

Newtown-Sandy Hook Community Foundation

Response to questions posed by Attorney General office on 5/30/13

June 7, 2013

What steps were taken to adhere to donative intent, including the steps taken if a donation was given with a limited purpose such as for only the families?

Written and public communication that was shared from the United Way of Western Connecticut consistently described the fund as supporting those impacted by the tragedy of 12/14, including families who lost a loved one, families of children in the school, school staff, first responders and the community. An example is this statement from one of the early press announcements about the fund: **“Sandy Hook School Support Fund** that will provide support services to the families and community affected by this senseless tragedy”.

When a donor directly contacted United Way, either through email, phone or letter and there was a request or desire for a specific purpose of the donation, staff consistently stated that the fund was unrestricted and that the local community leaders would determine the uses of the fund. They referred the donor to a variety of other funds that would fit the request. Anyone requesting funds directly help victims were given information on the My Sandy Hook Family Fund or told to contact the town.

The Newtown Savings Bank reviewed donations that came in the mail. If there was an indication that it was a restricted gift, the bank hand delivered those checks to the town to be distributed to families.

The United Way of Western Connecticut reviewed the source of the gifts as well. At the time of the review, about 1/3 came from corporations, 1/3 came from foundations, and 1/3 came from individuals. The majority of corporate gifts and foundation gifts were intended for broad purpose, and the majority of individuals communicated no specific intent.

UW also then went through every piece of mail that the bank sent over and reviewed every letter. About ¼ of the letters reference helping ‘families’ and most of those also included statements of wanting to help first responders, children, teachers or community. ¾ of the letters had no distinct reference, or stated it was to help the community.

What steps were taken to communicate with the families affected by the tragedy?

United Way asked Pat Llodra to hand deliver a letter to every family around January 17, 2013. This letter outlined the purpose of the fund, next steps for forming a

foundation, and provided contact information. She confirmed one family member from each of the 26 families who lost someone received a letter.

The next formal communication was via email around 2/10. If a family had reached out and shared their email, they were contacted directly. For others, the information was forwarded to Sandy Hook Promise and included in their weekly email to the 40 families. This communication shared the first letter as an attachment, addressed some rumors of fees and administrative costs, updated next steps, offered information for immediate needs funds, and shared information on an upcoming symposium that included an advocacy session just for families.

On 2/14 UW received an email from Ian Hockley with some questions that he and other families had. They were answered, noted that UW was missing about 12 email addresses still, and a request to share the email with families.

Immediately following the formation of the foundation, a meeting was held on 2/20 with the newly formed Newtown-Sandy Hook Community Foundation board. This family meeting was held a half hour after the foundation was formed as their first act, and the members had not yet had their first board meeting. A draft plan of a distribution process was shared based on the work of the transition team.

Weekly email updates were provided on these dates: 3/5, 3/15, 3/23, 3/29, 4/5, 4/9, 4/14 (which included a summary of what was shared in the family meetings week of 4/8)

An FAQ document was created and added to for several weeks with questions families asked via email, so that they were in one place and everyone could read the questions and the answers.

Meetings for families were held at St. Rose during the week of 4/8 and 4/15.

Emails were sent to families on 4/19, 4/24, and 5/6 outlining next steps and updates.

Additionally there were numerous private communications with families with the UW and other board members. This included phone and email communications.

Why did the Foundation board and not the distribution committee make the decision to distribute \$7.7 million to the families most affected by the tragedy?

The board responded to the request of families that only one distribution be made to them, and that they not be required to be part of future fund decisions if they did not want to be- essentially a message of needing closure. There was concern expressed by many that to open up a public discussion about how much families received versus what was dedicated to short and long-term community needs would be divisive. The board leaves distribution decisions to a distribution committee, but has the right to determine how much to release from the fund at any given time as part of their overall fiduciary responsibilities. They reviewed several factors,

including input from families, and determined that \$7.7 million given to those most impacted as compensation was appropriate.

Provide a detailed description of the three factors considered in determining that \$7.7 million is an appropriate and reasonable allocation for direct payments to families.

The foundation board considered more than three factors. It reviewed donor intent, and relied on information provided by UW and Newtown Savings Bank as noted in question 1. They made an assumption that the majority of individuals gave to directly support families in some way, which was one third of the fund. This represented a compromise in favor of the families because the board believes that the public description of the fund was consistent, and reasonable donors who read the description would recognize that it was a community fund, not a victim compensation fund. Donors who noted they wished to support families only were consistently referred to other funds. There is adequate documentation of this (demonstrated to the AG office, who was satisfied that donor intent was upheld.)

Additional factors considered were:

- Research on multiple communities who had been through mass tragedies. How many years out did they report significant problems among families, first responders and the community related to the tragedy? What types of services were needed in the short term and long term? How did the other communities manage their funds, and what lessons were learned? The conclusion was that the Newtown community will face direct consequences of this mass shooting for 15+ years, and the advice given many times was to hold some resources to address needs that are not apparent in the first year.
- Research was done on past victim compensation funds, and the board reviewed the national compassion fund proposal which was written by victims from numerous tragedy communities.
- Input was offered from Newtown families most impacted that ranged from not wanting any of the money, to believing that 100% of the fund should go only to victim families.
- There was a guiding principle embraced by the board that a majority of funds (over 50%) should go to families most impacted.

