

A new campus gateway at the corner of 11th and Mississippi streets

KU is developing a new entrance to its Lawrence campus to recruit and retain students for the Kansas workforce

SUMMARY

The University of Kansas is transforming the north entrance to campus with an ambitious project to drive student enrollment and economic benefit to Kansas. Located at the intersection of 11th and Mississippi streets in Lawrence, this project will develop a new campus gateway, new multi-use space and upgraded football facilities, all of which will enhance KU's ability to recruit and retain students — who in turn join the Kansas workforce after graduation. KU wishes to apply for the maximum funding available through the University Challenge Grant program.

SECTION 1: PROJECT OVERVIEW

Project context

For years, Kansas has benefited from a dynamic economy with strengths in agriculture and manufacturing, a culture of entrepreneurship and an educated workforce. But in today's rapidly changing world, a talented workforce is no longer something Kansas can take for granted. In fact, given the dizzying pace of technology development and the increasing emphasis on innovation in the modern economy, Kansas must work harder than ever to ensure it has the talented workers the state needs to be competitive.

As a result, the University of Kansas is a crucial asset to the state. As a leading national research university with top-ranked academic programs, KU is uniquely positioned to recruit and retain talented high school graduates – both from Kansas and across the country – to earn their degrees and ultimately join the Kansas workforce.

KU enrolls the highest number of talented Kansas students of any university in the state and does so in high-need industries such as medicine, pharmacy, engineering, architecture and cybersecurity. Additionally, out-of-state students make up 41 percent of KU's enrollment – by far the highest rate of any Kansas university – and one-third of them join the Kansas workforce after graduation.

35 %

KU out-of-state students who join the Kansas workforce after graduation

All of this is to say, *KU is the state's primary talent magnet*. Thus, the best way for Kansas to meet its workforce needs is to empower KU to continue enrolling talented students and advance them through the pipeline to join the Kansas workforce after graduation.

Project description

While KU is successfully fulfilling its crucial role as Kansas' talent magnet, across the nation the student enrollment landscape continues to get increasingly competitive. This is why the University of Kansas must continuously enhance its student enrollment efforts to continue recruiting and retaining talented workers for the Kansas workforce.

Given this reality, KU has launched an ambitious development project to transform the north entrance to campus to prioritize student recruitment and enrollment and create long-term economic benefit to Kansas. This development project, located near the intersection of 11th and Mississippi streets in Lawrence, includes three components:

1. a new campus gateway
2. new multi-use facilities
3. upgrades to KU's football facilities

Below is detail on each of the three project components. While each component individually enhances student enrollment, KU's innovative project addresses all three simultaneously in a way that creates synergies, achieves economy of scale and provides a stronger return on investment and more robust economic benefit for the state than if these components were pursued separately.

1. New campus gateway

For prospective students and parents, the campus visit is crucial – and typically the deciding factor – when selecting a college. This is why it's essential that KU prioritizes the “first impression” and campus tour experience for prospective students.

The northeast corner of campus has long been an entry point for prospective students and parents visiting KU. And with the opening of the new Jayhawk Welcome Center in 2023, this part of campus will become even more important – and more highly trafficked – than ever before.

In recent years, KU has enhanced this part of campus through donor-funded projects, but investment is still needed to create the best possible first impression for guests. This is why our campus gateway project is vital to student recruitment. Specifically, this project will modernize and beautify this part of campus and provide upgrades to roads, sidewalks and outdoor areas to improve the experience for prospective students.

500,000

Prospective students
and guests who visit
KU each year

Related to this, we have begun conversations with the City of Lawrence about the need to enhance City-operated roads and infrastructure surrounding our gateway development. In other words, KU's project is spurring other community improvements.

While we are appealing directly to prospective students and parents with this project, it's worth noting that this new campus gateway will also enhance KU's ability to attract other guests to our alumni association building, student union and our two campus museums. These guests largely come from outside Lawrence – and often outside Kansas – which means new money flowing into the state and benefiting the state economy and workforce. And as we know from experience, every young guest on campus is a potential KU student, and every adult guest is a potential KU parent.

