



Twenty Years of
Investing in a
Stronger, More
Inclusive New York





Letter from Our Founder

In the mid-1990s, economic activity in New York City was dominated by the “FIRE” sectors, or finance, insurance and real estate, and highly concentrated in Midtown and the Financial District. Job growth was sluggish. I decided that the business community needed to take action to diversify the economy and stimulate job growth across the five boroughs. After conversations with David Rockefeller, Jerry Speyer, Dick Beattie and other friends who cared deeply about the city’s future, we founded a civic investment fund under the auspices of the Partnership for New York City.

For the past 20 years, the Partnership Fund for New York City has played a critical role in transforming the city’s economy, making it more entrepreneurial, more inclusive of diverse communities and populations, and seeding growth of new industries. Our investors each contributed \$1 million to capitalize an evergreen fund. We built a network of expert volunteers who give their time and expertise to support a rich portfolio of companies, nonprofit organizations and public-private partnerships.

When we launched the Fund, there were no models for us to emulate. Our challenge was to find opportunities where a small investment and expert support would have a large multiplier effect on the local economy. Our success is demonstrated by the instrumental role the Fund has played in developing the city’s entrepreneurial high-tech sector, Brooklyn’s emergence as the city’s fastest growing borough economy, the creation of new industry clusters in fintech, health tech and life sciences, and advancing a number of public-private partnerships that have spurred job creation and economic growth in disadvantaged communities throughout the city.

While the impact speaks for itself, the real testament to our success is an enduring network of business leaders and industry experts, entrepreneurs and venture capitalists that have coalesced around our shared goal of building a vibrant, inclusive economy for the 21st century.

Henry Kravis Founding Chairman

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\$160M

invested

39,000

direct and indirect jobs induced

68%

of jobs spurred in low-income neighborhoods
or with companies that service low-income New Yorkers

\$70M

invested in nonprofits and minority
and women-owned businesses

Executive Summary

Over the past 20 years, the Partnership Fund has been committed to creating jobs, providing opportunities for underserved New Yorkers and diversifying the city's economy. We achieved these outcomes while realizing positive returns:

- We have invested in excess of \$160 million
- Our investments have spurred the creation of over 39,000 direct and indirect jobs
- 68 percent of jobs facilitated have been in low-income neighborhoods or with companies that serve low-income New Yorkers
- Over \$70 million has been invested in nonprofits and minority and women-owned business enterprises (MWBES)

We also have been able to tap into the expertise of New York's business and investment communities. Hundreds of business leaders devote their time annually to the Fund's sector advisory boards, investment evaluation teams and as judges and mentors for the Fund's programs. Board members, the legal community, and business leaders have committed thousands of hours to evaluating and nurturing businesses and nonprofits for the Fund.

As the innovation economy continues to upend traditional business models and invent new industries, we will continue to adapt to drive innovation and open access to the most promising opportunities for underserved populations by including them in the solutions. Our recent investment in American Prison Data Systems, which creates better outcomes for those who have been incarcerated through individualized education and rehabilitation, reflects our trajectory.

Our success has been driven by the unparalleled engagement of New York's business leaders, positioning the Fund to track and influence new developments that will have an outsize impact on the city's economy. We will continue to tap into the best minds in the private sector to determine where we go next. If we can duplicate our success of the past 20 years, we will help make New York's economy even more resilient and accessible than ever.

Chip Kaye & Tarek Sherif Co-Chairs

Maria Gotsch President & CEO

Strategy & Impact

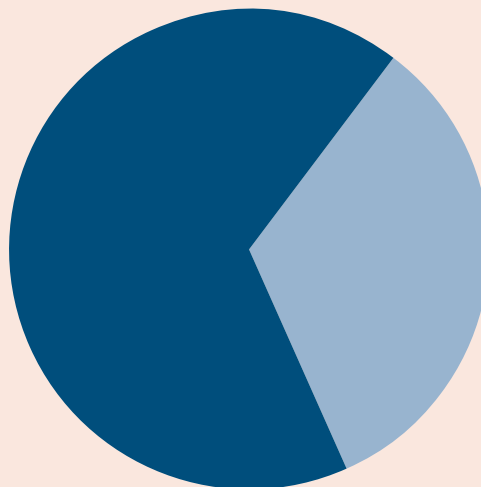
We bring capital and expertise to sectors that can build on New York City's strengths and to companies that enhance the city's social fabric.

