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Title: CONSIDER AWARD AND APPROVAL OF CONTRACT SERVICES AGREEMENT TO PACE FINANCE CORPORATION TO PROVIDE LOAN PORTFOLIO SERVICING AND ADMINISTRATION SERVICES FOR A NOT-TO-EXCEED AMOUNT OF \$150,000 FOR A THREE YEAR PERIOD (CITY COUNCIL)

Sponsors:

Indexes:

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Attachments: 1. Exhibit No. 1 - Contract Services Agreement (PACE Finance Corporation), 2. Exhibit No. 2 - RFP No. 21-007

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, April 20, 2021

Consent

SUBJECT:

CONSIDER AWARD AND APPROVAL OF CONTRACT SERVICES AGREEMENT TO PACE FINANCE CORPORATION TO PROVIDE LOAN PORTFOLIO SERVICING AND ADMINISTRATION SERVICES FOR A NOT-TO-EXCEED AMOUNT OF \$150,000 FOR A THREE YEAR PERIOD (CITY COUNCIL)

I. SUMMARY

The City issued Request for Proposal No. 21-007 (“RFP”) on February 11, 2021 seeking qualified firms to provide Loan Portfolio Servicing & Administration services for the Carson Small Business Lending Program. The selected firm would work directly with the participants of the Carson Small Lending Program and handle necessary verifications, loan disbursements monitoring and payoffs, and work with participants on an “as needed” basis to resolve related issues such as delinquent payments and defaults. Duties would also compose of providing participants opportunities for additional sources of lending capital, education, and consultation to support Carson local small businesses.

The City issued an RFP for these services in February, 2021 and PACE Finance Corporation (“PACE”) was the only proposal was received by the deadline of March 4, 2021. Staff has reviewed PACE’s proposal and have determined PACE to be highly

qualified and is recommending approval of Contract Services Agreement (“Agreement”). The Agreement has a total servicing fee of \$1,000 per loan per year with the total contract sum capped at \$150,000 for a three-year period. This total fee amount would pay for the loan portfolio servicing and administration services over the course of the next three years of small business loans already issued by the City. Should the Carson Small Business Lending Program expand in the future, an amendment to the Agreement would be requested for approval by the Council to cover the additional loan administration costs. All costs contemplated under this Agreement are to be paid by COVID-19 Related Professional Services Account.

II. RECOMMENDATION

TAKE the following actions:

1. AWARD and APPROVE the Contract Services Agreement to PACE Finance Corporation for Loan Portfolio Servicing & Administration services for a not-to-exceed contract sum of \$150,000 for a three-year period.
2. AUTHORIZE the Mayor to execute the agreement, following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Loan Portfolio Servicing & Administration Scope

Under the Agreement (Exhibit No. 1), PACE would perform the following duties:

- Review closing documents and security interest in collateral.
- Enter loan and borrower information into portfolio management software.
- Collect monthly payments from borrowers via automated clearing house (ACH) payment service or checks.
- Prepare monthly statements for each borrower, follow up on delinquent loans, and provide monthly reports.
- Monitor loan performance on an ongoing basis to ensure that all terms and conditions are being met.
- Conduct regular on-site visits of all borrowers to collect updated financial documents (if applicable).

The Selection Process

On February 11, 2021, the City issued RFP No. 21-007 (Exhibit No. 2) seeking qualified consulting firms to provide Loan Portfolio Servicing & Administration services. The RFP was advertised on the Planet Bids website through the Purchasing Division of the Finance Department. By the March 4, 2021 RFP deadline, the City received the only a proposal from PACE.

PACE's proposal was reviewed and evaluated based on the criteria set forth in the RFP by staff. In summary, the qualification-based selection process included the following seven (7) criteria: 1) Understanding Scope of Services; 2) Demonstrated Professional Skills and Credentials; 3) Related Experience; 4) Quality of Proposal and Fee; 5) Approach to Performing this Type of Service; 6) Familiarity with Required Procedures; and 7) References / Satisfaction of Previous Clients.

The City's Municipal code stipulates that certain professional services are selected based on demonstrated competence and on the qualifications necessary for the satisfactory performance of the services required at a fair and reasonable price. After an extensive review, PACE is recommended as the only qualified firm.

PACE

PACE Finance Corporation is a nonprofit Community Development Financial Institutions (CDFI) in the Los Angeles County area that supports small business owners by providing high-quality economic development services, with the goal of creating and sustaining jobs and businesses in low-to-moderate income communities. PACE provides loans, investments, financial services, consultation services, and entrepreneurial training to individuals/businesses in the Los Angeles County. The City of Carson is one of the service areas served by PACE. PACE's qualifications include the following designations: (1) Small Business Administration (SBA) Community Advantage (CA), (2) Microloan and Paycheck Protection Program (PPP) Lender, (3) Economic Development Administration (EDA) Lender, and (4) Certified U.S. Treasury Community Development Financial Institution (CDFI).

V. FISCAL IMPACT

The contract will be paid by COVID-19 Related Professional Services Account No. 101-99-999-999-6503. The not-to-exceed amount of the contract is \$150,000 a three-year period.

VI. EXHIBITS

1. Contract Services Agreement (PACE Finance Corporation) (pgs. XX-XX)
2. RFP No. 21-007 (pgs. XX-XX)

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