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FILED

APR 2 2021

JEAN MARFIZO KING
REGISTER OF WILLS AND
CLERK OF THE ORPHANS' COURT

**IN THE COURT OF COMMON PLEAS FOR
DAUPHIN COUNTY PENNSYLVANIA
ORPHANS' COURT DIVISION**

IN RE: MILTON HERSHEY
SCHOOL

:

NO. 712-1963
-2021

**PETITION PURSUANT TO 15 PA. C.S.A. §5512
TO COMPEL INSPECTION OF CORPORATE INFORMATION**

Petitioner, Robert C. Heist, duly elected Manager of the Milton Hershey School Board of Managers, by and through his legal counsel, to discharge his independent fiduciary duties as a Manager of the Milton Hershey School, respectfully requests an Order to compel inspection, examination and copying of corporate records and documents of Respondent, Milton Hershey School and, in support thereof, avers as follows:

I. THE PARTIES

1. Respondent, Milton Hershey School ("MHS") is a nonprofit corporation existing under the Pennsylvania Nonprofit Corporation Law of 1988, 15 Pa. C.S.A. §5101 *et. seq.*, with its principal place of operation located at 1201 Homestead Lane, Hershey, Pennsylvania 17033, in Derry Township, Dauphin County, Pennsylvania.

2. Petitioner is an adult individual and current duly elected Manager of the Milton Hershey School Board of Managers (“BOM”).

3. Petitioner is a former student at MHS and after spending 10 years of his childhood at MHS, he became a life member of the Milton Hershey School Alumni Association (“MHSAA”) and served nearly 10 years with distinction on the MHSAA Board of Directors finishing as a two-term President and receiving the Distinguished Service Award.

4. Since that time, Petitioner has served Mr. Hershey’s companies as a Director on the Trustee’s Board of Directors (“BOD”), Manager of the BOM for MHS, President of the Hershey Trust Co. (“HTC”), and Chairman of the BOD and Chairman of the BOM for the past three years.

5. For the past three years Petitioner has maintained an office at The Hershey Trust Co. located at 100 Mansion Drive in Hershey, Pennsylvania.

6. On November 2, 2020, Petitioner announced that after three successful years as President of HTC and as Chairman of the BOD and Chairman of the BOM, he would not seek re-election to any leadership position within Mr. Hershey’s organizations. Instead, he would serve out his final year on the BOD and the BOM, if re-elected, in a supporting role for the new leadership team. (*See Ex. A.*)

7. Petitioner was re-elected to the BOD and the BOM on or about December 10, 2020.

8. Petitioner files this Petition reluctantly and only after numerous unsuccessful efforts to obtain corporate information related to review and approval of budgets, the financial condition of MHS and significant unbudgeted financial variances which financial information continues to be improperly withheld from Petitioner as a Manager of MHS.

9. Petitioner is compelled by his commitment to be a responsible fiduciary of Mr. and Mrs. Hershey’s trust assets in compliance with the following: a) Mr. and Mrs. Hershey’s express desires as reflected in the applicable Second Restated Deed of Trust; b) the Board Commitments

he was required to certify; c) Pennsylvania fiduciary laws; d) internal corporate governance documents; and e) his personal fiduciary responsibilities to Mr. and Mrs. Hershey's organizations and their wishes as a life-long recipient of the extraordinary benevolence of Mr. and Mrs. Hershey.

II. JURISDICTION AND VENUE

10. This Court has jurisdiction over this matter pursuant to Section 711(3) and (21) of the Probate, Estates and Fiduciaries Code (the "PEF Code"), 20 Pa. C.S. § 711(3) and (21), and venue is proper in this Court pursuant to Section 722 and 726 of the PEF Code, 20 Pa. C.S. § 722 and 726.

III. PETITIONER'S DUTIES AND RESPONSIBILITIES AS A MEMBER OF THE MHS BOM

11. On November 15, 1909, Mr. and Mrs. Hershey executed a Deed of Trust, which was properly recorded on July 7, 1910, with the Recorder of Deeds of Dauphin County, in Book "E", Volume 14, Page 331. (*See Ex. B, the "Original Deed of Trust."*)

12. After the filing by the Managers of an Application for Charter, the Court of Common Pleas of Dauphin County ("this Court") on December 30, 1919, entered a Decree approving the Articles of Incorporation and incorporating the School in perpetuity as an entity designated as a corporation of the first class under the name "The Hershey Industrial School" with the Managers serving as the governing board.

13. While the School was initially incorporated as a corporation of the first class, on October 30, 1933, after enactment of the Pennsylvania Nonprofit Corporation Law, this Court entered a Decree approving certain amendments to the Articles of Incorporation of the School to coincide with the provisions of the new act and, thereafter, the corporation has been governed by that act, as amended.

14. On December 17, 1951, this Court entered a Decree approving Articles of Amendment which changed the name of the nonprofit corporate entity to "Milton Hershey School."

15. On multiple prior occasions this Court has authorized modification of the terms of the Original Deed of Trust based on petitions filed by various parties.

16. The most recent restatement of the Original Deed of Trust, which reflects all modifications of the Original Deed of Trust to date, is the Second Restated Deed of Trust dated as of November 15, 1976, which is recorded in the Office of the Recorder of Deeds of Dauphin County, Pennsylvania in Charter Book "L", Volume 2, Pages 459,463, and 464-482. (*See Ex. C, the "Second Restated Deed of Trust."*)

17. The Second Restated Deed of Trust provides, in pertinent part, that Mr. and Mrs. Hershey conveyed certain property in trust to the Trustee for "the purpose of founding and endowing in perpetuity an institution to be known as 'Milton Hershey School' ... to be located in Derry Township", Pennsylvania, and managed by a group of Managers (hereinafter the "Managers") "to erect, equip, maintain, direct and manage the School upon, under and subject to the trusts and conditions" set forth in the Restated Second Deed of Trust "which Managers and their successors shall be known as the Managers of Milton Hershey School..." (*See Ex. C, p. 3. See also p.10, ¶ 11.*)

18. Pursuant to the Second Restated Deed of Trust, the Managers "shall at all times keep books and accounts of the financial condition of the ... School ... exhibiting in detail all receipts and disbursements". (*See Ex. C, p. 13, ¶ 24.*)

19. The Second Restated Deed of Trust further provides in pertinent part that "[i]n the month of September of each year the Managers shall make a report of the operations of the ... School ... showing the receipts and expenditures of the ... operations of the ... School during the

year. The report must include a statement showing the exact financial condition of the ... School at the end of the year...” (See Ex. C, p. 13, ¶ 24.)

20. Petitioner is a duly elected Manager of the MHS BOM who is entrusted with managing the affairs of MHS pursuant to and in accordance with the Second Restated Deed of Trust.

21. In addition to the Second Restated Deed of Trust, Section 5 of the MHS Bylaws expressly impose on the Petitioner the following “General Duties and Responsibilities”:

“The duties of the Board include, but are not limited to:

1. Authorizing major corporate actions and the annual budget;
3. Assuring effective auditing procedures;
4. Remaining adequately informed of the School’s financial status;...”¹

22. As a Manager of the MHS BOM, Petitioner was required to certify his “Responsibilities and Expectations” as a Manager and as “the highest leadership bodies of each of the organizations, ... responsible for oversight of the management of the business and affairs of the organizations... which includes: “...

- adhere to the Board Commitments:...Transparency...
- understand the organizations’ financial statements and financial positions.
- actively engage in the organizations’ material business discussions and understand Board Member’s legal duties and fiduciary responsibilities.
- stay informed and educated on topics relevant to the Boards and organizations.

... while expressly being responsible for oversight of the management of the business and affairs of the organizations... which includes:

- providing oversight of the financial management and risk management functions.
- adopting and approving an annual budget for each organization.
- reviewing long term financial (revenue and expense) projections.
- continuously evaluating its performance and the overall performance of each organization in achieving the missions.

¹ The May 24, 2018 current MHS Bylaws can be made available to the Court for *in camera* review.

- providing overall oversight of the organizations.”

(See Ex. D, MHS “Board Member’s Responsibilities and Expectations.”)

23. As such, one of the express duties of the Manager is to oversee and ensure that all expenditures of the funds available to MHS are for the sole use for the School and not for the benefit of any non-MHS educational institution or other entity as required by the Second Restated Deed of Trust.

24. In this regard and in pertinent part, the Second Restated Deed of Trust provides that all property conveyed in trust is to be held and used for “the only proper use, benefit ... that is to say: in trust for a permanent institution for the residence and accommodation of poor children...” that permanent institution being Milton Hershey School. (See Ex. C, p. 5.)

IV. ACCESS TO THE CORPORATE INFORMATION IS REASONABLY RELATED AND ESSENTIAL TO PETITIONER’S ABILITY TO FULFILL HIS DUTIES AND RESPONSIBILITIES AS A MEMBER OF THE MHS BOM.

25. Information related to the School operations budget and financial variances profoundly impact the finances, operations, educational opportunities, personnel, policies, and administration of MHS as well as impacting “the only proper use” of budgeted funds.

26. The Petitioner’s fiduciary oversight responsibilities plainly encompass and are reasonably related to each of these subjects.

27. Consistent with his responsibilities as a Manager of the MHS BOM, as far back as September 2019 and as recently as March 24, 2021, Petitioner requested from MHS access to the following information: transaction reports, invoices, purchase orders, payment requests, payment receipts, payment confirmations and similar documents related to “disbursements” made by MHS during the budget years of 2016-2021 for School operations, inclusive of but not limited to specific budget line-items titled “President’s Office”, “Operating Contingency Fund”, “President’s Initiative”, “Legal Affairs”, “Insurance” and “School Operations” (collectively, the “Corporate Information”).

28. Petitioner seeks access to the Corporate Information to inform and effectively discharge his oversight duties as a Manager, including:

- a. To understand all “receipts and disbursements” and costs and expenses related to School operations inclusive of budget line items for “President’s Office”, “Operating Contingency Fund”, “President’s Initiative” and “School Operations”;
- b. To establish and oversee an appropriate budget related to School operations inclusive of budget line items for “President’s Office”, “Operating Contingency Fund”, “President’s Initiative” and “School Operations” consistent with the Second Restated Deed of Trust;
- c. To objectively review and assess whether all “receipts and disbursements” and costs and expenses related to School operations, including but not limited to the substantial and significant multi-million dollar School operations budget variances are consistent with the requirements of the Second Restated Deed of Trust;
- d. To ensure that funds available to MHS are properly allocated and spent, including funds that have been appropriated or may be appropriated to settle and/or otherwise resolve one or more lawsuits filed against MHS;
- e. To ensure that funds available to MHS are properly allocated and spent, including funds that have been appropriated or may be appropriated to be paid to consultants and/or legal representatives that are independent and without any conflicts of interest;
- f. To ensure that funds available to MHS are properly allocated and spent consistent with the expectation and understanding of the BOM and Manager;
- g. To ensure that funds available to MHS are not “wasted” and remain available to fund appropriate School operations consistent with the Second Restated Deed of Trust;
- h. To determine whether any third-party consultant and/or recipient of funds allocated to School operations exerted undue influence in order to receive funds;
- i. To determine whether all funds allocated to School operations have been appropriately accounted for in annual regulatory Form 990 tax filings;
- j. To determine whether appropriate insurance funds are utilized as opposed to School operations allocated funds to pay legal representatives who are representing MHS in various legal matters;
- k. To determine whether all funds allocated to School operations have in fact been paid for School operations related solely to “the only proper use” to benefit MHS;
- l. To determine whether any funds allocated to School operations have been paid to any non-MHS educational institution located outside of Derry Township, Pennsylvania;

- m. To evaluate whether past and proposed expenditures of funds available to MHS relating to pending civil lawsuits and other matters are in the best interest of MHS; and
- n. For other proper purposes related to the Petitioner's discharge of his independent fiduciary duties to MHS.

29. Among other things, the Corporate Information is reasonably related to the performance of the duties of Petitioner in maintaining "books and accounts of the financial condition of the ... School ... exhibiting in detail all receipts and disbursements ..." in order to "make a report of the operations of the ... School ... showing the receipts and expenditures of the ... operations of the ... School during the year" which said "report must include a statement showing the exact financial condition of the ... School at the end of the year..." (See Ex. C, p. 13, ¶ 24.)