INVESTMENTS BY STRATEGY

67%

Expand Opportunities

Support businesses that benefit and employ underserved populations and partner with government by providing private sector resources for initiatives that systemically improve the city.



33%

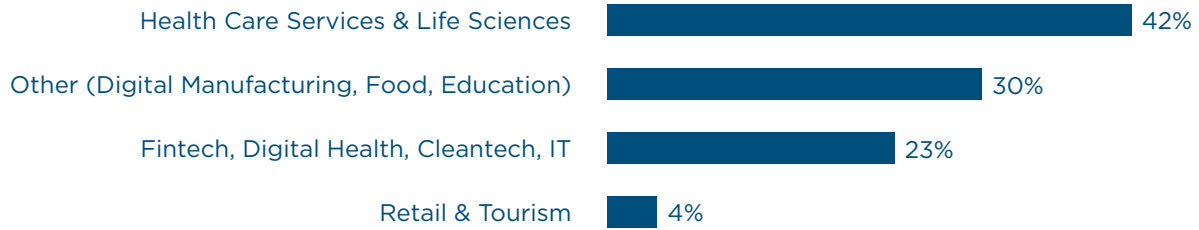
Catalyze Growth

Position the city's economy for the future by seeding growth in emerging tech sectors, including financial technology, digital health, life sciences and advanced manufacturing to diversify New York City's economy and retain its global competitive edge.

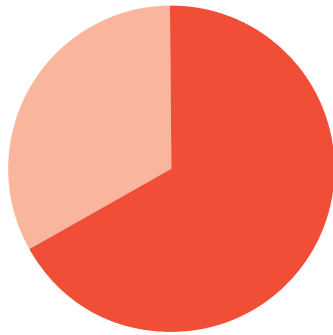
We have raised \$130 million and have invested over \$160 million.

As an evergreen fund, the positive returns on those investments have enabled the Fund to redeploy gains on projects in communities across the city.

INVESTMENTS BY SECTOR



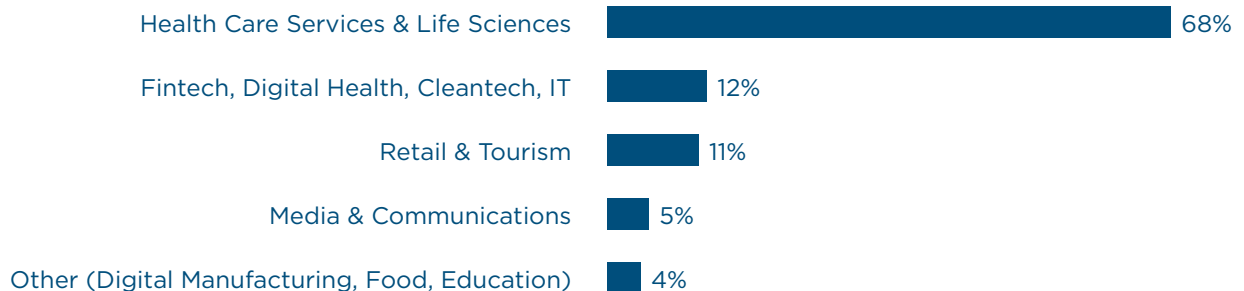
Our investments have helped create over 22,000 direct jobs and an additional 17,000 indirect jobs.



68%

of jobs spurred in low-income neighborhoods or with companies that service low-income New Yorkers.

JOB CREATION BY SECTOR

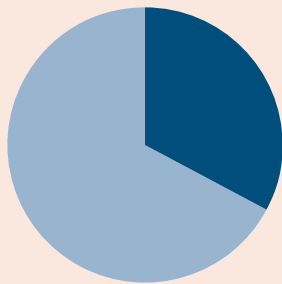




Expanding Opportunity

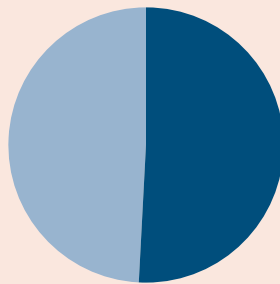
Many of our investments are targeted at improving economic opportunities for all New Yorkers. By providing access to capital and through public-private partnerships, we help reduce barriers to success in underserved communities.

