



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: December 15, 2008
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging
Joshua Hundt, Project Specialist
Portfolio Management & Packaging
SUBJECT: Briefing Memo – Novixus, LLC
High-Technology (High-Wage) MEGA Credit

COMPANY NAME:

Novixus, LLC
43155 W. Nine Mile Road
Novi, MI 48376

HISTORY OF COMPANY:

Novixus, LLC will be the first national global distribution and services center for mail-order and internet fulfillment prescription pharmaceuticals and ancillary medical devices to be located in Michigan. Novixus, LLC was formed by Frank W. Kerr Company which was founded in 1913, and was acquired by its current management in 1951. Its primary focus has been on wholesale prescription fulfillment to local drugstores and national drugstore chains.

Novixus, LLC currently has no employees in Michigan. However, Frank W. Kerr Company currently has 133 employees in Michigan.

PROJECT DESCRIPTION:

Novixus, LLC is considering opening their national distribution and services center in the City of Novi in Oakland County. The center would offer central fill capability for retail pharmacies across the Midwest. Legislation permitting such facilities in Michigan was passed in 2006, and this facility would be the first developed in the state to compete with other facilities nationwide.

The proposed project will fill an existing building that is not being used to capacity. The project will create 45 jobs in the first year and 192 jobs over the next five years paying an average weekly wage of \$1,323. The company will also offer healthcare benefits and pay a portion of the benefit cost. The total capital investment related to this project is expected to be \$3.4 million.

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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, it is estimated that this facility will generate a total of 428 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$6.4 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

The major competing sites for this project are South Dakota and Ohio. In other regions of the country there are existing buildings that contain the necessary equipment for immediate startup and would require minimum investment.

OTHER STATE AND LOCAL ASSISTANCE:

The MEDC has approved training funds for the project. Through our Economic Development Job Training program, the MEDC will provide an employee training grant of up to \$63,750 for the training of at least 85 employees.

Oakland County supports the project and has indicated that it may qualify for job training funds through the local Michigan Works program.

The City of Novi also supports this project by offering expeditious review process and inspection times, the use of City of Novi conference rooms for training purposes, and the ability to post job openings on the city website.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-wage business, with wages that meet or exceed 300% of Federal Minimum Wage, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-wage employment tax credit for seven years for up to 192 net new employees in excess of Frank W. Kerr's four quarter average of 140 full-time employees.