V. PETITIONER REPEATEDLY REQUESTED ACCESS TO THE CORPORATE INFORMATION BEFORE SEEKING COURT INTERVENTION.

30. On January 15, 2021, Petitioner sent a memorandum to the Chair of the BOM in which he requested access to the corporate information. (See Ex. E.)

31. MHS ignored Petitioner's January 15, 2021 request.

32. On January 22, 2021, Petitioner reiterated his demand for access to the Corporate Information via January 22, 2021 email to the Chair of the BOM. *Id.*

33. On February 5, 2021, Petitioner had a meeting with the Chair of the BOM during which he again requested access to the Corporate Information and confirmed his willingness to appropriately respect and respond to all reasonableness considerations of his request for access to information. *Id.*

34. Having heard nothing following that meeting, on February 18, 2021, Petitioner sent an email to the Chair of the BOM yet again demanding access to the Corporate Information. *Id.*

35. Still being denied access to the Corporate Information, on March 1, 2021, Petitioner sent yet another follow-up email to the Chair of the BOM, demanding access to the Corporate Information. (See Ex. F, March 1, 2011 E-Mail).

36. On March 3, 2021, Ms. Koken notified Mr. Heist that MHS would be providing responsive financial information by the end of the week.

37. On March 9, 2021, MHS, produced a handful of reports in response to Mr. Heist's demand.

38. However, MHS's March 9, 2021 production was deficient in that it did not encompass the specific budget years identified by Petitioner, itemized reports for the specific budget line items identified by Petitioner, or source documents.

39. On March 11, 2021, MHS produced two additional reports that fell short of satisfying Petitioner's demand for the same reasons.

40. On March 12, 2021, MHS produced one additional report.

41. On March 17, 2021, Petitioner attended a Special Meeting of the Board, during which Petitioner's demand was discussed.

42. As a result of the Special Meeting, however, there was no date certain by which Petitioner was promised access to the Corporate Information.

43. In further effort to secure access to the Corporate Information following the Special Meeting, on March 24, 2021, undersigned counsel directed to counsel for MHS correspondence detailing the rationale for Petitioner's demand and demanding access to the Corporate Information by March 26, 2021.

44. However, as of the time of the filing of this Petition, despite Petitioner's multiple demands, Petitioner has received only limited access to the Corporate Information, deficient in several respects, including but not limited to the fact that Petitioner continues to be denied access

to the source documents necessary to reconcile the inconsistencies in the limited documents to which Petitioner has been provided access to date.

45. MHS continues to inexplicably deny Petitioner full access to the Corporate Information.

46. As a result, Petitioner's only recourse is to file this Petition.

VI. UNDER PENNSYLVANIA LAW, PETITIONER HAS AN UNQUALIFIED RIGHT TO ACCESS TO THE CORPORATE INFORMATION.

47. The Pennsylvania Nonprofit Corporation Law specifically authorizes Managers² to access corporate information that relates to the performance of their duties, such as the Corporate Information at issue here.

48. 15 Pa. C.S.A. Section 5512 states, in pertinent part, as follows:

To the extent reasonably related to the performance of the duties of the director, including those arising from service as a member of a committee of the board of directors, a director of a nonprofit corporation is entitled:

(1) in person or by any attorney or other agent, at any reasonable time, to inspect and copy corporate books, records and documents and, in addition, to inspect, and receive information regarding, the assets, liabilities and operations of the corporation...

15 Pa. C.S.A. §5512(a)(1).

49. Section 5512(b) of 15 Pa. C.S.A further provides, in pertinent part, as follows:

If the corporation, or an officer or agent thereof, refuses to permit an inspection or obtain or provide information sought by a director or attorney or other agent acting for the director pursuant to subsection (a) or does not reply to the request within two business days after the request has been made, the director may apply to the court for an order to compel the inspection or the obtaining or providing of the information. The court shall summarily order the corporation to permit the requested inspection or to obtain the information unless the corporation establishes that the information to be obtained by the exercise of the right is not reasonably

² By virtue of the Deed of Trust, MHS is managed and governed by a Board of Managers. For purposes of the Nonprofit Corporation Law, "board of directors" and "directors" are defined as the persons vested with the management and affairs of the corporation regardless of the name by which they are designated. *See* 15 Pa. C.S.A §5103 (defining "board of directors" and "directors"). Thus, the right conferred on directors in 15 Pa. C.S.A. §5512 applies to the Managers of MHS.

related to the performance of the duties of the director or that the director or the attorney or agent of the director is likely to use the information in a manner that would violate the duty of the director to the corporation....

15 Pa. C.S.A §5512(b).

50. Additionally, the Second Restated Deed of Trust expressly provides, in pertinent part, that “separate and true accounts of the corpus or principal and income shall be kept ... and at all times during customary business hours ... the Managers shall have access to said accounts.”

(See Ex. C, p. 6, ¶ 3.)

51. Indeed, all of MHS’s internal governing documents consisting of the Second Restated Deed of Trust, the Bylaws and the Board Member’s Responsibilities and Expectations certification impose an obligation and a responsibility on Petitioner to be informed about MHS’s annual budget, its financial statements and financial positions, its revenue and expenses as well as provide appropriate oversight with respect to MHS’s annual budget and its financial matters including “expenses and disbursements” out of the MHST.

52. Petitioner has complied with all requirements in 15 Pa. C.S.A. §5512 with respect to the form and manner of respectfully “demanding” inspection and examination of the Corporate Information.³

53. MHS has not and cannot show that the information sought by Petitioner is not reasonably related to the performance of his duties as a Manager of MHS or that the Petitioner is likely to use the information in a way that would violate a duty owed to MHS.⁴

³ Petitioner is prepared to present for *in camera* review and discussion, as necessary, relevant information regarding the use of trust assets for MHS and non-MHS purposes to support the reasonableness requirement of this request to the extent that the reasonableness of Petitioner’s request is contested by MHS.

⁴ Petitioner has at all times assured MHS that he will respect and maintain all appropriate privileges and confidentiality considerations consistent with his fiduciary duties as a Manager.

54. The request for access to the Corporate Information is not motivated by any bad motive, ill will and/or negative intent on the part of Petitioner and any potential unfounded accusations of same are insufficient to defeat Petitioner's statutorily required access to MHS's corporate books and records.

55. To the extent that MHS asserts that its corporate books and records and financial information is confidential and/or privileged and therefore not available for inspection, Petitioner requests that this Court summarily reject that argument so as to avoid creating an exception to the general rule of a Manager's/Director's right to access corporate books and records.

56. To allow a corporation in Pennsylvania to deny a Director/Manager access to its books and records and financial information on the basis that it is confidential and/or privileged will create an exception that would defeat the rule established by 15 Pa. C.S.A. §5512.

57. The current leadership of MHS's and the BOM's refusal to allow Petitioner to inspect or copy the Corporate Information stands in clear contravention of Pennsylvania law.

58. Perhaps even more troubling, their refusal to allow Petitioner access to this information discourages discussion and dissent, interferes with independent Manager oversight duties, prevents compliance with the BOM's own internal "Board Member's Responsibilities and Expectations" which Petitioner was required to certify, prevents inquiry, and promotes the unchecked exercise of authority by the leadership of MHS and the BOM over vitally important MHS matters.

59. In short, the current MHS and BOM leadership's continuing refusal to authorize Petitioner to inspect the requested information and material not only violates the Pennsylvania Nonprofit Corporation Law, but it also prevents Petitioner from fulfilling his fiduciary duties and creates separate classes of Managers, some with superior rights of access to corporate information,

Board leadership, and others with inferior rights, those deprived of access to corporate information, including Petitioner.

60. Time is of the essence in that based on the prior years' actual budget expenditures, the current 2021-2022 budget year approvals are pending consideration by the Managers of MHS.

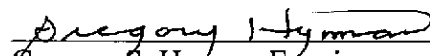
61. For all of the reasons set forth above, Petitioner has a right and a duty to inspect and copy the Corporate Information pursuant to 15 Pa. C.S.A. §5512.

VII. PRAYER FOR RELIEF

Petitioner Manager respectfully requests that the Court enter an Order compelling the inspection, examination and copying of the following information: transaction reports, invoices, purchase orders, payment requests, payment receipts, payment confirmations and similar source documents related to "disbursements" made by MHS during the budget years of 2016-2021 for School operations, inclusive of but not limited to specific budget line-items titled "President's Office", "Operating Contingency Fund", "President's Initiative", "Legal Affairs", "Insurance", "Innovation Fund", "Partnership Fund" and "School Operations," within ten (10) days of the date of the Order and awarding attorney's fees and costs to Petitioner.

Respectfully submitted,

By:

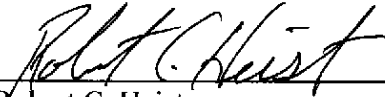

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*Counsel for Petitioner,
Robert C. Heist
Manager of the Milton Hershey School
Board of Managers, Duly Elected*

Dated: March 30, 2021

VERIFICATION

I, Robert C. Heist, Manager of the Milton Hershey School Board of Managers, hereby certify that I have read the foregoing document which has been drafted by my counsel. Factual statements contained therein are true and correct to the best of my knowledge, information and belief although the language is that of my counsel and, to the extent the content of the foregoing document is that of counsel, I have relied upon counsel in making this verification.

This statement is made subject to the penalties of 18 Pa. C.S.A. §4904 relating to unsworn falsification to authorities, which provides that if I make knowingly false statements, I may be subject to criminal penalties.



Robert C. Heist

Date: March 1, 2021

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**IN THE COURT OF COMMON PLEAS FOR
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IN RE: MILTON HERSHEY :
SCHOOL : NO. _____-2021

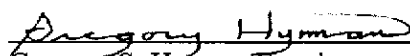
CERTIFICATE OF SERVICE

I, Gregory S. Hyman, Esq., certify that, on March 30, 2021, I caused a true and correct copy of the Petition Pursuant to 15 PA. C.S.A. §5512 to Compel Inspection of Corporate Information to be served via First Class, U.S. Mail, postage prepaid, upon the following:

Adam M. Shienvold, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
*Attorney for Respondent,
Milton Hershey School*

KAUFMAN DOLOWICH & VOLUCK, LLP

By:



Gregory S. Hyman, Esquire
Eileen Monaghan Ficaró, Esquire
*Attorneys for Petitioner,
Robert C. Heist
Manager of the Milton Hershey School
Board of Managers, Duly Elected*



Hershey Trust Company

Robert C. Heist

Chairman, Board of Directors / Board of Managers
Hershey Trust Company / Milton Hershey School

November 2, 2020

Attn: Board of Directors / Board of Managers
Hershey Trust Company
100 Mansion Road East
PO Box 445
Hershey, PA, 17033

Dear Fellow Board Members,

Thanksgiving is that time of year when we pause for a moment and think about the many gifts and blessings in our lives. While celebrations this year may look and feel a little different from those in the past, the season's tradition of giving thanks and giving back is more relevant today than ever before. The devastating impact of the coronavirus has brought hardship to millions of people in America and around the world, including many in our own community. We are reminded yet again of why we're here, and the important roles we play, in serving the charitable intention of Milton and Catherine Hershey to educate through Milton Hershey School at-risk and vulnerable children who live in poverty and economically disadvantaged circumstances. With our service to the Hershey's mission, we continue to help those in need to break the cycle of poverty for disadvantaged students near and far.

As an alumnus, I give thanks every day. I am eternally grateful for the opportunities Mr. and Mrs. Hershey created through the Milton Hershey School, and the doors they opened for me. It has been the greatest privilege of my life to serve with you on the Boards as Chairman for the past three years and in doing so give back in a meaningful way to the School that changed my life forever.

Thanksgiving is also a time for reflection, and as I look back on the work we've done together, there is good reason to be proud of what we've accomplished. Shortly after becoming Chair of the Nominating & Governance Committee in 2016, the number of Directors on the Boards fell to just six individuals. Since becoming Chair of the Boards in 2018, we have expanded that number to 12, adding eight new Directors in less than 30 months. Today the Boards are more talented, more experienced, more diverse and more gender equal than ever before. This dynamic group continues to bring fresh energy and new perspectives to the decision table that will further ensure the legacy of Mr. and Mrs. Hershey while also ensuring that the best interests of the Milton Hershey School will guide the organizations moving forward.