2. New multi-use facilities

The most innovative component of this project is the plan to develop multi-use facilities that can be used throughout the year to generate revenue to support academic programming and student success.

KU has commissioned an economic impact study to analyze potential uses of mixed-use space and will soon select a project developer to help envision how mixed-use facilities will be deployed. That said, we anticipate the project will include convention and event space, which will enable KU to host conventions and events that generate revenue earmarked to support KU's academic programming and student enrollment strategies.

Previous studies by the City of Lawrence and KU demonstrate significant demand for this type of convention and event space on the KU campus. Because there currently doesn't exist suitable large-scale convention and event space in Douglas County, KU's new multi-use facilities will fill a significant market need and be a major draw for out-of-town organizations and guests. In particular, this space will be attractive to organizations that want to gather at KU because of the university's strengths in areas such as cybersecurity, pharmaceutical development and engineering, and also because of the KU Innovation Park, which houses 60 companies on the KU campus.

60

Companies located
in the KU Innovation
Park

In addition to convention and event space, the project will potentially include a mix of arts and entertainment, dining and overnight lodging. The exact mix will depend on developer interest and other factors, though we are confident various private-sector partners will want to be part of this development. For example, KU currently is in discussions with a regional healthcare provider that has expressed interest in establishing a facility at our project site. Again, each potential use will generate revenue that KU will use to bolster academic programming and student enrollment strategies.

3. Upgrades to KU football facilities

This project will provide desperately needed upgrades to KU's football facilities. This includes enhancements to the Anderson Family Football Complex and David Booth Kansas Memorial Stadium – one of the nation's oldest football venues – to create a world-class experience for fans while providing KU's football program the facilities it needs as a member of a major athletics conference.

Upgrades to KU's football facilities will benefit the state workforce in multiple ways:

- First, stadium enhancements will strengthen KU's status in the Big 12 Conference — a status that generates \$192 million and 2,600 jobs for the Kansas economy. While we believe the Big 12 currently is strong and stable, the past two years of NCAA athletics conference realignment have taught us that universities can no longer take for granted their conference membership. Given this, KU must do everything it can to strengthen its position in the ever-changing college athletics landscape by elevating its football student-athlete amenities and updating its antiquated stadium.

\$192M

Annual benefit to
Kansas from KU
being in the Big 12
Conference

- Second, football facility improvements will enhance student recruitment. The reality is, a successful football program and membership in a Power Five athletics conference is directly tied to KU's national profile and ability to recruit students from across the nation. Significant research suggests athletics is the “front porch” to the university among students deciding where to pursue their academic careers. Thus, KU's membership in the Big 12 is crucial to the university's ability to recruit students, especially from out-of-state markets. More than 41 percent of KU students come from outside Kansas, and one-third of them join the Kansas workforce after graduation. This talent pipeline would become damaged if KU were to fall out of a major conference.
- Third, enhancements to KU's football facilities will bring more fans to KU games, which in turn will drive economic activity in the state. The truth is, KU's stadium lacks the modern amenities fans expect in today's entertainment environment — especially when compared to Missouri-based competitor venues such as Kauffman Stadium, Arrowhead Stadium and T-Mobile Center. As a result, separate from the quality of the football team, the quality of the Memorial Stadium has limited KU's ability to attract fans for gamedays. By improving the stadium and drawing more attendees, this project will result in more entertainment dollars being spent in Kansas.

This project will address stadium shortcomings with upgrades to the in-game experience, including redesigned seating with improved sightlines, comfort and proximity to the field; expanded concessions, restrooms and accessible seating; improved concourse circulation; and new premium amenities such as club seats, loge seats and suites.

Importantly, stadium design will include multi-use spaces to augment convention and conference facilities described earlier in this document, which will produce revenue to support academic pursuits that drive student enrollment.

