

Prequalification Guidelines

MIK Construction Inc. is unequivocally committed to delivering successfully completed projects to satisfy the needs of our clients. Our prequalification process serves as an assessment to determine whether a subcontractor has the capability to perform and complete its scope of work while maintaining maximum safety and quality assurances required at our project(s).

By undergoing the prequalification process, each prospective subcontractor will be provided with an opportunity to present its command of necessary financial capability, experience, and dedication to creating a safe and ethical work environment. Your firm's prequalification information will be carefully reviewed and assessed by MIK. An approval of the prequalification information, if issued, will grant an eligibility of your firm for MIK projects. Due to the rapidly changing nature of each project, MIK's decision-making process is subject to change.

REQUIREMENT:

When a contract value is below \$350,000, approval at the corporate level is not required for subcontractors. It is the responsibility of the field operations to evaluate the subcontractors/vendors whose contract values less than \$350,000. For the project team, it is imperative to review the safety information for subcontractors prior to each bid solicitation.

For all contracts valued above \$350,000, prospective subcontractors and vendors will be prequalified up to a contract value that will depend on their single project limit and the amount of information that is provided during the prequalification process. Below is a guideline for approval limits:

Contract Value	Required Information
\$0 to \$350,000	Firm info (Project team to review safety info during bid solicitation)
\$350,000 to \$1,500,000	Firm info, EMR letter/data, safety info, surety reference letter, trade credit references, and project references
\$1,500,000 to single project limit	All of the above and CPA prepared audited/reviewed financial statement.

Once a complete prequalification information is received, MIK can issue an approval to the subcontractor/vendor for a contract value up to its single project limit. Calculation is explained below.

If the submitted financial statement is rejected after the prequalification process, MIK's review team will use the information provided in the EMR letter, surety reference letter, and/or other references including trade credit and project references for assessment. If the information in those documents is satisfactory, an approval will be issued to the subcontractor/vendor for contract values up to their single project limit, not to exceed \$1,500,000. Only up to \$350,000 will be approved for incomplete submissions.

Identical standards for subcontractors, except safety information, are applicable to suppliers.

EXPIRATION:

The expiration process is carried out with a purpose of ensuring that subcontractors and vendors approved up to a limit commensurate with the level of information that is current and in conformance with review standards. The following criteria are used for defining the expiration date for each subcontractor/vendor:

Single Project Limit	Required Information
\$0 to \$350,000	No expiration date
\$350,000 to \$1,500,000 (or single project limit)	One year from date of approval
\$1,500,000 and above	12 months after end date of financial statement

Prequalification Process

There are several ways for subcontractors/vendors to start their prequalification process:

- MIK sending a general prequalification notice to companies.
- MIK project team sending a prequalification notice for a specific project or bid package.
- Subcontractor and/or vendor submits request to MIK for a prequalification form (info@mikinc.us)

The subcontractor/vendor is advised to submit the prequalification form digitally via email. A confirmation email will be sent to the subcontractor/vendor when the prequalification form is received. In this case, the email only serves as confirmation of receipt of the prequalification form by MIK.

The prequalification form should include the following:

- Company information
- Resource information
- Financial information
- References
- Safety, Health and Environment
- Required attachments

After receipt of confirmation, each prequalification request form will be assessed by the reviewer under a set of conditions developed by MIK Construction Inc. **When the assessment of the prequalification form is completed, the reviewer will issue the following status:**

- "Approved" – Subcontractor/vendor is now eligible for consideration in the project bid lists.
- "Rejected" – Subcontractor/vendor does not meet the eligibility requirements.

If and when the subcontractor/vendor is approved, a single project limit will be assigned. This is calculated as 70% of the three largest contracts completed in the last three years, not to exceed 50% of annual volume from the most current year provided. This limit should be used to identify the maximum contract amount to be awarded to a particular subcontractor, and is subject to the final discretion of MIK Construction Inc. In addition, MIK will search for subcontractors/vendors to compile a list of competitive subcontractors for each bid list. Once compiled, this list will serve as a reference for MIK to develop the bid list for the project.

Please be advised that if an already approved subcontractor/vendor faces financial or performance issues, its "Approved" status may change to "Rejected" if deemed necessary by MIK Construction Inc. A subcontractor form is attached in the following pages.

Subcontractor Pre-Qualification Form

Thank you for your interest in working with MIK Construction Inc. Please complete the form below and send it to Justin Min at justinmin@mikinc.us. Questions should be sent to the same email address.

Please provide information below as it appears on CSLB.

Company Name				
Db				
Street Address				
City		State		ZIP Code

Contractor's License Number		State	
License Class		Expiration	

Is your organization a corporation?		Federal Tax ID	
Is your organization an LLC?			