In my time in Board leadership positions, we have implemented many governance best practices. These include: term and age limits to both preserve continuity and prevent complacency; conflicts of interest protections; compensation limitations and many other good governance practices. We also amended the bylaws to streamline governance at Hershey Trust Company and Milton Hershey School to work in a more seamless and aligned fashion. We implemented these governance practices selfishly so that we may uphold the highest standards and push ourselves to bring our very best every day as we serve the Hershey's charitable mission.

EX-A

We have been careful stewards of School Trust resources to preserve Mr. and Mrs. Hershey's wish that the Milton Hershey School thrives in perpetuity. Recently the School Trust reached its highest valuation to date, establishing a strong and bright financial future for both the School and its students for generations to come, while School enrollment hit a new record of over 2,100 students.

Over the past few years, we have successfully focused on improving communications and building relationships with our regulators. We are working closely with these officials to enhance transparency about our programs, so that they have a better understanding of our activities and are not caught off-guard by future announcements.

Today the Boards are more committed than ever to serve as many underserved children as possible, evidenced by the Hershey Trust Company's and Milton Hershey School's recent petition filed with the Dauphin County Orphan's Court to establish the Early Childhood Education Initiative. When approved, this exciting new program will initially invest \$350 million to create up to six new early childhood education centers throughout Pennsylvania to serve the youngest and most vulnerable at-risk children in the Commonwealth.

It's important that we step back every now and then to reflect on our achievements. For me personally, it's gratifying to know that the work we've done to establish a strong foundation for the Hershey Trust Company and the Milton Hershey School has put both organizations on a solid path for an even brighter future.

I have been reflecting on our accomplishments during my time as Chair of the Governance Committee, Board Vice Chair and Board Chair, and I am truly humbled by how far we've come in just a few short years. As I near the end of my service on the Boards at the end of 2021, I believe it's important we have a plan that ensures the road ahead continues to build on the hard work we've put in place. In this spirit, I have made the decision not to seek re-election for Board Chair for 2021, my last year on the Board. After three amazing years, I want to step aside and allow a new Chair to lead this esteemed group. I made this decision to help create a smooth transition, one that will enable me to support the new Chair in an advisory capacity next year, so that the progress we've made to date can continue to move forward in the most orderly manner possible. As someone who has always put the interests of Milton Hershey School and the Hershey Trust Company first, I believe this action is a fitting way to conclude my many years in leadership roles with the organizations.

I am grateful for the support you have extended me over the years and I look forward to continuing my service through 2021. Finally, I wish you, your families and our great Hershey community a safe and happy holiday season.

Sincerely,

Robert C. Heist
Chairman, Board of Directors / Board of Managers
Hershey Trust Company / Milton Hershey School

Deed of Trust

November 15, 1909

THIS INDENTURE Made this Fifteenth day of November, in the year of our Lord One Thousand Nine Hundred and Nine (1909),

BETWEEN Milton S. Hershey and Catharine S. Hershey, his wife, of Hershey, Derry Township, Dauphin County, Pennsylvania, parties of the first part, and the Hershey Trust Company of the same place, hereinafter designated as Trustee, party of the second part, and M. S. Hershey, of Hershey, W. H. Lebkicher, and John E. Snyder of Lancaster, John B. Curry, and A. W. Stauffer, of Swatara, John A. Landis, of Manada Hill, George M. Hocker, of Union Deposit, Israel Moyer, of Derry Church, and U. G. Risser, of Campbelltown, Pennsylvania, hereinafter designated as Managers, parties of the third part,

WITNESSETH: That the parties of the first part, with the purpose of founding and endowing in perpetuity an institution to be known as "The Hershey Industrial School", hereinafter designated as the School, to be located in Derry Township, aforesaid, do hereby make, constitute, and appoint M. S. Hershey, W. H. Lebkicher, John B. Curry, John A. Landis, George M. Hocker, A. W. Stauffer, John E. Snyder, Israel Moyer, and U. G. Risser, and their successors, appointed as hereinafter directed, to erect, equip, maintain, direct, and manage the School, upon, under, and subject to the trusts and conditions hereinafter

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declared of and concerning the same, which Managers and their successors shall be known as the Managers of the Hershey Industrial School, and for that purpose, and for other good and lawful considerations, hereby acknowledged, have granted, bargained, sold, aliened, enfeoffed, released, conveyed, and confirmed, and by these presents do grant, bargain, sell, alien, enfeoff, release, convey, and confirm unto the said party of the second part, its successors and assigns,—

ALL THOSE CERTAIN farms situated in the Township of Derry, Dauphin County, Pennsylvania, bounded and described in one tract of land, as follows:

BEGINNING at a point in line of land of Mrs. Michael Henry 497-6/10 [feet] of said land and land of M. S. Hershey thence extending by said Henry's land and along a public road South 74 degrees 32 minutes East 1034-4/10 feet to a corner of land of estate of B. J. McGrann, thence extending by said McGrann land the following courses and distances:

South 39 degrees 12 minutes West 709-5/10 feet, South 20 degrees 10 minutes East 1027-3/10 feet to a point at or near the North side of a private lane, thence by said lane North 85 degrees 50 minutes East 458 7/10 feet to a point in a public road, thence along and in said public road South 21 degrees 40 minutes East 1215-5/10 feet, and South 57 degrees 19 minutes East 623-5/10 feet to a corner of land of Israel Hershey thence by said Hershey's land the following courses and distances:—South 23 degrees 13 minutes West 918-7/10 feet to a stone on the South side of the Horseshoe Turnpike, thence along the South side of said Turnpike South 76 degrees 54 minutes East 498-2/10 feet to a stone, thence South

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16 degrees 36 minutes West 368 feet and South 76 degrees 48 minutes East 714 feet to a stone, thence by lands of Israel Hershey and Samuel Kegerreis respectively South 13 degrees 58 minutes East $2541\frac{5}{10}$ feet to a stone in line of land of Estate of Christian Gingrich, thence by said land North 80 degrees 24 minutes West 2343 feet to a stone at or near the centre of a public road, thence by land of Barbara Coble the two following courses and distances, the first extending along or near the centre of a public road North 9 degrees 45 minutes East $1432\frac{5}{10}$ feet to a stone, and South 77 degrees 56 minutes West $1336\frac{5}{10}$ feet to a stone, thence by land of the Brombach Estate North 6 degrees 49 minutes East 1935 feet to a point on the North side of the Horseshoe Turnpike, thence crossing said Turnpike and extending still by land of said Estate North 81 degrees 59 minutes West 957 feet to a stone on the South side of said Turnpike, thence extending by land of Benjamin Flowers the three following courses and distances:—North 6 degrees 45 minutes East $1042\frac{3}{10}$ feet to a stone, North 86 degrees 20 minutes West 534 feet to a post and South 39 degrees $18\frac{1}{2}$ minutes West $1212\frac{5}{10}$ feet to a stone in the Horseshoe Turnpike, thence along and in said Turnpike by land of Frank Hocker South 89 degrees 24 minutes West $1349\frac{3}{10}$ feet to a stone, thence by land of Frank Hocker and the Estate of Samuel Peters respectively North 28 degrees 38 minutes West $2358\frac{5}{10}$ feet to a point in line of remaining land of M. S. Hershey, the grantor herein, thence by said remaining land by a line parallel to Chocolate Avenue and 1410 feet distant Southward therefrom North 70 degrees 58 minutes East 4319 feet to the beginning. CONTAINING $485\frac{781}{1000}$ acres.

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TOGETHER with all and singular the stock, implements, tools, machinery, apparatus, and all other personal property thereon, the buildings, improvements, woods, ways, rights, liberties, privileges, hereditaments, and appurtenances, to the same belonging, or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and every part and parcel thereof, and all the estate, right, title, interest, use, trust, property, possession, claim and demand whatsoever, both in law and equity, of the said parties of the first part, of, in, and to the said premises, stock, implements, tools, machinery, apparatus, and personal property, with the appurtenances, to have and to hold the said premises, stock, implements, tools, machinery, apparatus, and personal property, with all and singular the appurtenances, unto the said party of the second part, its successors and assigns, to the only proper use, benefit and behoof of the said party of the second part, its successors and assigns forever, upon and subject to the trusts and confidences and for the several uses, intents, and purposes hereinafter mentioned declared of and concerning the same, that is to say: in trust for a permanent institution for the residence and accommodation of poor white male orphans, and the requisite teachers and other persons necessary in and about such an institution, and the maintenance, support, and education, as hereinafter prescribed of such orphans: to collect and receive the rents, revenues, and income therefrom and apply the entire net revenue, income, rents, issues and profits thereof to support and maintain the said institution, and increase the facilities and efficiency thereof according to the directions contained; to permit the said Managers, and their agents

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and employees under their direction, to take charge of, farm and operate the lands hereby conveyed, under such terms and conditions as they think proper, and to use the same in such manner as is in their discretion most advantageous to the purposes of the trust, to keep the said lands and buildings thereon in good repair, to renew and improve the same when necessary by erecting new buildings thereon, to direct and supervise the disposition of the products thereof, the revenues or income derived therefrom to be paid to and received and collected by the Trustee as hereinbefore provided.

1. If it so happen in the future that gifts, bequests, devises of real or personal property may be made to or for the benefit of the School, the Trustee and the Managers are authorized to accept all such gifts, bequests, devises, whenever the terms, conditions, restrictions, or limitations of such gifts, bequests, devises, are not in the opinion of the Trustee and Managers in contravention of the objects and purposes of this deed, and all such gifts, bequests, devises, whether made to the School by name, or to the Trustee, or to the Managers, or in any manner whatever, shall be paid or transferred by proper conveyance to the Trustee, and be added to and become part of the corpus or principal of the trust estate or of the income, in aid of which the said gifts, bequests, devises, or any of them may have been made; in the absence of any direction accompanying any such gift, bequest, devise, as to whether the corpus or principal of the trust estate or income is intended to be the recipient of such gift, bequest, devise, the Managers shall have the power to determine to which of the funds, or in what proportion to both, such gift, bequest, or devise, shall be paid or transferred, provided

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however, that if any lands or other real property shall be given, conveyed, or devised, to be held, enjoyed or used for the benefit or purposes of the School, the title to the same shall be held by the Trustee under the same trusts as are herein declared of and concerning the lands conveyed to the Trustee, and with the same power to sell and dispose of the said lands or other real property so given, conveyed, or devised, and under the same trusts, as to the proceeds thereof, as are hereinafter declared of and concerning lands which may be sold by the said Trustee and Managers.

2. The Trustee shall on or before the first day of September in each year make out and deliver to the Managers separate statements of principal and income of the trust estate, showing the revenues, receipts, expenses, and disbursements for the year ending with the thirty-first day of July immediately preceding, showing what investments have been sold, redeemed, or paid, and what securities have been bought, acquired, or received, during the year, and a statement showing in detail in what property and securities the trust estate was invested on the preceding thirty-first day of July.

3. The corpus or principal, and the income of the trust estate shall at all times be kept separate and apart from each other by the Trustee, and separate and true accounts of the corpus or principal and income shall be kept by the Trustee, and at all times during the customary business hours of the Trustee, the Managers shall have access to the said accounts. At least once in every year it shall be the duty of the Trustee to exhibit to the Managers, and the duty of the Managers carefully to examine and count the several securities, and to verify them with the statements and accounts furnished and kept by the Trustee.

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4. The Trustee shall pay from time to time, upon request of the Managers, the net income from the premises hereby conveyed, and of any future gifts, bequests, and devises, when, and as the same may be required by them, or so much thereof as in the opinion of the Managers may be necessary, to furnish the amount or amounts of money required by the Managers for the purpose of erecting on the premises above mentioned, buildings and improvements for the farms and School, and procuring furniture, stock, materials, machinery, tools, implements, plant, and equipment for the same, for the expenses, support, maintenance, management, renewals, and repairs of the farms and School, its furniture, plant, and equipment, or for the purpose at any time of enlarging, extending or adding to either or all of said buildings, furniture, plant, and equipment,—the decision of the Managers when expressed in writing and delivered to the Trustee, as to whether the said income, or any part thereof, is or is not required for the purposes mentioned, shall be final and conclusive and binding upon the Trustee, and the receipt of the Managers to the Trustee for all moneys paid to them by the Trustee out of the income, shall be full and sufficient acquittance and discharge of the sums so paid, without any obligation on the part of the Trustee to look to the application of the said moneys.