Economic, employment and fiscal impact

KU has partnered with Hunden Strategic Partners, a national firm with experience in large development projects, to do a feasibility study and forecast economic benefits of KU's plan.

The proposed mixed-use development, including a new convention center, hotel, restaurants, retail, office and student housing, is projected to amount to \$2.4 billion in direct, indirect and induced spending and \$1.4 billion in direct, indirect and induced earnings while supporting 720 jobs. State sales taxes are estimated at \$100 million over 30 years, and state personal income taxes are estimated at \$48 million over this period. Employment and fiscal impacts from the construction of the mixed-use development would create an additional 670 temporary jobs, \$2.2 million in state sales tax and \$2.4 million in state personal income tax. Though the size and mix of uses may change due to further market analysis and developer interest, any addition of these elements will be significant in adding value to the project, as well as the local and state economy.

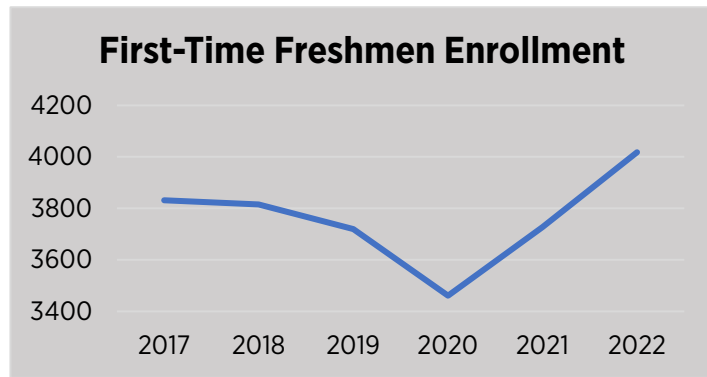
The stadium is projected to generate nearly \$2 billion in direct, indirect and induced spending over 30 years. This spending is anticipated to generate \$447 million in direct, indirect and induced earnings over this time, supporting more than 240 jobs. Fiscal impacts projected to be generated by the stadium equate to more than \$80 million in state sales tax and \$14 million in state personal income tax over 30 years.

Construction of the enhanced stadium would also generate significant impacts for the state, generating over 2,600 temporary jobs with over \$8 million in estimated state sales tax and over \$9 million in state personal income tax.

Project need and COVID impacts

As articulated above, this project enables KU to pursue opportunities and address critical needs, including some created by the pandemic.

For example, in fall 2020, KU saw a 7 percent dip in freshman enrollment due to the pandemic. Though our freshman class rebounded to normal levels in 2021, the 2020 class “stays in our system” until these freshmen graduate — which in effect amounts to a four-year enrollment hit for KU.



Additionally, the pandemic ushered in a new era of online learning that threatens the traditional in-person university model. On top of this, the nation’s labor shortage and rising wages have resulted in many individuals forgoing education to join the workforce. Again, this is why student recruitment and retention efforts such as this 11th and Mississippi project are crucial to the state economy and workforce.

How project success will be measured

KU takes seriously its role as a steward of public funds and its mission to serve Kansas. In evaluating how it fulfills this role and mission, KU will look to the following metrics:

- Student recruitment rates
- Student retention rates
- Student graduation rates
- Prospective student and family feedback
- Revenue generated by new mixed-use space to support academic programming
- KU football student-athlete recruiting success
- KU football game attendance
- Economic impact to Kansas as measured by tax revenues, jobs created, etc.

SECTIONS 2 AND 3: PROJECT SUSTAINABILITY AND PROJECT BUDGET

The total cost of this project is estimated to be \$335 million. Construction costs of \$252 million make up the bulk of this budget.

Sources of funds for this project include:

- \$50 million of funds requested in this application
- \$35 million in ARPA funds appropriated to KU by the 2022 Legislature
- \$250 million private funding from a combination of the following (all of which count toward the University Challenge Grant’s required 3-to-1 match ratio)
 - private donations

- development opportunities on the site
- bonding debt serviced with revenues generated by the stadium

KU will not use tuition funds or State General Funds for this project.