How did the Foundation Board determine the membership of the distribution committee?

The original intent of the first distribution committee was to include representatives from those most impacted: victim families, injured teachers, surviving children families, first responders, teachers, etc. The first step the board took was to meet with these groups and determine how best to have their voices represented in the decision making process via the distribution committee.

The board heard the concerns of the families for more objectivity and for non-residents to make decisions. However, the other groups wished for local input. The dollars for just family distribution were separated from the community dollars and a separate and different type of distribution committee was designed for the 40 most impacted families.

This distribution committee is an attempt to meet the requests of families for objectivity, as well as a request for trauma expertise to be represented. It also allowed the board to abide by its established bylaws. A smaller group was established to limit local members.

A retired federal judge from Westport was selected as chair. 2 additional residents were chosen; one was new to the area and had years of trauma experience and the other was an executive with minimal exposure in the community (children grown, great deal of travel, well respected, etc).

Because the families have great respect for Ken Feinberg, a victim compensation master with a national reputation, the Judge asked Ken to advise the committee and assist in the actual claims/distribution process. Ken agreed to do so.

The committee was charged with determining how payments to families should be allocated from the \$7.7 million. It has the responsibility of deciding who should receive what dollar amount, and that may be based on the 'victim status'.

What is the process for deciding how the remaining funds will be used?

The foundation intends to create another distribution committee with representation of those most impacted included. Several tasks will be set forth for that committee. It must get public input from the community on what the needs are, they must review existing resources so as to avoid duplication or gaps in service, and determine the actual decision making process to be used (for example, will there be a request for proposals? Will different groups such as first responders or impacted families of the school have distinct processes? etc.)

The board has purposefully not moved forward on the community funding process in the hopes of distributing money first to the 40 families most impacted. It has done so with no administrative costs to date.

What steps will the Foundation take to increase transparency on how future donations will and will not be used?

The first priority of the foundation was to get input from those most impacted, while respecting the families desire for privacy. As the direct compensation decisions have been made, the remainder of the funds will include public input and multiple stakeholder groups much broader than the first phase. It is anticipated that public notices and community conversations will be an important aspect of the fund's next steps.

A final request from the AG office: provide the families most affected by the tragedy an opportunity to address the full distribution panel in a private forum, separately from the public hearing previously announced.

Private forums were always intended, and the board will share this recommendation to the distribution committee. The board agrees with this recommendation completely.

Additional questions posed by family members:

Are the families eligible for future distributions of the \$3.7M? Process? Distribution or needs-based requests?

The families will be eligible for any services that funds may support in the years to come if needed. It is not anticipated that direct payments will be made to anyone as 'compensation'. However it is possible that the distribution committee may determine there is a need for financial assistance program, mental health payments etc. Under those circumstances, payments would typically be to a vendor (mortgage company, mental health provider, etc.) This will be a decision made by the distribution committee(s), not the board of the foundation.

Will funds continue to be raised by the Foundation? Will the foundation "advertise / offer" to raise funds in the future? Will it be done in the name of the "families", "community" and/or "both"?

The foundation has not determined if it will engage in any type of fundraising, although it is allowable. However it is anticipated that some donations will continue to come in, although at a much slower pace. These funds will be put into the community portion of the remaining funds. It will not, and has never been, done in the names of the families. The United Way or the foundation never used family names, photos, or stories in any communications. Today, if a donor contacts the UW, they clearly state that any donations received now will be considered 'community dollars'. Donations are being directed to the foundation, not the UW.

The foundation will further exert its best effort to insure that fundraisers and donors benefitting the foundation do not use the word "families" in their efforts.

What is your definition of families and community? Is it your plan to publicly state this so past and future donors understand what you mean?

This is a question that appeared on the FAQ document shared with families, and understandably this is a point of confusion for many because every donor may have a different understanding. The answer provided previously remains true: *"When the foundation is referring only to the 26 families who lost someone, that phrase is used. If the term 'families' is used without a qualifier then it may mean all families in Sandy Hook."*

Was consideration given to funds and resources already established and

collected in the community when the \$7.7M and \$3.7M was decided? Please explain?

The board did not consider resources available to the 40 families as a determining factor, because there is no knowledge of who has received financial support. It did consider what was available to the community in assessing what was needed in the community fund. The majority of funds are comprised of family funds for a variety of purposes and restricted, memorial funds, immediate needs funds for financial and mental health support, funds for first responders and funds for the school with restricted purpose. There is no undesignated fund with a large amount of dollars of which the board is aware. The board is also aware that federal grants are being submitted for the school mental health, the criminal justice system, and the anti-terrorism grant. A factor in the short-term timeline was the knowledge that immediate needs support was available and therefore allowed the foundation to take time to assess.

Within the AG letter sent to you, dated May 30, 2013, it states “you indicated that the fiduciaries have always operated on the assumption that the largest portion of the fund should be distributed to the families”, so are you stating that a decision was already made before the distribution committee process was shared with the families and community?

No, it was a guiding principle, and that statement is not completely accurate. The United Way and the Newtown Savings Bank did not know whether or operate under the assumption that the largest portion of the fund should be distributed to families. This principle was one that the board established in its meetings during which time discussions were occurring with the most impacted groups. The \$7.7 million was not arrived at until after all meetings and input was solicited.