



Citi and Enterprise Community Loan Fund team up with Next Street

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According to Citi Community Capital and Enterprise Community Loan Fund, they are investing a combined \$30 million in the new Next Street Opportunity Fund aimed at igniting small business growth and hiring in the city and in Boston. The investing partners view the new fund as a prototype for potential expansion and roll-out to other cities.

The initiative combines growth financing with the sophisticated expertise business owners need to expand in a tough environment.

Next Street delivers financing and strategic advice to companies with annual revenues of \$5 million to \$60 million that are already significant employers in urban markets. The Opportunity Fund will support business owners in low- and moderate-income communities with strategic planning, organizational development and marketing services. Using the firm's advisory services is a requirement for access to the fund.

In September of 2011, Citi unveiled a commitment of \$24 billion in lending over three years: \$7 billion in 2011, \$8 billion in 2012 and \$9 billion in 2013. In January of 2012, Citi revealed it had surpassed its 2011 commitment by over \$900 million, for a total of \$7.9 billion. Citi selected Next Street for the firm's unique track record in helping small companies grow.

Data from the Boston-based research organization Initiative for a Competitive Inner City show that the most successful urban CEOs have powerful ties to their communities. Preserving local ownership and expanding job growth are objectives for the fund.

The local nature of the fund was one of many reasons Enterprise found the fund attractive.

"Management expertise is as critical as capital in getting a company to the next level," said Next Street president Ronald Walker, II. "We're bringing a Fortune 500 skill-set to urban small business."

"We are proud to invest in the Next Street Opportunity Fund and show our deep commitment to supporting small businesses," said Vikram Pandit, Chief Executive Officer of Citigroup. "Helping small companies grow and create jobs strengthens our communities and is critical to the economic recovery. Partnering with Enterprise, we hope the initiative can become a model and expand to cities across the country."

"Enterprise helps to create healthy, thriving communities," says Lori Chatman Enterprise Community Loan Fund President. "With the Next Street Opportunity Fund, we're looking forward to working with Citi and Next Street to provide greater access to employment opportunities and to increase investment in urban markets, both necessary components for successful neighborhoods."

Next Street serves as a strategic advisor to the business owner, much like a private equity firm would for their investees, but growth financing is in the form of a loan, rather than a majority stake of the company. This makes the Next Street model more attractive than private equity to family-owned firms.

Next Street founder Tim Ferguson describes the firm as a merchant bank for the urban enterprise. "We can make credit decisions based on a company's potential, not just its history, because we're inside the business working with the owner and her team helping them realize that potential." Citi, Enterprise, and Next Street expect that growth capital will begin flowing to high-potential small companies this year.

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