UNION STATUS

Company Name			
Db			
Address			

CONTACT INFORMATION

Primary Contact

Name / Title			
Phone			
Email			
Fax			

Secondary Contact

Name / Title			
Phone			
Email			
Fax			

Subcontractor Pre-Qualification Form (Cont'd)

BONDING INFORMATION

Surety Company			
Contact Person/Title		Phone / Email	
Single Bonding Capacity		Aggregate Bonding Capacity	

FINANCIAL INFORMATION

Bank Institution				
Address				
Contact Person / Title		Phone / Email		
Line of Credit		Current Balance	Expiration Date	

	Current Year	Previous Year
Annual Sales		
Largest Contract Value Project		

SAFETY INFORMATION	Current Year	Previous Year	Year Prior to Previous Year
Experience Modification Rate			

PREVIOUS OSHPD / HEALTHCARE PROJECT EXPERIENCE? YES / NO (OSHPD experience is mandatory for subcontractors performing structural and/or MEP work)

Project 1 Name			
Location			
General Contractor			
Contract Amount			

Project 2 Name			
Location			
General Contractor			
Contract Amount			

GENERAL CONTRACTOR REFERENCES

Company Name				
Address				
City	State	ZIP Code		
Phone		Fax		
Contact Person / Title				

Subcontractor Pre-Qualification Form (Cont'd)

GENERAL CONTRACTOR REFERENCES (CONT'D)

Company Name					
Address					
City		State		ZIP Code	
Phone				Fax	
Contact Person / Title					

Company Name					
Address					
City		State		ZIP Code	
Phone				Fax	
Contact Person / Title					

COMPANY CERTIFICATIONS (List all certifications and provide copies if possible)

Classification	Certifying Agency	Certification Number
Small Business		
Minority		
Women		
Veteran		
Disadvantaged		
HUBZone		
Other		
Other		

CSI / Division of Work

Check all CSI codes that apply to your company.

<input type="checkbox"/> 01 – General Requirements	<input type="checkbox"/> 09 – Finishes	<input type="checkbox"/> 23 – Heating, Ventilating, and AC
<input type="checkbox"/> 02 – Existing Conditions	<input type="checkbox"/> 10 – Specialties	<input type="checkbox"/> 26 – Electrical
<input type="checkbox"/> 03 – Concrete	<input type="checkbox"/> 11 – Equipment	<input type="checkbox"/> 27 – Communications
<input type="checkbox"/> 04 – Masonry	<input type="checkbox"/> 12 – Furnishings	<input type="checkbox"/> 28 – Electronic Safety and Security
<input type="checkbox"/> 05 – Metals	<input type="checkbox"/> 13 – Special Construction	<input type="checkbox"/> 31 – Earthwork
<input type="checkbox"/> 06 – Wood, Plastics, and Composites	<input type="checkbox"/> 14 – Conveying Equipment	<input type="checkbox"/> 32 – Exterior Improvements
<input type="checkbox"/> 07 – Thermal and Moisture Protection	<input type="checkbox"/> 21 – Fire Suppression	<input type="checkbox"/> 33 – Utilities
<input type="checkbox"/> 08 – Openings	<input type="checkbox"/> 22 – Plumbing	

Checklist for Prequalification

Below standards are items to be reviewed during the prequalification process.

FINANCIAL STATEMENT (if provided):

1. Has it been audited or reviewed/revise/prepared by a CPA?
2. Has it been given for contracting entity?
3. Does it cover a fiscal-year period ending within the past 12 months?
4. Does it include CPA opinion letter, balance sheet, income statement, and CPA notes?
5. Does it use the percentage-of-completion method?
6. Does it state less than 50% of bank line of credit in use?
7. Are the costs and estimated earnings in excess of billings less than 25% of current assets?
8. Is the tangible equity* larger than 25% of total liabilities?
9. Does the current backlog (including contract) not exceed 200% of annual sales?
10. Is the working capital* larger than 5% of annual sales?
11. Is the tangible equity larger than 10% of annual sales?
12. Is the net income larger than 1% of annual sales?
13. Do the CPA notes indicate compliance with bank covenants?
14. Do the CPA notes not reference any pending litigation or contingencies?

*Tangible equity: Total assets minus goodwill and other intangible assets minus total liabilities

*Working capital: Current assets/liabilities

SINGLE CONTRACT PREQUALIFICATION LIMIT

Generally, the single contract prequalification limit is determined by taking an average of the three largest projects completed and multiplying it by 0.7, not to exceed 50 of annual volume from the most current year provided.

FINANCIAL:

Contracting entity must have been in business for at least three years. Contracting entity must also must have provided the following: (1) A list of largest completed contracts, (2) Current volume of work on hand or backlog, and (3) Bank and credit reference information.

SURETY REFERENCE LETTER:

The letter must be or was: (1) Issued by the surety company or its appointed agent on behalf of contracting entity, (2) Addressed to MIK Construction Inc., (3) Signed and dated, (4) Stated of single protect and aggregate work pram limits , (5) Issued within the past 90 days, (6) Identified surety by name.

The surety must also be: (1) Listed on U.S. Treasury Department Circular 50 (T-List), and (2) rated "A-" or better by A.M. Best Company.

GENERAL QUESTIONS:

Q: How many OSHA citations have you received in the last three years and what were they for?

A subcontractor reporting a willful citation will NOT be eligible. A subcontractor that does not report serious, repeat, or willful citations will NOT be qualified.

Q: Does your firm have a documented safety program?

A subcontractor without it will NOT be eligible.

Q: Has your firm received fines/citations from the EPA, state regulatory authority, or local government?

If the answer is "Yes," a subcontractor must provide further explanation and will be subject to further review.