For the mixed-use development, preliminary market findings support the additional development of \$85 million of retail, restaurant, office, student housing and hotel facilities, funding of which will in large part come from private investment.

4. PROJECT TIMELINE

KU has already begun the planning phases of the project and will have no problem meeting the September 2026 project completion deadline established in the University Challenge Grant criteria.

In October, KU selected HNTB, a global leader in multi-purpose entertainment venue design, as the lead architect, in partnership with Lawrence-based Multistudio. KU has also retained Nations Group, a national owner's representative firm specializing in university athletics venues and mixed-use facilities, as well as Hunden Strategic Partners. The firms are working with KU daily to develop more specific plans, timelines and cost estimates.

The shovels-in-ground portion of the project will begin with renovations to Anderson Family Football Complex, as well as site preparation work related to storm water, sanitation, Wi-Fi availability and electrical system upgrades, in the first half of 2023. The exact completion date will depend on various factors, including donor interest, private developer engagement and supply chain issues.

5. LETTER OF CERTIFICATION OF PRIVATE MONEYS FOR REQUIRED MATCH



December 6, 2022

Lieutenant Governor and Secretary
of Commerce
David Toland
Charles Curtis State Office Building
1000 SW Jackson Street, Suite 100
Topeka, KS 66612

Dear Secretary Toland,

On behalf of the University of Kansas, I write today to provide formal certification of the private resources necessary to meet the required match (*\$3 of private moneys to \$1 of state moneys*) for the Department of Commerce's University Challenge Grants program for fiscal 2023.

Though the University Challenge Grants program extends an initial maximum award of \$25 million to eligible state educational institutions, in the event that a second round of awards is possible from remaining funds, The Kansas University Endowment Association, itself a Kansas nonprofit corporation established in 1891, has provided a backstop guarantee of up to \$150 million which is sufficient for up to \$50 million in state matching funds in support of the grant application by the University of Kansas.

The KU Endowment Association Board of Trustees Executive Committee approved a backstop guarantee of up to \$150 million in private moneys should KU's application be awarded funding by the Department of Commerce with up to \$50 million in matching support. This action was fully executed on November 28, 2022, and this letter officially certifies the action taken by the Association's Trustees and our commitment to supporting this initiative with the combined resources provided through fundraising and the full complement of other private moneys made available for the project.

Please let me know how I can be of assistance to you and this effort going forward.

Sincerely,

A handwritten signature in blue ink that reads 'Daniel J. Martin'.

Daniel J. Martin, President
KU Endowment Association

DJD:

cc: Douglas A. Girod, MD, Chancellor

KU Endowment
P.O. Box 928
Lawrence, KS 66044-0928

Phone: 785-832-7400
www.kuendowment.org

6. INDUSTRY PARTNERS LETTERS OF SUPPORT



30 W. Pershing Road
Suite 200
Kansas City, MO 64108
816.221.2121
fax: 816.842.2865

THINK.COM

November 28, 2022

Lieutenant Governor & Secretary of Commerce David Toland
Kansas Department of Commerce
1000 SW Jackson, Suite 100
Topeka, KS 66612

Dear Lieutenant Governor & Secretary of Commerce Toland:

As a business-led civic organization representing the Kansas City region, we are writing to provide our full endorsement and support of the University of Kansas' funding application for its **11th and Mississippi Project**. This development project provides a unique opportunity for KU to spur economic growth that will benefit the region's businesses, talent and families for generations to come.

Under the leadership of Chancellor Douglas Girod, the university has prioritized its efforts to train talent for Kansas and employers across the KC region. Given this focus, we are confident KU will pursue this project in a way that prioritizes the economic benefit to Kansas and the region.

