

City Councilmembers and City Staff,

First I want to recognize the likely inability for either councilmembers or city staff to comment on specifics during an ongoing investigation. So in an attempt avoid receiving a response of “legal council has advised not to comment on this matter” I will try to keep me questions focused on things I hope council can respond to.

I’d like to first state some specifics that while absent from the language of the agenda item tonight do appear in a well written article in the Press Democrat from Friday July 16<sup>th</sup> titled \$1.2 million stolen from Sebastopol reserves through fraudulent wire transfer.” by Mary Callahan and Colin Atagi.

The article states that the transfer took place at the end of April.

Sonoma County Treasurer Erick Roeser stated that the seemingly authentic email contained a correct account number for the transfer and originated from a Sebastopol official’s email address.

The city’s finance department discovered the transfer in early June. With Treasurer Roeser citing June 9<sup>th</sup> as a time frame his office became aware.

Now I want to reiterate I completely understand the need to remain silent on the matter as not to jeopardize any investigation, however, my concern does lie in the continued budget discussions that happened throughout June and July.

Mayor Glass is quoted in the article stating “we expected to get this resolved but we felt it was proper to disclose this to the public before we pass our budget.”

It is this expected resolvment and the choice to continue with budget discussions, that is my focus here.

The article mentions statements by City Manager/Attorney McLaughlin that to quote the article that “the city hoped to recover the funds but did not have assurances from its insurance providers that the money would be reinstated.” And then to quote the City Manager/Attorney directly “If we had assurances we would have the money reinstated, we would have said so,”

This lack of assurance is important here. That while the mayor cited an expectation of resolution on the matter while the city manager seems clear that there was no assurances seems at odds. Again specifically as to the decision to continue with budget discussions throughout June and July.

The article then cites Santa Rosa attorney John Friedemann, a specialist in these matters who spoke to the matter and states “said that it could take up to 12 months before insurance providers decide if a loss is recovered and that will depend heavily on who’s deemed at fault.”

So this brings me to my questions that I hope can be answered or in some way addressed without a fallback to no statement by recommendation of legal council.

1. What specific dates were each of the councilmembers made aware of the fraudulent wire transfer?
2. Was council made aware and if so when was council made aware that it could take up to a year for the expected resolution on this matter to occur?
3. What discussions were had by councilmembers and/or city staff regarding the decision to continue with budget discussions knowing under the assumption of my second question that there would be no resolution to this matter financially for up to a year?
4. What discussions if any were held regarding the option of a short term financing of city operations, deferring the hours of discussion that took place throughout June and July regarding the budget utilizing a mischaracterization of the cities reserves balance until a more transparent view of the situation could be had with the public?