5. The funds of the principal of the trust estate and the unexpended income of the property held in trust, not immediately needed for the purposes of the School, sha and the Trustee at all times by and with the authority and approval of the Man- age shall have full power and authority to invest all or any part thereof in any securities which the Trustee and the Managers together may consider safe,

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whether the said securities or any of them are legal investments for trust funds or not, and neither the Trustee nor the Managers shall be held accountable for the exercise of its and their discretion, exercised in good faith, as to the character of the investments which may be made by the authority and approval of both. No sale of any securities shall at any time be made by the Trustee, without the authority and approval of the Managers, and no investments of any money shall at any time be made by the Trustee except by and with the approval of the Managers.

6. The Trustee may from time to time, but only with the approval of the Managers, sell and convey in fee simple any part or portion of the lands conveyed by this deed, or which may have been bought or otherwise acquired, which in the judgment of the Managers is not necessary to be kept for the purposes of the School, or which it may be advisable and advantageous to sell, and may execute and deliver a deed, or deeds, or other conveyance for the lands so sold, to the purchaser or purchasers in fee simple, free and discharged of all trusts, and without any obligation on the part of the purchaser or purchasers to look to the application of the purchase money; the purchase money of land so sold shall be held by the Trustee, and invested as herein provided for, and the income therefrom applied to the maintenance of the School. No part of the proceeds of the sale of any land, or of the principal of the trust as it now is, or additions thereto, by gift or otherwise, shall ever be expended for any purpose whatever, except for the purchase of additional land for the purposes of the School.

7. The Trustee may from time to time, and at any time, but only with the approval of the Managers, pur-

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obase any additional land adjoining the School property, or conveniently near to it, and take title to the same in itself as Trustee under this deed, and hold the same under and subject to the trusts herein set forth, if they consider such land necessary or convenient for the purposes of the School.

8. No part of the corpus or principal of the trust estate, or of the income, or of the proceeds of any real estate sold, arising from the property hereby conveyed, or gifts, bequests, or devises, or other accretions thereto, and all moneys and securities arising therefrom, or made with or acquired by the principal or income thereof, or accretions thereto, shall at any time be applied to any other purpose or purposes than those herein mentioned and appointed; and in no event shall any part of the corpus or principal of the trust estate ever be used or sold, disposed of or pledged to meet current expenses of the institution for which the current and accumulated income and revenues are exclusively devoted.

9. The Trustee shall receive as its full compensation for the duties required to be performed by it under this deed a commission of five per cent. of the income received by it as Trustee, not exceeding however the sum of One Thousand Dollars per annum, and shall make no charge against, and receive no compensation from the corpus or principal of the trust estate.

All moneys received by the Managers from the Trustee shall be received, held, and used by the Managers for, upon, and subject to the trusts and confidences, and for the uses and purposes hereinafter declared of and concerning the same, and for none other, that is to say:—

10. Out of the moneys received by the Managers

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from the Trustee, from the revenue or income, to erect suitable buildings, and appurtenances, to lodge, board, and instruct, as many orphans as, in the opinion of the Managers, the revenue and other sources of income, authorized to be expended for the purpose, will provide for, and to lodge and board as many other persons, such as officers, teachers, agents, workmen, and servants, as in the opinion of the Managers it may be necessary or convenient shall reside upon the premises, for the purpose of fully carrying out the design in view, and of completely establishing and successfully maintaining the School herein intended to be founded; to furnish and fully equip the School with such furniture, materials, machinery, tools, books, equipment, and all things needful to carry into effect the general purpose, as in the judgment of the Managers may be necessary or convenient for the purpose; to pay the insurance, repairs, and renewals of the property, to pay the compensation of officers, agents, teachers, workmen, servants, or other employes, materials and supplies, the maintenance, clothing, and instruction of the orphans, the expense of boarding and lodg such officers and employes whom the managers may think it proper shall reside at the School, and any other charge or expense contracted or payable by the Managers, for, or by reason of the management, maintenance, support, renewal, improvement or repair of the School, its appurtenances, the plant, and equipment thereto belonging, and of the lands, buildings, and improvements under their care and management. The decision of the Managers as to what are or may be necessary expenses for the maintenance, support, management, renewal, or repairs of the School, and its appurtenances, the plant and equipment thereto belonging or appertaining, and

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of the lands, buildings, and improvements under their care and management, shall be final and conclusive upon the subject.

11. The institution shall be known as "The Hershey Industrial School", and shall be permanently located in Derry Township, Dauphin County, Pa., upon the land hereby conveyed.

12. The Managers shall employ from time to time, at proper compensation to be fixed and established by them, a competent number of teachers, agents, mechanics, workmen, and servants, necessary to take charge of the said farms and School, and to feed, clothe, educate, and instruct in trades, as hereinafter provided, all orphans admitted to the School, and for other purposes necessary to carry out the objects in view; but no person shall be employed who shall not be of tried skill in his or her proper department, and of established moral character.

13. The institution shall be organized as soon as practicable, and when prepared to receive orphans, the managers shall from time to time receive and admit to the School as many poor, healthy, white, male orphans, of such ages between four and eight years, as may from time to time be determined by the Managers, as in the opinion of the Managers, the extent, capacity, and income of the School will provide for, and shall be adequate to maintain, and from time to time as there may be vacancies, or increased ability from income may warrant, others shall be admitted. The term orphan in this deed designates a child whose father is deceased.

14. On application for admission, an accurate statement shall be taken, in a book prepared for the purpose, of the name, birthplace, age, health, condition

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as to relatives, and other particulars useful to be known of each orphan.

Those orphans for whose admission application shall first be made, shall be first introduced, all other things concurring, and at all future times, priority of application shall entitle the applicant to preference of admission, all other things concurring, but if there should be at any time more applicants than vacancies, and the applying orphans shall have been born in different places, preference shall be given in the admission: First,—to those born in the Counties of Dauphin, Lancaster, and Lebanon, State of Pennsylvania; Second,—to those born elsewhere in Pennsylvania; Third,—to those born elsewhere in the United States. No orphan who has been properly admitted with reference to the order of preference shall thereafter be displaced to make way for any later or subsequent applicant who may be higher in the order of preference hereinbefore directed to be observed. The decision of the Managers as to the number of orphans to be admitted, and as to the conflicting claims of any or all applicants for admission, shall be final and conclusive.

15. No orphans shall be admitted until the surviving parent, guardian, or other competent authority shall have given by indenture, release, relinquishment, or other lawful acquittance, for such period as the Managers may determine, adequate power to the Managers, or others by them appointed, to enforce, in relation to each orphan, every proper restraint, and to prevent relatives, friends, or others from interfering with, or withdrawing such orphans from the institution.

16. Those orphans who merit it may remain in the

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School until they shall respectively arrive at eighteen years of age.

17. All orphans admitted to the School shall be fed with plain, wholesome food; plainly, neatly, and comfortably clothed, without distinctive dress, and fitly lodged. Due regard shall be paid to their health; their physical training shall be attended to, and they shall have suitable and proper exercise and recreation. They shall be instructed in the several branches of a sound education, agriculture, horticulture, gardening, such mechanical trades and handicrafts as the Managers may determine, and such natural and physical sciences and practical mathematics as in the opinion of the Managers it may be important for them to acquire, and such other learning and science as the tastes, capacities, and adaptability of the several scholars may merit or warrant, to fit themselves for the trades they are to learn, and a useful occupation in life. No one fixed or established course shall be taken by all scholars, this being in the discretion of the Managers, bearing in mind that the main object in view is to train young men to useful trades and occupations, so that they can earn their own livelihood. Each and every scholar shall be required to learn, and be thoroughly instructed in some occupation or mechanical trade, so that when he leaves the School on the completion of the period for which he is to remain, he may be able to support himself.

The Managers shall determine the several kinds of mechanical trades to be taught, and the determination of the particular one that shall be taught to and acquired by each scholar,—the taste, capacity, intelligence, and adaptability of each scholar being ascertained and considered before assigning him to any

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particular trade; one of the objects of the School being to teach and instruct in agriculture, horticulture, and gardening, each orphan admitted to the School shall at such time or times as may be required, do such work upon the farms as may suit his capacity and ability.

18. The School shall be non sectarian, but the moral and religious training of the scholars shall be properly looked after and cared for by the Managers. No favoritism shall be shown by the Managers to any particular sect or creed. Each scholar shall be taught to speak the truth at all times, and each and every scholar shall be thoroughly trained to habits of economy, and industry.

19. All the advantages and benefits to be derived by the scholars under this deed, shall be in every respect gratuitous, and under no circumstances shall any charge be made to any scholar, or any fees, rewards, or other compensations be accepted by the Managers from or on account of any scholar.

20. If, in the opinion of the Managers, any orphan admitted to the School should become incompetent to learn, or to master a trade, or from physical ailments it would be inexpedient for him to continue his studies and training, or become insubordinate, or be guilty of vice or crime, or become an unfit companion for the others, or has so conducted himself as not worthy of future and continued support and education, or is so incompetent to work at his chosen trade, that he is qualified to be self-supporting, he may be removed or expelled from the School by the Managers, and all indentures, releases, or other acquittances, shall be so drawn as to permit this to be done. The decision of the Managers as to whether a scholar deserves re-

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removal or expulsion, shall be final and conclusive upon the subject. The Managers may cancel the indentures, releases, or acquittances, of any orphan, dismiss him from their care, and remove him from the School for any reason which in their judgment is good and sufficient.

21. All orphans shall leave the institution and cease to be the recipients of its benefits on the arrival at the age of eighteen years.

The Managers may in their discretion provide for such a system of premiums and rewards depending upon good behavior, character, and proficiency, as shall enable those of the scholars entitled to its benefits to receive from the Managers, when they leave the School at the full expiration of their term, a sum of money not exceeding one hundred dollars to any one scholar, which sum of money shall be paid by the Managers out of any of the moneys received by them as income of the School, or the Managers may, out of the income, if sufficient for the purpose, before or after the arrival of the scholar at the age of eighteen, provide for or contribute toward the further education of the scholar in some other school, college, or university.

22. All moneys received by the Managers from the sale of products, stock, material, or manufactured articles, or from any source other than those hereinabove described, shall be paid to the Trustee, and expended for the same purposes as are hereinabove prescribed and directed for the same.

23. The Managers shall at all times keep full and accurate statements, in books to be provided by them for the purpose, of all orphans entering, remaining in, and leaving the School, showing their several

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names, parentage, birthplaces, ages, admission, and departure, and designation of trade learned; and so far as any information upon the subject can readily and without unnecessary expense be obtained, the Managers shall cause a record to be kept and preserved of the residence, occupation, condition, and success in life of all scholars who have fully completed their term, for a period of ten years after their departure from the School.

24. The Managers shall at all times keep books and accounts of the financial condition of the farms and Schools, showing the amount and value of all real and personal property belonging thereto, and exhibiting in detail all receipts and disbursements.

In the month of September of each year the Managers shall make a report of the operations of the farms and School for the year ending with the preceding thirty-first day of July, showing the receipts and expenditures of the Managers and the operations of the farms and School during the year. The report must include a statement showing the exact financial condition of the farms, and School at the end of the year, and an inventory and valuation of all the property, stock, implements, machinery, tools, apparatus, and shall be accompanied by other information of the condition of the School, the number of scholars, which the Managers may desire to give, and a copy of said report, signed by the Managers, shall be delivered by the Managers to the Trustee, in the said month of September, and be filed and preserved by the Trustee among the records of its trust.

