

July 16, 2008

Common Council  
City of West Allis

RE: Carol and Daniel Bohringer  
D/b/a Sammy's Red Hots & Brats  
10534 West Greenfield Avenue, West Allis, WI  
Economic Development Loan Payoff

Dear Mayor and Alderpersons:

On January 15<sup>th</sup>, 1997, Carol and Daniel Bohringer, d/b/a Sammy's Red Hots & Brats, signed a Loan Agreement, which included a Note, three (3) Mortgages and a General Business Security Agreement with the City of West Allis whereby the City loaned the Bohringers the amount of \$35,000.00 together with interest at the rate of 7.25% per annum until paid in full in equal monthly payments of principal and interest due and payable on the first day of each month commencing on March 1<sup>st</sup>, 1997. The way the Note was structured and agreed upon, the entire balance of principal and interest was due on or before the maturity date of February 1<sup>st</sup>, 2007, a ten-year period. As one of the forms of collateral for the Loan, the City of West Allis obtained a first position Mortgage over real estate owned by Carol Bohringer in Grant County, Wisconsin. On September 16<sup>th</sup>, 2005, in an effort to get caught up on then existing outstanding amounts owed on the Loan, the Bohringers signed an Agreement to submit double monthly payments in the amount of \$878.40 commencing September 1<sup>st</sup>, 2005, and continuing through the date of maturity of February 1<sup>st</sup>, 2007.

A review of the payment history on this Note revealed that beginning in January of 2000, the payments made by the Bohringers on the Note have been extremely sporadic thus warranting the need for the additional "catch up" Agreement in September of 2005. Despite the 2005 additional Agreement, the Bohringers made only four (4) payments in calendar year 2006, two (2) payments in calendar year 2007 and one (1) payment in calendar year 2008 for a total of seven (7) payments out of the thirty (30) payments due and owing in said timeframe to the City of West Allis on the Note. Paragraph No. 7 on Page 5 of the Loan Agreement gives the City the right to demand the whole amount of the Note immediately due and payable upon a non-payment by the borrower of any sum of money at the time or times when the payment shall become due.

As a result of the Bohringers failure to make regular monthly payments on the Note, this matter came before the Common Council on June 3<sup>rd</sup>, 2008, for a determination on whether to structure additional deals with the Bohringers allowing a refinance of the total amount outstanding or, to commence legal proceedings for collection of the Note against the Bohringers, including, but not limited to, foreclosure on the Grant County property of which the City maintained a priority first position Mortgage over. A decision was made by the Common Council at said meeting to take whatever legal action the City Attorney deemed necessary to collect on the outstanding Note.

As a result of the Common Council's directive, on June 20<sup>th</sup>, 2008, the City Attorney's Office sent a letter to the Bohringers specifically noting the sporadic payment history, the amount currently in default, and demanded payoff of the Loan in full in the amount of \$14,571.20 due through June 30<sup>th</sup>, 2008. The Bohringers responded by setting up a meeting whereby they disputed the manner in which the default occurred but did admit that they were behind on the Loan. Settlement negotiations ensued and as a result of said discussions, the Bohringers offered to pay \$10,000.00 on the date of the meeting if the City would waive all remaining amounts owed. The City Attorney's Office thought that this was a fair resolution to accept in light of the fact that the Loan has been paid down from \$35,000.00. The total amount paid by the Bohringers on the Loan is \$51,188.00. Settlement of the matter on these terms also eliminated the need to negotiate, draft and enforce a new loan or, in the alternative, commence a collection action for what is essentially penalties, late fees and interest.

On July 3<sup>rd</sup>, 2008, the City received wired funds from the Bohringers in the total amount of \$10,000.00. The City has prepared the necessary satisfaction paperwork and forwarded the same to the Bohringers to close out this matter. The City Attorney's Office has instructed the Department of Finance to write-off any and all remaining amounts over \$10,000.00 owed on the Bohringer Note. This matter is now complete.

Respectfully submitted,

Jeffrey J. Warchol  
Assistant City Attorney

JJW:da