OUR INVESTMENTS



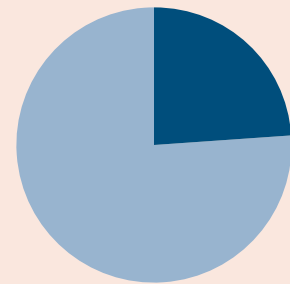
33%

Minority and women-owned
businesses



51%

Outside Manhattan's central
business districts



24%

Nonprofits

**We have invested over \$70 million
in nonprofits and minority and
women-owned businesses.**

Case Studies

Citi Bike

The Fund provided a \$5 million loan to support the expansion of the city's bicycle sharing program and enhance transportation options in economically distressed neighborhoods. Funds provided by the Partnership were deployed in 17 neighborhoods in Brooklyn and Upper Manhattan and included stations at four NYC Housing Authority properties. In May 2017, Citi Bike repaid its loan.

Project Team Members

Kurt Chauviere, John Gwin and Daniel Singer, McKinsey & Company; Tom Kuhn, Doorbrook LLC. Pro bono legal assistance provided by Wachtell, Lipton, Rosen & Katz.

Trey Whitfield School

In November 2003, the Fund invested \$1.6 million in Trey Whitfield School, a nonprofit, private, faith-based school in East New York, Brooklyn. The Fund's loan enabled the school to move from prefabricated buildings into a renovated 60,000 square foot community facility. The Trey Whitfield School provides a high-quality elementary education to a population of primarily low-income, minority children who go on to score above average on state and standardized tests. In February 2015, Trey Whitfield School refinanced its existing debt and repaid the Fund's loan.

Project Team Members

Guy Metcalfe, Morgan Stanley. Pro bono legal assistance provided by Shearman & Sterling LLP.

Grameen America

Grameen America is a nonprofit microfinance organization that provides business loans to women living in poverty. The organization expands a successful model from Bangladesh for helping women get out of poverty. Grameen augments these loans to borrowers that traditional financial institutions consider high risk with services such as training, savings and support groups.

The Fund's \$3 million loan supported Grameen's first U.S. operations in New York City, which have created 48 local jobs and disbursed over \$382 million in microloans to low-income women. The organization now has 19 branches nationally and is growing to meet the needs of 43 million women across the country living in poverty. The Fund's loan was repaid in July 2017.

Project Team Members

Mark Aaron, Tiffany & Co.; Marianne Brown, SunGard; Terri Ludwig, Enterprise Community Partners; Jim Wohn, Capital One Bank. Pro bono legal assistance provided by Weil, Gotshal & Manges LLP.

Greenpoint Manufacturing and Design Center

Greenpoint Manufacturing and Design Center (GMDC) is a nonprofit that develops and manages industrial real estate to provide affordable space for small firms. To date, GMDC has successfully redeveloped seven projects in Brooklyn, housing 110 businesses and 600 employees. The Fund has extended loans to four GMDC projects, including its latest \$41 million manufacturing center in Ozone Park, Queens, which will host 15 to 20 firms and create up to 80 new jobs.

Project Team Members

Leo Argiris, Arup; Christine Nevin, ConEdison; Robert Stillman, CBRE. Pro bono legal assistance provided by King & Spalding LLP and Kirkland & Ellis LLP.

Grameen America



Citi Bike



GMDC



Trey Whitfield School



Expanding Opportunity

Diversifying the Local Economy

To catalyze economic development and the growth of new sectors, we target emerging industries that can benefit from the Fund's access to capital and business expertise. We have helped energize nascent industries by deploying the resources of corporate leaders to support entrepreneurship where there is otherwise relatively little private sector activity.

In the early years of the Fund, we co-invested alongside venture capitalists as the tech sector was expanding in New York. At the time, there was relatively little venture capital flowing into New York City-based companies and our dollars were often critical to getting a deal done. Now that New York City is home to the second largest tech sector in the United States, we are able to focus on the subsectors that build on the city's existing assets in academia, finance and health care. A flexible strategy that allocates our resources to where there is a need for private sector expertise and a gap in entrepreneurship is critical to our mission of diversifying the economy.