KU recruits and retains talented students who join the regional workforce upon graduation, and revenues generated from this project will enhance KU's student recruitment and retention efforts. These additional talent attraction efforts support the region's overall ability to provide a robust and skilled workforce for companies growing within the market, as well as companies selecting Kansas and the region to locate.

In addition, this project strengthens KU's position as a Power Five athletics conference member. The Big 12 Conference provides tremendous benefit to KU, the State of Kansas and the KC region, and the university's investment in facilities to compete in a major athletics conference for years to come will also benefit our region's visibility on a national level. The facilities, event venues and conference spaces created through the 11th and Mississippi Project will provide amenities to support companies seeking unique employee engagement opportunities, as well as host out-of-town guests for unique experiences.

This project is consistent with KU's ongoing commitment to economic growth. On behalf of our leading regional business organization, I strongly urge you to consider awarding the University of Kansas funding for its 11th and Mississippi Project. Please let me know if I can answer any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Cowden".

Tim Cowden
President & CEO
Kansas City Area Development Council



December 2, 2022

Dear Lt. Governor and Secretary of Commerce Toland:

The Kansas Chamber wishes to endorse the University of Kansas' funding application for its campus gateway project. This transformational project presents a unique opportunity for KU to spur economic growth in a way that benefits Kansas businesses, workers and families for years to come. For this reason, the Chamber asks that you view KU's application favorably.

Specifically, the Chamber believes KU's project deserves support for the following reasons:

This project will attract guests from across the Midwest and nation

By creating conference and event facilities, as well as space for large entertainment events such as shows and concerts, KU's project will attract guests from outside Kansas — which translates to new, out-of-state dollars being spent in our communities. Multiple industry surveys demonstrate there is a strong demand for this type of facility in the region.

This project enables KU to strengthen the Kansas workforce

As a leading national university with top-ranked academic programs, KU is uniquely able to retain and recruit talented high school graduates — from Kansas and from other states — most of whom join the Kansas workforce after graduation. Because revenues generated from this project will be used to enhance KU's student recruitment and retention efforts, this project in turn translates to more workers for Kansas companies.

This project has a sustainable funding model and a large ROI for taxpayers

This project envisions various funding streams, including philanthropy, revenues from commercial development on the new site, and Kansas Athletics ticket sales. In other words, an initial outlay of public dollars through the University Challenge Grant will produce many more dollars in non-public funding and a sustainable financial model for the project.

This project strengthens KU's as a Power Five athletics conference member

Membership in the Big 12 Conference provides tremendous economic benefit to KU and the state. While the Big 12 is strong, the past few years have taught us that conference membership can change overnight. This project would ensure KU has the football facilities it needs to maintain its membership in a major athletics conference for years to come.

This project is consistent with KU's commitment to economic growth

Under the leadership of Chancellor Girod, the university has prioritized efforts to train workers for Kansas employers, create startup companies, and partner with Kansas companies on research. Given this focus, we are confident KU will pursue this project in a way that prioritizes the economic benefit to Kansas.

Again, the Chamber endorses KU's project, and we encourage you to support the university's funding application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan Cobb'.

Alan Cobb
President & CEO



December 5, 2022

Dear Secretary Toland,

On behalf of The Chamber, Lawrence, I am writing in support of the University of Kansas' campus gateway project near the intersection of 11th and Mississippi streets. This exciting project is a once-in-a-generation opportunity to drive economic growth, elevate the visibility of the state and enhance the quality of life for Kansans. For these reasons, The Chamber fully supports KU's application for funding through the University Challenge Grant program.

In particular, we are excited by the three core components of this project and how they will benefit the regional economy:

A new campus gateway

With out-of-state students comprising 40 percent of its enrollment, KU is the state's premier talent magnet — so anything we can do to help KU recruit students ultimately benefits our state. At The Chamber, we know how essential and important the "first campus visit" is to prospective students. This 11th and Mississippi project ensures KU can put its best foot forward to these prospective Jayhawks and ensure they choose to attend school – and live – in Kansas.