25. Should any one or more of the individual Managers hereinabove appointed, die, resign, or become incapacitated to act, or decline or refuse to act, his,

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or their place or places shall be filled by an appointment to be made by the Trustee, from the members of its own Board of Directors, and any vacancy occurring at any time in the number of Managers by any of the above causes, or otherwise howsoever, whether among the Managers herein appointed, or among those that may be selected to fill a vacancy as herein prescribed, or among their successors to be appointed as aforesaid, shall be filled by an appointment to be made by the Trustee, from the members of its own Board of Directors. The Trustee may at any time hereafter revoke the appointment of any person or persons herein designated as Managers, or of those who become their successors, and remove such person or persons from the Managers, and thereafter the person or persons whose appointment is revoked shall no longer exercise the duties of the appointment; the vacancy or vacancies so created shall be filled by an appointment to be made by the Trustee in the manner hereinabove described from the members of its own Board of Directors. The Managers and the Trustee may at any time hereafter increase the number of Managers to such a number as they may determine, not greater than the membership of the Board of Directors of the Trustee.

26. The Managers shall annually elect one of their number as Chairman. The person acting at the time as Treasurer to the Trustee shall be Treasurer of the Board of Managers. They shall appoint a Secretary, and prescribe the duties of the Treasurer and Secretary. The Treasurer shall give bond with good surety in such penal sum as the Managers shall determine, conditioned for the faithful performance of his duties. The offices of Treasurer and Secretary may be filled by one person, and in case of vacancy in the offices

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of Chairman or Secretary at any time, the Managers shall elect a successor to fill the vacancy. The Managers shall notify the Trustee in writing of their organization, and of the election of Chairman and Secretary, and of any changes in either office as the same may occur. The assent of a majority of the Managers shall be necessary for the approval of any act.

27. All and several the trusts herein created and declared shall be held in perpetuity.

28. If in the opinion of the Managers it may be advantageous and convenient that they should be incorporated, and as a corporation hold and exercise the trusts herein created and directed to be held and exercised by the Managers as individuals, the Managers shall have full power and authority at their option to apply for and obtain and take corporate powers and become a corporation under the laws of the State of Pennsylvania existing at the time of the application for such corporate powers: Always provided however, and subject to the following express conditions, viz.:—that the said corporation shall hold its charter in perpetuity, that it shall be called "The Hershey Industrial School", that the Managers holding the trust at the time of the granting of the charter, shall be the sole incorporators and managers of said corporation; that the rights and powers to fill vacancies in their numbers as such incorporators and managers, be subject to the same restrictions as are hereinabove given and imposed in cases of vacancies among the individual managers, and that the said corporation, under and by virtue of the law or laws of the Commonwealth of Pennsylvania existing at the time of its creation, shall have full and complete legal authority to take and execute the trusts hereinabove

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created and intended to be exercised and held by the Managers as individuals, to exercise and enjoy as such corporation all the trusts herein created to be exercised and enjoyed by the said individual Managers, with all the powers and authorities, and under and subject to all the conditions, restrictions, and limitations as are herein given, granted, created, prescribed, and declared of and concerning the said trusts to be held and exercised by the said individual Managers; and upon such corporation being formed as aforesaid, it, the said corporation, by name shall thenceforth hold and enjoy all the trusts hereinabove declared and created and intended to be held and exercised by the individual Managers aforesaid, and be and become the successors in the trust of the said Managers. And upon said corporation being formed as aforesaid, the said Managers shall forthwith give notice thereof in writing to the Trustee, and thereafter the said corporation shall be consulted by the Trustee in the matter of the sale and purchase of securities and have the same power and authority in the matter of the sale and purchase of securities and investments and reinvestments, and in all other matters, as is given to the Managers under this deed; and the said corporation shall thenceforth be entitled to receive from the Trustee, and the Trustee shall pay over to the corporation, all moneys which by this deed are hereinabove directed to be paid by the Trustee to the Managers, and the corporation shall take, receive and hold the said money subject to all the trusts and confidences hereinabove declared of and concerning the same with like effect to all intents and purposes as if the said corporation had been named in this deed instead of the Managers hereinabove named.

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IN WITNESS WHEREOF the parties of the first part hereto have hereunto set their hands and affixed their seals this fifteenth day of November, in the year of our Lord one thousand nine hundred and nine.

MILTON S. HERSHEY (SEAL)
CATHERINE S. HERSHEY (SEAL)

Signed, sealed and delivered in
the presence of:

H. C. TURNER
E. E. YOUNG

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss:

On the 15th day of November A. D. 1909, before me, a Notary Public of the State of New York, residing in New York City, personally appeared the within-named Milton S. Hershey and Catharine S. Hershey, his wife, and in due form of law acknowledged the within deed to be their and each of their act and deed, and desired the same might be recorded as such; and the said Catharine S. Hershey being of full age, and separate and apart from her said husband by me thereon privately examined, and the full contents of the within deed being by me first read to her, did thereupon declare and say that she did voluntarily and of her own free will and accord, sign, seal, and as her act and deed, deliver the within-written Indenture, Deed or Conveyance, without any coercion or compulsion of her said husband.

Witness my hand and official seal the day and year aforesaid.

[SEAL] H. C. TURNER
Notary Public 530
N. Y. COUNTY

My commission expires March 30, 1910.

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The Hershey Trust Company of Hershey, in the County of Dauphin, Pennsylvania, hereby accepts the trusts declared in the above deed on its part to be observed, kept, and performed.

IN WITNESS WHEREOF the Hershey Trust Company has hereunto affixed its corporate seal duly attested at Hershey, Pa., this fourteenth day of April A. D. 1910.

[CORPORATE SEAL] MILTON S. HERSHEY, *President*,
S. C. STECHER, *Secretary*.

We hereby accept the trusts declared in the above deed on our part to be observed, kept, and performed.

IN WITNESS WHEREOF we have hereunto set our hands and affixed our seals this fourteenth day of April A. D. 1910.

MILTON S. HERSHEY (SEAL)
WM. H. LEBKICHER (SEAL)
JNO. B. CERRY (SEAL)
J. A. LANDIS (SEAL)
GEO. M. HOCKER (SEAL)
A. W. STAUFFER (SEAL)
JOHN E. SNTDER (SEAL)
ISRAEL MOYER (SEAL)
U. G. RISSER (SEAL)

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ENDORSE

By RECORDER OF DEEDS:

No. 3121

July 7, 1910

STATE OF PENNSYLVANIA, } ss:
DAUPHIN COUNTY.

Recorded in the Office for Recording of Deeds, &c.
in and for the County of Dauphin, in Deed Book E.
Vol. 14 page 331 &c.

Witness my hand and seal of office this 7th day of
July Anno Domini 1910.

WILLIAM A. MOLLWENNY,
Recorder.

[RECORDER'S SEAL]

MILTON HERSHEY SCHOOL

Second Restated Deed of Trust

(As of November 15, 1976)

Hershey, Pennsylvania 17033

FOREWORD

The original Deed of Trust providing for the establishment and operation of Milton Hershey School was executed by Milton S. Hershey and Catherine S. Hershey on November 15, 1909. Other parties to the instrument were Hershey Trust Company, Trustee and the original Managers of the School.

The Deed of Trust has been modified on several occasions in order to meet changing conditions. The latest modifications were approved by the President Judge of the Orphans' Court Division of the Court of Common Pleas of Dauphin County, Pennsylvania, on November 15, 1976. In its decree on that date, the Court also approved a Second Restated Deed of Trust which incorporates all the modifications to that date. The Second Restated Deed of Trust is published herein.

SECOND RESTATED DEED OF TRUST

November 15, 1909

THIS INDENTURE Made this Fifteenth day of November, in the year of our Lord One Thousand Nine Hundred and Nine (1909), BETWEEN Milton S. Hershey and Catherine S. Hershey, his wife, of Hershey, Derry Township, Dauphin County, Pennsylvania, parties of the first part, and the Hershey Trust Company of the same place, hereinafter designated as Trustee, party of the second part, and M. S. Hershey, of Hershey, W. H. Lebkicher, and John E. Snyder, of Lancaster, John B. Curry, and A. W. Stauffer, of Swatara, John A. Landis, of Manada Hill, George M. Hocker, of Union Deposit, Israel Moyer, of Derry Church, and U. G. Risser, of Campbelltown, Pennsylvania, hereinafter designated as Managers, parties of the third part,

WITNESSETH: That the parties of the first part, with the purpose of founding and endowing in perpetuity an institution to be known as "Milton Hershey School", hereinafter designated as the School, to be located in Derry Township, aforesaid, do hereby make, constitute, and appoint M. S. Hershey, W. H. Lebkicher, John B. Curry, John A. Landis, George M. Hocker, A. W. Stauffer, John E. Snyder, Israel Moyer, and U. G. Risser, and their successors, appointed as hereinafter directed, to erect, equip, maintain, direct, and manage the School, upon, under, and subject to the trusts and conditions hereinafter declared of and concerning the same, which Managers and their successors shall be known as the Managers of Milton Hershey School, and for that purpose, an nsiderations, hereby acknowledged, have granted, bargained, sold, aliened, enfeoffed, released, conveyed, and confirmed, and by these presents do grant, bargain, sell, alien, enfeoff, release, convey, and confirm unto the said party of the second part, its successors and assigns, —

ALL THOSE CERTAIN farms situated in the Township of Derry, Dauphin County, Pennsylvania, bounded and described in one tract of land, as follows:

BEGINNING at a point in line of land of Mrs. Michael Henry 497-6/10 [feet] Southeast of a stone a corner of said land and land of M. S. Hershey thence extending by said Henry's land, partly in and along a public road South 74 degrees 32 minutes East 1034-4/10 feet to a corner of land of estate of B. J. McGrann, thence extending by said McGrann land the following courses and distances:

South 39 degrees 12 minutes West 709-5/10 feet, South 20 degrees 10 minutes East 1027-3/10 feet to a point at or near the North side of a private lane, thence by said lane North 85 degrees 50 minutes East 458-7/10 feet to a point in a public road, thence along and in said public road South 21 degrees 40 minutes East 1215-5/10 feet, and South 57 degrees 19 minutes East 623-5/10 feet to a corner of land of Israel Hershey, thence by said Hershey's land the following courses and distances:—South 23 degrees 13 minutes West 918-7/10 feet to a stone on the South side of the Horseshoe Turnpike, thence along the South side of said Turnpike South 76 degrees 54 minutes East 498-2/10 feet to a stone, thence South 16 degrees 36 minutes West 368 feet and South 76 degrees 48 minutes East 714 feet to a stone, thence by lands of Israel Hershey and Samuel Kegerreis respectively South 13 degrees 58 minutes East 2541-5/10 feet to a stone in line of land of Estate of Christian Gingrich, thence by said land North 80 degrees 24 minutes West 2343 feet to a stone at or near the centre of a public road, thence by land of Barbara Coble the two following courses and distances, the first extending along or near the centre of public road North 9 degrees 45 minutes East 1432-5/10 feet to a stone, and South 77 degrees 56 minutes West 1328-5/10 feet to a stone, thence by land of the Brombach Estate North 6 degrees 49 minutes East 1935 feet to a point on the North side of the Horseshoe Turnpike, thence crossing said Turnpike and extending still by land of said Estate North 81 degrees 59 minutes West 957 feet to a stone on the South side of said Turnpike, thence extending by land of Benjamin Flowers the three following courses and distances:—North 6 degrees 45 minutes East 1042-3/10 feet to a stone, North 86 degrees 20 minutes West 534 feet to a post and South 39 degrees 18½ minutes West 1212-5/10 feet to a stone in the Horseshoe Turnpike, thence along and in said Turnpike by land of Frank Hocker South 89 degrees 24 minutes West 1349-2/10 feet to a stone, thence by land of Frank Hocker and the Estate of Samuel Peters respectively North 28 degrees 38 minutes West 2358-5/10 feet to a point in line of remaining land of M. S. Hershey, the grantor herein, thence by said remaining land by a line parallel to Chocolate Avenue

and 1410 feet distant Southward therefrom North 70 degrees 58 minutes East 4319 feet to the beginning. CONTAINING 485-781/1000 acres.