PARTNERSHIP FUND VS. NEW YORK CITY VC INVESTMENTS (2008-2017)

- Digital Health, Life Sciences & Health Care Services
- Media & Communications
- Fintech
- Education
- Cleantech
- Other (IT, Food, Electronics, etc.)

Partnership Fund Investments



New York City VC Investments



Life Sciences

The Fund has committed \$40 million to New York City's life sciences and health care sectors at a time when the industry is poised for significant growth. Life sciences has the potential to generate an estimated 18,000 to 25,000 new, well-paying jobs and \$2.2 billion to \$3.1 billion in economic activity over the next few years. Our work has been critical to catalyzing each of the industry's three phases.

Addressing the Real Estate Need

The Fund's 2001 market study demonstrated the need for affordable workspace to meet the unique needs of biotech companies. As a result, the Fund partnered with the city and state to create the Alexandria Center for Life Science, providing over 1 million square feet of commercial laboratory space for pharmaceutical and biotechnology firms.

Engaging Academia

In 2009, the Partnership Fund established the BioAccelerate Program to fill the gap in proof-of-concept funding for research at the area's academic institutions and increase commercial bioscience spinouts at a time when most venture capitalists were focused on funding later stage businesses. Over five years, the Fund deployed \$5 million. Academia soon internalized this model, raising another \$70 million to fund proof-of-concept work as a first step toward commercializing academic research.

Making the Case for Public Sector Investment

In response to the Fund's 2016 study highlighting the potential for growth in New York's life sciences industry, New York City and state have committed \$1.1 billion to make life sciences New York's next big commercial sector.

2.1 MILLION SQUARE FEET OF LIFE SCIENCES SPACE IN NEW YORK CITY BY 2019



THE PARTNERSHIP FUND PARTICIPATED IN 27% OF ALL FINANCINGS IN DOWNSTATE LIFE SCIENCES DEALS BETWEEN 2005 AND 2017

Year	Percent of deals financed by the Fund
2005	8.3%
2006	10.0%
2007	25.0%
2008	14.3%
2009	10.0%
2010	80.0%
2011	66.7%
2012	31.3%
2013	20.0%
2014	35.0%
2015	33.3%
2016	19.2%
2017	8.3%
Total	26.9%

BIOACCELERATE PROGRAM WINNERS BY INSTITUTION

Columbia University	5
NYU School of Medicine	4
Mount Sinai School of Medicine	3
Weill Cornell Medicine	2
Albert Einstein College of Medicine	2
Memorial Sloan Kettering Cancer Center	1
Hospital for Special Surgery	1
CUNY	1
Polytechnic	1

Case Studies

New Lab

The Fund provided New Lab with a \$7.5 million loan to execute its plan to repurpose an old machine shop at the Brooklyn Navy Yard into an 84,000-square foot multidisciplinary design, prototyping and advanced manufacturing space that supports high technology companies in a collaborative environment. New Lab opened in June 2016 and currently has 99 tenants with more than 500 employees.

Project Team Members

Barry Gosin, Newmark Grubb Knight Frank; Michael Hulbert, Estée Lauder; Steven Jureller, Cauldwell Wingate; Whitten Morris, Newmark Grubb Knight Frank. Pro bono legal assistance provided by Kirkland & Ellis LLP.



New Lab





Diversifying the Local Economy

Intra-Cellular Therapies

Intra-Cellular Therapies is a woman-led, biotechnology company focused on the development of drugs for schizophrenia, depression, Parkinson's and Alzheimer's diseases. The Fund made four early-stage equity investments from 2006 to 2013, totaling \$2.3 million, as part of its commitment to building New York City's life sciences industry. The company went public in 2014.

Project Team Members

David Caluori, Welsh, Carson, Anderson & Stowe;
Carol Marino, Johnson & Johnson Development Corporation; Mark Simon



Programs

New York is home to 54 Fortune 500 headquarters across several industries. It is also a city where technology is experiencing rapid growth—technology jobs are growing nearly twice as fast as the city’s overall economy. As a result, New York City is a natural incubator for the convergence of traditional and new economies.

Each of the Fund’s programs engages corporate partners to refine emerging technologies, creating a symbiotic relationship that provides entrepreneurs with access to a concentration of enterprise customers and provides large companies with cutting-edge technologies.