New multi-use facilities

This part of the project will provide Lawrence with conference and event space that currently doesn't exist between Kansas City and Topeka. These facilities will make Lawrence an attractive destination for all sorts of large conferences and events, which will produce tremendous travel- and tourism-related expenditures while creating jobs and businesses to support this activity. The Chamber believes there is tremendous demand for this type of conference-hosting capacity in our city.

Upgrades to KU's football facilities

Football weekends are the most prolific weekends of the year for Lawrence retailers, restaurants, hotels and related businesses. When KU football was at its best in 2008-09, so was the Lawrence economy. With renewed interest in KU football this year, we have again seen a spike in economic activity. But given ongoing shifts to NCAA conferences and today's competitive entertainment market, KU's sadly, antiquated football facilities are no longer suited

718 New Hampshire St., Lawrence, KS 66044 PH 785.865.4411
LawrenceChamber.com EDCLawrence.com

THE UNIVERSITY OF KANSAS || 11th and Mississippi Project

to provide sustained on-the-field excellence or a comfortable in-person fan experience. This project will simultaneously address both of these concerns by providing desperately needed upgrades to KU football facilities.

Other factors

From a timing perspective, this KU project aligns well with Panasonic's decision to locate a \$4 billion facility in nearby De Soto. The Panasonic project will create 4,000 new jobs, which means there is a tremendous opportunity for Lawrence to provide enhanced retail, entertainment, conference and event opportunities to serve a growing workforce. KU's project embraces this opportunity and would create strong synergies with the Panasonic project.

Finally, it should be noted that under the leadership of Chancellor Douglas Girod, the university has consistently prioritized economic development and regional partnerships. Of particular note is the KU Innovation Park – now home to more than 60 companies thanks to a remarkable partnership between the university, the City of Lawrence and other partners. Given the success of this partnership, The Chamber is confident KU will pursue its 11th and Mississippi project in a way that maximizes the economic benefit to our state.

In closing, The Chamber encourages you to support this ambitious and important KU project through the University Challenge Grant program.

Sincerely,

A handwritten signature in blue ink that reads "Bonnie Lowe".

Bonnie Lowe, IOM
President and CEO
The Chamber, Lawrence, KS

7. LETTER OF APPLICATION APPROVAL BY THE CHIEF EXECUTIVE



FROM: Douglas A. Girod, Chancellor of the University of Kansas
TO: David Toland, Secretary of the Kansas Department of Commerce
DATE: December 1, 2022

Secretary Toland,

I am writing to express my full support of this funding application for the University of Kansas' campus gateway project through your department's University Challenge Grant program. As articulated in this application, KU's project represents a once-in-generation opportunity to strengthen KU as the state's primary talent magnet and enhance KU's ability to produce talented graduates the Kansas workforce.

Located at the intersection of 11th and Mississippi streets in Lawrence, this project consists of three core components: a new campus gateway, new multi-use space and upgraded football facilities. As is described in this application, each of these components directly benefit KU's ability to recruit and retain students who in turn join the Kansas workforce after graduation.

KU wishes to apply for the maximum amount of funding available through the University Challenge Grant program, and the university is confident it can meet the program's criteria, including the completion deadline and 3-to-1 private-to-public match requirement. As described in this application, KU has already identified significant private funding for this project through various sources, including the university's fundraising organization, KU Endowment. The university does not intend to use tuition dollars or State General Funding dollars for this project.

In short, this development project is as important and impactful an initiative as we've pursued in my time at KU. If executed to its full potential, this project is a special opportunity for KU and the State together to recruit and retain talent for the Kansas workforce while also creating jobs, elevating the visibility of Kansas and enhancing the quality of life for Kansans for years to come.

Thank you for accepting and considering our application.

Respectfully,

A handwritten signature in dark ink, appearing to read "Douglas A. Girod". The signature is fluid and cursive, with the first name "Douglas" being more prominent.

Douglas A. Girod
Chancellor
University of Kansas