TOGETHER with all and singular the stock, implements, tools, machinery, apparatus, and all other personal property thereon, the buildings, improvements, woods, ways, rights, liberties, privileges, hereditaments, and appurtenances, to the same belonging, or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and every part and parcel thereof, and all the estate, right, title, interest, use, trust, property, possession, claim and demand whatsoever, both in law and equity, of the said parties of the first part, of, in, and to the said premises, stock, implements, tools, machinery, apparatus, and personal property, with the appurtenances, to have and to hold the said premises, stock, implements, tools, machinery, apparatus, and personal property, with all and singular the appurtenances, unto the said party of the second part, its successors and assigns, to the only proper use, benefit and behoof of the said party of the second part, its successors and assigns forever, upon and subject to the trusts and confidences and for the several uses, intents, and purposes hereinafter mentioned declared of and concerning the same, that is to say: in trust for a permanent institution for the residence and accommoda and the requisite teachers and other persons necessary in and about such an institution, and the maintenance, support, and education, as hereinafter prescribed of such children: to collect and receive the rents, revenues, and income therefrom and apply the entire net revenue, income, rents, issues and profits thereof to support and maintain the said institution, and increase the facilities and efficiency thereof according to the directions hereinafter contained; to permit the said Managers, and their agents and employees under their direction, to take charge of, farm and operate the lands hereby conveyed, under such terms and conditions as they think proper, and to use the same in such manner as is in their discretion most advantageous to the purposes of the trust, to keep the said lands and buildings thereon in good repair, to renew and improve the same when necessary by erecting new buildings thereon, to direct and supervise the disposition of the products thereof, the revenues or income derived therefrom to be paid to and received and collected by the Trustee as hereinbefore provided.

1. If it so happen in the future that gifts, bequests, devises of real or personal property may be made to or for the benefit of the School, the Trustee and the Managers are authorized to accept all such gifts, bequests, devises, whenever the terms, conditions, restrictions, or limitations of such gifts, bequests, devises,

are not in the opinion of the Trustee and Managers in contravention of the objects and purposes of this deed, and all such gifts, bequests, devises, whether made to the School by name, or to the Trustee, or to the Managers, or in any manner whatever, shall be paid or transferred by proper conveyance to the Trustee, and be added to and become part of the corpus or principal of the trust estate or of the income, in aid of which the said gifts, bequests, devises, or any of them may have been made; in the absence of any direction accompanying any such gift, bequest, devise, as to whether the corpus or principal of the trust estate or income is intended to be the recipient of such gift, bequest, devise, the Managers shall have the power to determine to which of the funds, or in what proportion to both, such gift, bequest, or devise, shall be paid or transferred, provided however, that if any lands or other real property shall be given, conveyed, or devised, to be held, enjoyed or used for the benefit or purposes of the School, the title to the same shall be held by the Trustee under the same trusts as are herein declared of and concerning the lands conveyed to the Trustee, and with the same power to sell and dispose of the said lands or other real property so given, conveyed, or devised, and under the same trusts, as to the proceeds thereof, as are hereinafter declared of and concerning lands which may be sold by the said Trustee and Managers.

2. The Trustee shall on or before the first day of September in each year make out and deliver to the Managers separate statements of principal and income of the trust estate, showing the revenues, receipts, expenses, and disbursements for the year ending with the thirty-first day of July immediately preceding, showing what investments have been sold, redeemed, or paid, and what securities have been bought, acquired, or received, during the year, and a statement showing in detail in what property and securities the trust estate was invested on the preceding thirty-first day of July.

3. The corpus or principal, and the income of the trust estate shall at all times be kept separate and apart from each other by the Trustee, and separate and true accounts of the corpus or principal and income shall be kept by the Trustee, and at all times during the customary business hours of the Trustee, the Managers shall have access to the said accounts. At least once in every year it shall be the duty of the Trustee to exhibit to the Managers, and the duty of the Managers carefully to examine and count the several securities, and to verify them with the statements and accounts furnished and kept by the Trustee, or, in lieu thereof, to receive from reputable certified public

accountants selected by the Managers a written certification that such securities have been examined, counted, and verified with the statements and accounts furnished and kept by the Trustee.

4. The Trustee shall pay from time to time, upon request of the Managers, the net income from the premises hereby conveyed, and of any future gifts, bequests, and devises, when, and as the same may be required by them, or so much thereof as in the opinion of the Managers may be necessary, to furnish the amount or amounts of money required by the Managers for the purpose of erecting on the premises above mentioned, buildings and improvements for the farms and School, and procuring furniture, stock, materials, machinery, tools, implements, plant, and equipment for the same, for the expenses, support, maintenance, management, renewals, and repairs of the farms and School, its furniture, plant, and equipment, or for the purpose at any time of enlarging, extending or adding to either or all of said buildings, furniture, plant, and equipment,—the decision of the Managers when expressed in writing and delivered to the Trustee, as to whether the said income, or any part thereof, is or is not required for the purposes mentioned, shall be final and conclusive and binding upon the Trustee, and the receipt of the Managers to the Trustee for all moneys paid to them by the Trustee out of the income, shall be full and sufficient acquittance and discharge of the sums so paid, without any obligation on the part of the Trustee to look to the application of the said moneys.

5. The funds of the principal of the trust estate and the unexpended income of the property held in trust, not immediately needed for the purposes of the School, shall be invested, and the Trustee at all times by and with the authority and approval of the Managers shall have full power and authority to invest all or any part thereof in any securities which the Trustee and the Managers together may consider safe, whether the said securities or any of them are legal investments for trust funds or not, and neither the Trustee nor the Managers shall be held accountable for the exercise of its and their discretion, exercised in good faith, as to the character of the investments which may be made by the authority and approval of both. No sale of any securities shall at any time be made by the Trustee, without the authority and approval of the Managers or of the investment committee for which provision is hereinafter made; and no investments of any money shall at any time be made by the Trustee except by and with the approval of the Managers or of said investment committee. The Managers shall from time to time establish a general investment

policy, and approval of investments shall be made pursuant to such policy and in conformity with this and other investment provisions of this deed, either by the Managers or by an investment committee appointed by the Managers and consisting solely of members of the Board of Managers in such number as the Managers may from time to time deem proper, having due regard for the investment expertise of potential members of the committee. The investment committee shall have such power as the Managers shall determine; to approve investments pursuant to the general investment policy of the Managers, but shall have no authority to deviate from that policy under any circumstances. The committee shall periodically report its actions to the Managers and the Managers shall keep themselves informed of the actions of the committee. The Managers shall have a veto power over any proposed action of the committee and may at any time, with or without notice, abolish, or alter the size or membership of, the committee and/or withdraw from the committee any part or all of the authority vested therein. No grant of authority to the committee shall in any way decrease the power of the Managers under this deed.

6. The Trustee may from time to time, but only with the approval of the Managers, sell and convey in fee simple any part or portion of the lands conveyed by this deed, or which may have been bought or otherwise acquired, which in the judgment of the Managers is not necessary to be kept for the purposes of the School, or which it may be advisable and advantageous to sell, and may execute and deliver a deed, or deeds, or other conveyance for the lands so sold, to the purchaser or purchasers in fee simple, free and discharged of all trusts, and without any obligation on the part of the purchaser or purchasers to look to the application of the purchase money; the purchase money of land so sold shall be held by the Trustee, and invested as herein provided for, and the income therefrom applied to the maintenance of the School.

7. The Trustee may from time to time, and at any time, but only with the approval of the Managers, purchase any additional land adjoining the School property, or conveniently near to it, and take title to the same in itself as Trustee under this deed, and hold the same under and subject to the trusts herein set forth, if they consider such land necessary or convenient for the purposes of the School.

8. No part of the corpus or principal of the trust estate, or of the income, or of the proceeds of any real estate sold, arising from the property hereby conveyed, or gifts, bequests, or devises, or other accretions thereto, and all moneys and securities arising therefrom, or made with or acquired by the principal

or income thereof, or accretions thereto, shall at any time be applied to any other purpose or purposes than those herein mentioned and appointed; and in no event shall any part of the corpus or principal of the trust estate ever be used or sold, disposed of or pledged to meet current expenses of the institution for which the current and accumulated income and revenues are exclusively devoted.

9. The Trustee shall receive as its full compensation for the duties required to be performed by it under this deed a commission of five per cent. of the income received by it as Trustee, not exceeding however the sum of One Thousand Dollars per annum, and shall make no charge against, and receive no compensation from the corpus or principal of the trust estate.

All moneys received by the Managers from the Trustee shall be received, held, and used by the Managers for, upon, and subject to the trusts and confidences, and for the uses and purposes hereinafter declared of and concerning the same, and for none other, that is to say:—

10. Out of the moneys received by the Managers from the Trustee, from the revenue or income, to erect suitable buildings, and appurtenances, to lodge, board, and instruct, as many children as, in the opinion of the Managers, the revenue and other sources of income, authorized to be expended for the purpose, will provide for, and to lodge and board as many other persons, such as officers, teachers, agents, workmen, and servants, as in the opinion of the Managers it may be necessary or convenient shall reside upon the premises, for the purpose of fully carrying out the design in view, and of completely establishing and successfully maintaining the School herein intended to be founded; to furnish and fully equip the School with such furniture, materials, machinery, tools, books, equipment, and all things needful to carry into effect the general purpose, as in the judgment of the Managers may be necessary or convenient for the purpose; to pay the insurance, repairs, and renewals of the property, to pay the compensation of officers, agents, teachers, workmen, servants, or other employees, materials and supplies, the maintenance, clothing, and instruction of the children, the expense of boarding and lodging such officers and employees whom the Managers may think it proper shall reside at the School, and any other charge or expense contracted or payable by the Managers, for, or by reason of the management, maintenance, support, renewal, improvement or repair of the School, its appurtenances, the plant, and equipment thereto belonging, and of the lands, buildings and improvements under their care

and management. The decision of the Managers as to what are or may be necessary expenses for the maintenance, support, management, renewal, or repairs of the School, and its appurtenances, the plant and equipment thereto belonging or appertaining, and of the lands, buildings, and improvements under their care and management, shall be final and conclusive upon the subject.

11. The institution shall be known as "Milton Hershey School", and shall be permanently located in Derry Township, Dauphin County, Pennsylvania, upon the land hereby conveyed, and upon such other land as the Trustee has received or purchased and/or may from time to time receive, by gift or otherwise, or purchase for the purposes of the School pursuant to the terms of Paragraph 7 of this deed.

12. The Managers shall employ from time to time, at proper compensation to be fixed and established by them, a competent number of teachers, agents, mechanics, workmen, and servants, necessary to take charge of the said farms and School, and to feed, clothe, educate, and instruct in trades, as hereinafter provided, all children admitted to the School, and for other purposes necessary to carry out the objects in view; but no person shall be employed who shall not be of tried skill in his or her proper department, and of established moral character.

13. The institution shall be organized as soon as practicable, and when prepared to receive children, the Managers shall from time to time receive and admit to the School as many poor, healthy children as may from time to time be determined by the Managers, as in the opinion of the Managers, the extent, capacity, and income of the School will provide for, and shall be adequate to maintain, and from time to time as there may be vacancies, or increased ability. ~~income may warrant others~~ shall be admitted; ~~provi~~ that any such child shall have attained his or her fourth birthday but shall not yet have attained his or her sixteenth birthday at the time of his or her admission. Consistent with the purposes of this deed, only a child deemed poor and healthy by the Managers, and who, in the opinion of the Managers, is not receiving adequate care from one of his or her natural parents, is of good character and behavior, has potential for scholastic achievement, and is likely to benefit from the program then offered by the School, in addition to meeting the other qualifications set forth herein, shall be admitted to the School. The Managers shall make all decisions as to admission to the School, and their decisions shall be final and conclusive upon the subject.

14. On application for admission, an accurate statement shall be taken, in a book prepared for the purpose, of the name, birthplace, age, health, condition as to relatives, and other particulars useful to be known of each child.

Those children for whose admission application shall first be made, shall be first introduced, all other things concurring, and at all future times, priority of application shall entitle the applicant to preference of admission, all other things concurring, but if there should be at any time more applicants than vacancies, and the applying children shall have been born in different places, preference shall be given in the admission: First,—to those born in the Counties of Dauphin, Lancaster, and Lebanon, State of Pennsylvania; Second,—to those born elsewhere in Pennsylvania; Third,—to those born elsewhere in the United States. No child who has been properly admitted with reference to the order of preference shall thereafter be displaced to make way for any later or subsequent applicant who may be higher in the order of preference hereinbefore directed to be observed. The decision of the Managers as to the number of children to be admitted, and as to the conflicting claims of any or all applicants for admission, shall be final and conclusive.