FinTech Innovation Lab

Launched in partnership with Accenture in 2010, the FinTech Innovation Lab is an annual program for seed- and growth-stage companies with cutting-edge enterprise technologies targeted at financial institutions and insurance providers.

Participating fintech companies receive mentoring and product feedback from senior executives at leading financial and insurance institutions to take their technology from a nice-to-have-widget to a business necessity. The Fund has invested approximately \$5 million in program alumni.

BY THE NUMBERS

Our alumni are growing New York’s fintech sector.

\$650M+

raised by alumni

47

alumni

900+

jobs created

04

companies acquired

170

pilots completed

New York Digital Health Innovation Lab

Launched in partnership with the New York eHealth Collaborative in 2012, the New York Digital Health Innovation Lab is an annual program for growth-stage companies that have developed ground-breaking technologies for health care organizations.

Participating companies gain access to our unique network of leading health care providers for product feedback and beta testing of their technologies, as well as potential partnerships.

BY THE NUMBERS

Collaborating with health care companies builds on New York’s assets to grow the digital health sector.

\$320M+

raised by alumni

27

alumni

390+

jobs created

03

companies acquired

50

pilots completed

FinTech Innovation Lab



New York Digital Health Innovation Lab



NYCSeed

Starting in 2008, NYCSeed invested \$3.7 million in 32 early-stage companies and three SeedStart incubator programs that graduated 22 companies and provided mentorship from notable entrepreneurs, technologists and venture capitalists. As one of the first seed funding initiatives focused exclusively on New York City-based companies, NYCSeed played an important role at a critical time when there was otherwise limited capital available for early-stage companies due

to the financial crisis of 2008. By 2013, NYCSeed shifted to addressing the gap in enterprise tech, one of the first to invest heavily in the sector.

As a public-private partnership between the Partnership Fund for New York City, Empire State Development, Polytechnic Institute of NYU and ITAC, NYCSeed was also one of the first programs to connect entrepreneurs with academia, a proven model that is now institutionalized at major universities.

BY THE NUMBERS

A public-private partnership for New York’s early-stage companies, incubator programs and enterprise tech.

\$750M+

raised by portfolio companies

32

portfolio companies

740+

jobs created

09

exits including Enterpoid to Google, Olapic to Monotype and Ticketfly to Pandora

Board of Directors

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Morgan Stanley & Co.

National Grid New York

**New York Life
Insurance Company**

Pfizer

Lionel I. Pincus

Primedia

R.J. Reynolds

The Reader's Digest Association

Joseph H. Reich

Julian Robertson

David Rockefeller

Susan and Elihu Rose Foundation

Rudin Family

Simpson Thacher & Bartlett

Sovereign Bank

Jerry I. Speyer

Thomson Reuters

TIAA

Tiffany & Company

Time Warner

UBS

Verizon Communications

Viacom

Vivendi

Wachtell, Lipton, Rosen & Katz

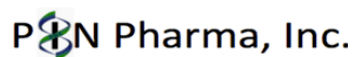
The Walt Disney Company

Albert Waxman

Portfolio Companies



KINGS COUNTY DISTILLERY
NEW YORK CITY'S OLDEST WHISKEY DISTILLERY



APDS



Brooklyn Historical Society



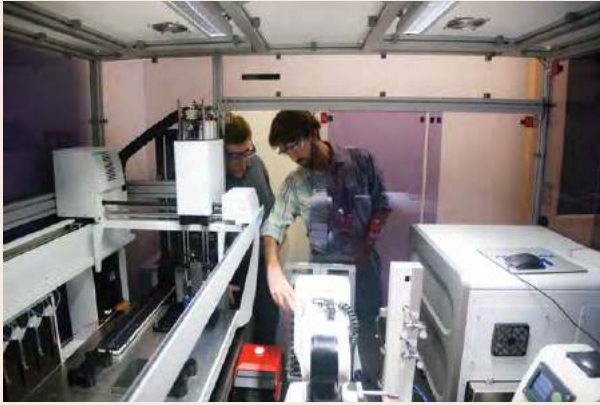
Kasisto



Kings County Distillery



Lodo Therapeutics



Red Rabbit





PARTNERSHIP FUND
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