COMPANY:

Cobra Sport was formed as a holding company in November of 2003 when the owners of Rev! Motorcycles and another investor purchased Cobra Motorcycle Manufacturing as a way of acquiring an existing production facility to manufacture its innovative designs and technology.

Cobra produces premium race-ready mini motocross bikes for youth riders who are serious about competing. Cobra motorcycles have claimed more than 45 national titles since 1993. They are the only producer of off-road motorcycles that are truly 'Made in the U.S.A.'.

PROJECT DESCRIPTION:

Cobra Sport is considering a move of their existing production facility from North Lima, Ohio to the City of Hillsdale, Michigan. The new facility will house all manufacturing, assembly and service, and managerial, sales and engineering operations.

The company will invest \$1.5 million to lease an existing building and move equipment from their North Lima facility.

The total company hopes to create at least 70 jobs within five years. The average weekly wage will be \$479.

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BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 132 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs and adjusted for inflation, would be increased by \$2.07 million (2005 dollars) due to the presence of this facility.

BUT FOR:

The company is also considering staying at their current site in North Lima, Ohio. The current facility is adequate for expansion and would fit their needs for the foreseeable future. This makes the initial hurdle of transition costs most significant since the competition for Hillsdale to expand at their existing site.

OTHER STATE AND LOCAL ASSISTANCE:

The state of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the 70 new hires, or up to \$35,000.

The City of Hillsdale has proposed up to a 12-year P.A. 198 Tax Abatement for personal property moved to the site from the Ohio operation. This abatement has an estimated value of \$20,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent rural employment tax credit for seven years, for up to 70 net new employees.