15. Those children who, in the opinion of the Managers, are worthy students making satisfactory progress, may remain in the School until they complete the full course of secondary education being offered.

16. All children admitted to the School shall be fed with plain, wholesome food neatly, and comfortably clothed, without distinctive dress, and fitly lodged. Due regard shall be paid to their health; their physical training shall be attended to, and they shall have suitable and proper exercise and recreation. They shall be instructed in the several branches of a sound education, agriculture, horticulture, gardening, such mechanical trades and handicrafts as the Managers may determine, and such natural and physical sciences and practical mathematics as in the opinion of the Managers it may be important for them to acquire, and such other learning and science as the tastes, capacities, and adaptability of the several scholars may merit or warrant, to fit themselves for the trades they are to learn, and a useful occupation in life. No one fixed or established course shall be taken by all scholars, this being in the discretion of the Managers, bearing in mind that the main object in view is to train young men and women to useful trades and occupations, so that they can earn their own livelihood. Each and every scholar shall be required to learn, and be thoroughly instructed in some

occupation or mechanical trade, so that when he or she leaves the School on the completion of the period for which he or she is to remain, he or she may be able to support himself or herself.

The Managers shall determine the several kinds of mechanical trades to be taught, and the determination of the particular one that shall be taught to and acquired by each scholar,—the taste, capacity, intelligence, and adaptability of each scholar being ascertained and considered before assigning him or her to any particular trade; one of the objects of the School being to teach and instruct in agriculture, horticulture, and gardening, each child admitted to the School shall at such time or times as may be required, do such work upon the farms as may suit his or her capacity and ability.

17. The School shall be non-sectarian, but the moral and religious training of the scholars shall be properly looked after and cared for by the Managers. No favoritism shall be shown by the Managers to any particular sect or creed. Each scholar shall be taught to speak the truth at all times, and each and every scholar shall be thoroughly trained to habits of economy, and industry.

18. All the advantages and benefits to be derived by the scholars under this deed, shall be in every respect gratuitous, and under no circumstances shall any charge be made to any scholar, or any fees, rewards, or other compensations be accepted by the Managers from or on account of any scholar.

19. The Trustee shall pay the reasonable expenses which the Managers shall incur in the performance of their duties.

20. If, in the opinion of the Managers, any child admitted to the School should become incompetent to learn, or to master a trade, or from physical ailments it would be inexpedient for him or her to continue his or her studies and training, or become insubordinate, or be guilty of vice or crime, or become an unfit companion for the others, or has so conducted himself or herself as not worthy of future and continued support and education, or is so competent to work at his or her chosen trade, that he or she is qualified to be self-supporting, he or she may be removed or expelled from the School by the Managers. The decision of the Managers as to whether a scholar deserves removal or expulsion, shall be final and conclusive upon the subject. The Managers may dismiss any child from their care, and remove him or her from the School for any reason which in their judgment is good and sufficient.

21. All children shall leave the institution and cease to be

the recipients of its benefits upon their completion of the full course of secondary education being offered at the School.

The Managers may in their discretion provide for such a system of premiums and rewards dependent upon good behavior, character, and proficiency, as shall enable those of the scholars entitled to its benefits to receive from the Managers, when they leave the School at the full expiration of their term, a sum of money not exceeding One Hundred Dollars to any one scholar, which sum of money shall be paid by the Managers out of any of the moneys received by them as income of the School, or the Managers may, out of the income, if sufficient for the purpose, provide for or contribute toward the further education of the scholar at some other school, college, or university.

22. All moneys received by the Managers from the sale of products, stock, material, or manufactured articles, or from any source other than those hereinabove described, shall be paid to the Trustee, and expended for the same purposes as are hereinabove prescribed and directed for the expenditure of the income.

23. The Managers shall at all times keep full and accurate statements, in books to be provided by them for the purpose, of all children entering, remaining in, and leaving the School, showing their several names, parentage, birthplaces, ages, admission, and departure, and designation of trade learned; and so far as any information upon the subject can readily and without unnecessary expense be obtained, the Managers shall cause a record to be kept and preserved of the residence, occupation, condition, and success in life of all scholars who have fully completed their term, for a period of ten years after their departure from the School.

24. The Managers shall at all times keep books and accounts of the financial condition of the farms and School, showing the amount and value of all real and personal property belonging thereto, and exhibiting in detail all receipts and disbursements.

In the month of September of each year the Managers shall make a report of the operations of the farms and School for the year ending with the preceding thirty-first day of July, showing the receipts and expenditures of the Managers and the operations of the farms and School during the year. The report must include a statement showing the exact financial condition of the farms, and School at the end of the year, and an inventory and valuation of all the property, stock, implements, machinery, tools, apparatus, and shall be accompanied by other information of the condition of the School, the number of scholars, which the Managers

may desire to give, and a copy of said report, signed by the Managers, shall be delivered by the Managers to the Trustee, in the said month of September, and be filed and preserved by the Trustee among the records of its trust.

25. Should any one or more of the individual Managers hereinabove appointed, die, resign, or become incapacitated to act, or decline or refuse to act, his, or their place or places shall be filled by an appointment to be made by the Trustee, from the members of its own Board of Directors, and any vacancy occurring at any time in the number of Managers by any of the above causes, or otherwise howsoever, whether among the Managers herein appointed, or among those that may be selected to fill a vacancy as herein prescribed, or among their successors to be appointed as aforesaid, shall be filled by an appointment to be made by the Trustee, from the members of its own Board of Directors. The Trustee may at any time hereafter revoke the appointment of any person or persons herein designated as Managers, or of those who become their successors, and remove such persons from the Managers, and thereafter the person or persons whose appointment is revoked shall no longer exercise the duties of the appointment; the vacancy or vacancies so created shall be filled by an appointment to be made by the Trustee in the manner hereinabove described from the members of its own Board of Directors. The Managers and the Trustee may at any time hereafter increase the number of Managers to such a number as they determine, not greater than the membership of the Board of Directors of the Trustee.

26. The Managers shall annually elect one of their number as Chairman. The person acting at the time as Treasurer to the Trustee shall be Treasurer of the Board of Managers. They shall appoint a Secretary, and prescribe the duties of the Treasurer and Secretary. The Treasurer shall give bond with good surety in such penal sum as the Managers shall determine, conditioned for the faithful performance of his duties. The offices of Treasurer and Secretary may be filled by one person, and in case of vacancy in the offices of Chairman or Secretary at any time, the Managers shall elect a successor to fill the vacancy. The Managers shall notify the Trustee in writing of their organization, and of the election of Chairman and Secretary, and of any changes in either office as the same may occur. The assent of a majority of the Managers shall be necessary for the approval of any act.

27. All and several the trusts herein created and declared shall be held in perpetuity.

28. If in the opinion of the Managers it may be advantageous

and convenient that they should be incorporated, and as a corporation hold and exercise the trusts herein created and directed to be held and exercised by the Managers as individuals, the Managers shall have full power and authority at their option to apply for and obtain and take corporate powers and become a corporation under the laws of the State of Pennsylvania existing at the time of the application for such corporate powers: Always provided however, and subject to the following express conditions, viz:-- that the said corporation shall hold its charter in perpetuity, that it shall be called "Milton Hershey School", that the Managers holding the trust at the time of the granting of the charter, shall be the sole incorporators and Managers of said corporation; that the rights and powers to fill vacancies in their numbers as such incorporators and Managers, be subject to the same restrictions as are hereinabove given and imposed in cases of vacancies among the individual Managers, and that the said corporation, under and by virtue of the law or laws of the Commonwealth of Pennsylvania existing at the time of its creation, shall have full and complete legal authority to take and execute the trusts hereinabove created and intended to be exercised and held by the Managers as individuals, to exercise and enjoy as such corporation all the trusts herein created to be exercised and enjoyed by the said individual Managers, with all the powers and authorities, and under and subject to all the conditions, restrictions, and limitations as are herein given, granted, created, prescribed, and declared of and concerning the said trusts to be held and exercised by the said individual Managers; and upon such corporation being formed as aforesaid, it, the said corporation, by name shall thenceforth hold and enjoy all the trusts hereinabove declared and created and intended to be held and exercised by the individual Managers aforesaid, and be and become the successors in the trust of the said Managers. And upon said corporation being formed as aforesaid, the said Managers shall forthwith give notice thereof in writing to the Trustee, and thereafter the said corporation shall be consulted by the Trustee in the matter of the sale and purchase of securities and have the same power and authority in the matter of the sale and purchase of securities and investments and reinvestments, and in all other matters, as is given to the Managers under this deed; and the said corporation shall thenceforth be entitled to receive from the Trustee, and the Trustee shall pay over to the corporation, all moneys which by this deed are hereinabove direct to be paid by the Trustee to the Managers, and the corporation shall take, receive and hold the said money subject to all the

trusts and confidences hereinabove declared of and concerning the same with like effect to all intents and purposes as if the said corporation had been named in this deed instead of the Managers hereinabove named.

29. No person employed by the School, in any capacity other than as an officer, counsel or consultant, in connection with which any compensation or expenses are directly or indirectly paid, shall at the same time serve as a member of the Managers of Milton Hershey School.

IN WITNESS WHEREOF the parties of the first part hereto have hereunto set their hands and affixed their seals this fifteenth day of November, in the year of our Lord one thousand nine hundred and nine.

Milton S. Hershey (Seal)
Catherine S. Hershey (Seal)

Signed, sealed and delivered
in the presence of:

H.C. Tuxbury
B.E. Yunge

STATE OF NEW YORK :
: ss:
COUNTY OF NEW YORK :

On the 15th day of November A.D. 1909, before me, a Notary Public of the State of New York, residing in New York City, personally appeared the within-named Milton S. Hershey and Catherine S. Hershey, his wife, and in due form of law acknowledged the within deed to be their and each of their act and deed, and desired the same might be recorded as such; and the said Catherine S. Hershey being of full age, and separate and apart from her said husband by me thereon privately examined, and the full contents of the within deed being by me first made known unto her, did thereupon declare and say that she did voluntarily and of her own free will and accord, sign, seal, and as her act and deed, deliver the within-written Indenture, Deed or Conveyance, without any coercion or compulsion of her said husband.

WITNESS my hand and official seal the day and year aforesaid.

(SEAL) H.C. Tuxbury
Notary Public 530
N.Y. County

My commission expires March 30, 1910.

The Hershey Trust Company of Hershey, in the County of Dauphin, Pennsylvania, hereby accepts the trusts declared in the above deed on its part to be observed, kept, and performed.

IN WITNESS WHEREOF the Hershey Trust Company has hereunto affixed its corporate seal duly attested at Hershey, Pa., this fourteenth day of April A.D. 1910.

(CORPORATE
SEAL)

Milton S. Hershey, President,
S. C. Stecher, Secretary

We hereby accept the trusts declared in the above deed on our part to be observed, kept, and performed.

IN WITNESS WHEREOF we have hereunto set our hands and seals this fourteenth day of April A.D. 1910.

Milton S. Hershey	(Seal)
Wm. H. Lebkicher	(Seal)
Jno. B. Curry	(Seal)
J.A. Landis	(Seal)
Geo. M. Hoeker	(Seal)
A.W. Stauffer	(Seal)
John E. Snyder	(Seal)
Israel Moyer	(Seal)
U.G. Risser	(Seal)

**MILTON HERSHEY SCHOOL BOARD OF MANAGERS
HERSHEY TRUST COMPANY BOARD OF DIRECTORS
BOARD MEMBER'S RESPONSIBILITIES AND EXPECTATIONS**

The Board of Directors of Hershey Trust Company and the Board of Managers of the Milton Hershey School have adopted the following Board Member's Responsibilities and Expectations for all members of the Boards.

As the highest leadership bodies of each of the organizations, the Boards are responsible for oversight of the management of the business and affairs of the organizations, and their strategic direction, which includes:

- determining, in consultation with management and in accordance with their organizational documents, the mission and vision of the organizations and overseeing the organizations in furtherance of the mission and vision.
- in consultation with management, developing and approving long and short range strategic plans and objectives.
- selecting and evaluating the performance of the Chief Executive Leadership of each organization.
- providing oversight of the financial management and risk management functions.
- adopting and approving an annual budget for each organization.
- reviewing long term financial (revenue and expense) projections.
- continuously evaluating its performance and the overall performance of each organization in achieving the missions.
- planning for director / manager succession.
- planning for succession of the Chief Executive Leadership of each organization.
- providing overall oversight of the organizations.
- providing oversight of regulatory compliance of the organizations.
- setting and/or approving key policies for the effective management of the organizations.
- helping shape the culture of each organization by consistently demonstrating the values and behaviors of the organizations.

In connection with the above responsibilities, the Boards have determined that each Board Member is expected to:

- strive to adhere to the Board Commitments: Mutual Respect, Candor and Care; Positive Intent; One Voice; Transparency.
- understand the organizations' missions, programs, policy and needs.
- review and be familiar with the organizations' financial statements and financial positions.
- actively engage in the organizations' material business discussions and understand Board Member's legal duties and fiduciary responsibilities.
- contribute to the annual performance evaluations of the Chief Executive Leadership

- attend not less than 80% of all board meetings and appropriate committee meetings and engage and actively participate in the meetings. Attendance in person is preferred for all regularly scheduled board meetings and when feasible, encouraged for committee meetings.
- review agendas, content material and supporting documents prior to any board or committee meeting.
- actively serve on committees as assigned.
- stay informed and educated on topics relevant to the Boards and the organizations.
- strictly adhere to confidentiality policies.
- follow the organizations' bylaws, policies and Board resolutions.

In addition to attendance at the board and committee meetings, the Boards believe that each Board Member should regularly engage with the Milton Hershey School and its students and should be a visible role model and leader for the students.

I agree to the above-stated Board Members' Responsibilities and Expectations.

Signature:

Robert Connor Heist

Robert Connor Heist
Feb 16, 2021 10:49 AM CST

Diane,

EX E

Finally, in addition it remains very important to me to resolve the nearly \$ in budget variances

I have recently spoken to General Counsels for MHS and for HTC about some of these concerns and remain optimistic that more information will be forthcoming. Specifically, I am requesting documents related to legal representation of MHS during the time that MHS and have been co-defendants in the litigation, documents related to notice of any conflicts of interest, documents related to any waiver of conflicts of interest, billing records from related to any such legal services provided during that time frame and payment records related to payments made to for such legal services during the time that MHS and have been in the Litigation. These are my top priorities for 2021 and I remain optimistic that with your legal and insurance background you will bring more clarity and transparency to resolving these issues. Thank you for your consideration in this regard.

Director Continuing Request for Information

Robert C. Heist

Fri 1/22/2021 5:23 PM

To: Diane Koken <dianekoken@yahoo.com>;

Cc: ClarkA@mhs-pa.org <ClarkA@mhs-pa.org>; Steve Sparks <SSparks@hersheytrust.com>;

Bcc: R. Connor & Associates P.C. - Chicago <rconnorh@rconnorlaw.com>; Ricardo Meza <rmeza@meza.law>;

Diane,

I hope all is well. I am following up my email of last week in which I made a continuing request for access to certain specific information from MHS regarding the payment of fees related to the [REDACTED]. Since that request seven (7) days ago, I have not received any response. As I outlined in my memo, my request for this information is directly related to the School Operations budget variances and expenditures amounting to approximately \$ [REDACTED]. With the impending consideration of the 2020-2021 proposed budget for MHS, it is necessary for me to better understand the ongoing significant budget variances for School Operations. [REDACTED]

[REDACTED] I feel very strongly about having access to the requested information so that I can fulfill my fiduciary duties as a Manager of the Milton Hershey School Board of Managers.

At this time, I am not going to recite any portion of any aspect of applicable statutes and case precedent [REDACTED]

[REDACTED] am very comfortable with the applicable statutes and case precedent applying equally to a nonprofit corporation as related to my continuing request for access to information. Despite the passing of more than two days since my continuing request last week, I remain optimistic that you will support my request for access to the requested information and facilitate the information being made available to me consistent with applicable statutes and case precedent. To the extent that you are not supportive of me receiving the requested information, please advise me as soon as possible.

I am very sensitive to the reluctance that I have encountered in receiving appropriate responses to my request for information and I am especially aware of the potential retaliation to be directed to me. However, I feel compelled to carry out my fiduciary duties in better understanding these financial matters related to School Operations and am committed to doing so. I remain optimistic that any such retaliation will not be supported by my board colleagues. I am equally aware that I may be the minority in wanting to better understand the significant budget variances but I also recognize that even the minority is entitled to access to the School Operations information that I have requested. My goal is to receive the requested information internally so that I can be satisfied with my understanding of the \$ [REDACTED] in budget variances and School Operations expenditures as soon as possible. Along these lines, I appreciate your assistance in facilitating making the requested information available to me as soon as possible. With that in mind, to the extent that there is any confusion or question about my continuing request, I remain available to discuss this matter with you at your convenience. To the extent that you prefer to not respond to my request in a timely manner, I will be disappointed but I will not be discouraged from fulfilling my fiduciary duties in better understanding the School Operations expenses about which I am seeking information and access to information. Thank you for your consideration in this regard.

2/18/2021

Director Continuing Request for Information - Robert C. Heist

Robert C. Heist, Director
Hershey Trust Co.
100 Mansion Road
Hershey, PA 17033
rconnorh@hersheytrust.com
717-520-1108

Continuing Request for Access to Information

Robert C. Heist

Wed 1/27/2021 11:15 AM

To: Diane Koken <dianekoken@yahoo.com>;

Cc: ClarkA@mhs-pa.org <ClarkA@mhs-pa.org>; Steve Sparks <SSparks@hersheytrust.com>;

Diane,

As a follow-up to the ESL committee meeting this morning, I am confirming my request as a Manager of the Milton Hershey School Board of Managers for access to any and all Milton Hershey School information including books, records, accounts and documents as follows:

1. In any way related to the proposed budget for the 2021-2022 budget year that were relied upon or used in any way to identify the dollar values for School Operations including but not limited to the following
 - a. School Operations
 - b. Insurance
 - c. Legal Affairs
 - d. President's Initiative
 - e. Operating Contingency Fund
 - f. President's Office

2. Current to date 2020 2021 budget year actual dollar values for School Operations expenditures in any way related to those dollar values for School Operations including but not limited to:
 - a. School Operations
 - b. Insurance
 - c. Legal Affairs
 - d. President's Initiative
 - e. Operating Contingency Fund
 - f. President's Office

3. Actual dollar values for 2019-2020 budget year actual dollar values for School Operations expenditures in any way related to those dollar values for School Operations including but not limited to:
 - a. School Operations
 - b. Insurance
 - c. Legal Affairs
 - d. President's Initiative
 - e. Operating Contingency Fund
 - f. President's Office

4. Actual dollar values for 2018-2019 budget year actual dollar values for School Operations expenditures in any way related to those dollar values for School Operations including but not limited to:
 - a. School Operations
 - b. Insurance
 - c. Legal Affairs
 - d. President's Initiative

- e. Operating Contingency Fund
- f. President's Office

This request is supplemental to my prior requests. In light of the ongoing challenges related to my prior requests for access to information, I am trying to provide clarity that I am requesting access to information and actual underlying and source documents, not just a comprehensive memo or a summary from our MHS team. To avoid any lack of clarity, and in an effort to comply with the PA Nonprofit Corporation Act (the "Act"), please accept this request for access to information, as well as my prior requests, as a respectful "demand" consistent with the Act. Up to this point in time, I have been patient when my prior requests for access to information have been re-routed through a particular committee which has resulted in delay in receiving responses to my requests. The Act makes very clear that my request is that of a Manager and it is inappropriate to re-route or assign my individual Manager request to a committee. I am certainly supportive of all Managers having access to the same information that is made available to me. Just to be clear, I am making my request as a Manager and look forward to receiving complete and timely responses to my past and current ongoing request for access to information. This request is specifically related to my responsibility and duties in completely understanding the current MHS request for budget approval in terms of how the budget line-items are developed as well as how prior budget expenditures have been incurred relative to previously approved budgets. If you have any questions in this regard, please feel free to contact me at your convenience. Thank you.

Robert C. Heist, Manager
Milton Hershey School Board of Managers


Director Request for Access to Information

Robert C. Heist

Fri 2/5/2021 5:50 PM

To: Diane Koken <dianekoken@yahoo.com>;

Cc: Steve Sparks <SSparks@hersheytrust.com>;

 1 attachment

2021.02.05 Undertaking Director Access Information.pdf;

Diane,

Thank you for making time to discuss my pending Director Request for Access to Information. I appreciate you and Michela taking the time to try and facilitate an appropriate response from MHS in a timely manner. As I mentioned, as a precautionary measure in response to MHS's decision to retain legal counsel and initiate a legal process to respond to my pending request, I feel compelled to be prepared, if necessary, with legal counsel to assist me. As I mentioned during our meeting today, I continue to have positive intent and remain optimistic that MHS will provide me with the requested information based on our discussion today. As such, it is not my intention to have rely on counsel to assist me in this regard but I want to be in an equal position based on MHS's decision.

As we discussed today, I will look forward to hearing from you and Michela. I appreciate everybody's busy schedule and am willing to be patient to allow you and Michela some time to communicate with MHS and share the approach that I discussed with you today. I do not want to repeat our discussion but do want to reiterate my willingness to be amiable and work through any and all reasonableness and burden concerns as well as provide assurances of my appreciation for all applicable privileges. In light of pending budget approval considerations, time is of the essence in this regard.

Over the past two days, I have been presented with several questions about my "hypothesis" in making my request for access to information related to the budget considerations that we have been discussing. I am very comfortable confirming that my goal is to better understand the nature of the substantial and significant budget considerations that we have been discussing. I simply do not have enough information to formulate a "hypothesis" and am simply looking for independent verifiable factual information that will help me better understand the identified budget considerations so that I can feel comfortable with fulfilling my fiduciary duties with respect to those budget considerations. I appreciate your assistance in this regard and look forward to hearing from you soon.

Robert C. Heist, Director
Hershey Trust Co.
100 Mansion Road
Hershey, PA 17033
rconnorh@hersheytrust.com
717-520-1108

Director Access to Information

Robert C. Heist

Mon 3/1/2021 8:37 AM

To: Diane Koken <dianekoken@yahoo.com>;

Cc: Bergen, Jan L <Jan.Bergen@penmedicine.upenn.edu>; James Brown <jameswalterbrown@gmail.com>; Michela English <michelaenglishdc@gmail.com>; Melissa Fullmore <drfullmore@gmail.com>; Daniel Katzir <dankatzir1@gmail.com>; Jameskatzman8@gmail.com <Jameskatzman8@gmail.com>; Maria Kraus <maria.kraus@gmail.com>; Amy Marsh <AmyKMarsh@outlook.com>; Cordell Robbin-Coker <cordel@carry1st.com>; desaltzman@gmail.com <desaltzman@gmail.com>;

Bcc: Steve Sparks <SSparks@hersheytrust.com>;

 1 attachment

HEIST - Petition to Compel Inspection of Corporate Information Combined Exhibits FINAL.pdf

Diane,

I am writing as a follow-up to my January 15, 2021 Memorandum to you, my January 22, January 27, and February 18, 2021 emails to you, and our February 5, 2021 Zoom meeting regarding my ongoing (Since September 2019) request for access to MHS corporate books and records. I am disappointed that I have not been afforded access to the requested corporate information and am left to understand that my request will continue to be ignored and not supported by board leadership.

I am writing now in a final effort to avoid seeking court intervention and to reiterate my respectful "demand", made no less than five times now, for access to the following corporate information:

All transaction reports, invoices, purchase orders, payment requests, payment receipts, payment confirmations and similar documents related to "disbursements" made by MHS during the budget years of 2016-2021 for School operations, inclusive of but not limited to specific budget line-items titled "President's Office", "Operating Contingency Fund", "President's Initiative", "Legal Affairs", "Insurance" and "School Operations."

As I have repeatedly explained, access to the above information is essential to my ability to perform my duties and responsibilities as a member of this Board. Thus, if you continue to deny me access to this information, I will be left with no choice but to seek court intervention. To that end, I ached please find the Petition.

My desire is that court intervention will not be necessary and that you will promptly provide me with access to this information.

Robert C. Heist, Manager
Milton Hershey School, Board of Managers
rconnorh@hersheytrust.com
717-520-1108