

## HCC 2023 To the Membership of the Club

The Board has voted, in an effort to carry out their fiduciary responsibility to the By-Laws of the club, to update and better organize the books involving the shares currently held by members and outstanding shares that may be held by those who are no longer members. Under the By-Laws, there are a total of 1,100 shares with a par value of \$100 each. According to the By-Laws, Article II, Section 9, each member is required to own one share as a prerequisite of joining the club. However, in recent years it appears that many new members do not own a share. The club's membership books are so outdated it is impossible to determine where these shares may be. Thus, under the By-Laws, Article 1, Section 6, the Board has the option to buy back all outstanding extra shares from those who may own such beyond the one share required for ownership. The Board has passed a resolution to do just that, in an effort to bring our membership books up to date.

To make sure the Board undertakes this measure correctly, in May we voted to hire the highly regarded law firm of Lathrop Gage whose main offices are located in St. Louis and Kansas City. We worked with a law partner of the firm in the corporate/securities division and they provided us a legal memorandum/brief to follow. We have passed a resolution for the purposes of buying back extra outstanding shares from members and known past members of the club. The par value of each share is \$100. The Board is sending notices to all members and known past members in regard to this endeavor. We are providing notice in the local newspapers, the Missouri Register, and our website as well. Under securities and regulations law, we must keep this repurchase period open for at least 20 days. The Board has decided to keep the repurchase period open for 30 days.

The ability for the Board to do this buy back of extra shares has come about because of the one-time federal PPP funds known as the Employee Retention Credit that the club received earlier this summer. These funds are part of the Covid 19 relief funds that numerous businesses such as our received. Thus, starting September 1, 2023 through September 30, 2023, the Board will buy back outstanding extra shares from members and known past members. Individuals that have such shares will be asked to bring them to the club office on each Saturday in September from 9am through noon. The Board will review said shares brought into the club's office for authenticity, and if those members and past members can prove they own said shares they will be paid \$100 for each.

In addition, the Board will also be asking each member to show proof that they own one share that is mandated by the By-Laws. If said member does own one share, they should bring it into the office and the Board will reissue you a newly drafted share in its place. Those members that cannot produce proof that they own a share, they will be billed \$100 on their next month's statement and be issued such a share.

The Board believes this is a necessary and good business practice for the club and is in the club's best interest for the future. The By-Laws mandate there can be no more than 350 members at any one time. And, as stated above there is a maximum 1,100 shares of stock within the club. Thus, the club has 350 shares of those 1,100 shares that can be issued to the members at a par value of \$100. Thus, the Board will keep the remaining 750 shares as so-called "treasury shares". Such share's may be kept in-house or released and sold to members as the Board determines is in the best interest of the club and the By-Laws allow.

Attached with this letter is a copy of the resolution the Board passed to start this procedure as instructed by Lathrop Gage. We thank the members for working with us in an effort to modernize our business practices at the club.

Board of Directors

## HANNIBAL COUNTRY CLUB BOARD OF DIRECTORS RESOLUTION

WHEREAS, the Hannibal Country Club, was established in 1903 and was incorporated in the state of Missouri as a non-profit corporation in 1909 and has been in continuance operation as a private country club since that date; and

WHEREAS, the Hannibal Country Club has for one hundred and twenty years provided enjoyment and entertainment for its members and guests and is considered a valuable asset, to the city of Hannibal and surrounding area; and

WHEREAS, the business and affairs of the club is overseen and directed by a board of directors (the "Board"), who are elected by the members of the club at annual shareholder meetings; and

WHEREAS, the Board has a fiduciary responsibility to conduct and oversee the business affairs of the club to promote the best long-term interests of the club for the enjoyment of its members; and

WHEREAS, the By-Laws of the club (the "By-Laws"), help direct the Board in carrying out the year-to-year business decisions of the club, however such By-Laws have not been updated for many decades and certain provisions thereof have become obsolete and unworkable, in the opinion of the Board; and

WHEREAS, Article VI, Section 3 of the By-Laws grants broad authority to the Board to interpret the By-Laws; and

WHEREAS, Article 1 of the current By-Laws, dealing with the stock of the membership, in the opinion of the Board, has become outdated and unmanageable, and the Board, despite diligent review of the Club's books and records, has been unable to determine the exact ownership of the Club's capital stock by the members and past members; and

WHEREAS, the Board feels it is in the best long-term interest of the Club to address the stock issue under Article 1 of the By-Laws; and

WHEREAS, in furtherance of the foregoing, the Board deems it is in the best interest of the Club to buy back all additional outstanding shares believed to be held by members who may own more than the one share required for membership to the club in accordance with Article 1, Section 6 of said By-Laws, and make an attempt to buy back any existing outstanding shares from past members of the club; and

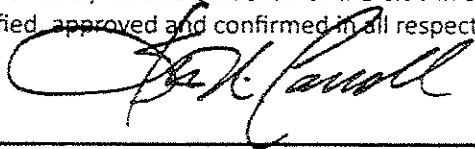
WHEREAS, upon the completion of said buy back of said shares, the Board feels it is in the best long-term interest of the club to determine that all current members own one share of stock from the club at a par value of \$100.00, and that each membership show proof of such an ownership of one share of such stock in accordance with the membership requirements set forth in Article II, Section 9; and

WHEREAS, the Board, if they feel it is in the best long-term interest of the Club, may issue up to 350 shares of stock to current and potential members at a par value of \$100.00 per share based upon the maximum amount of memberships the club can have at any one time being 350, and reserve the additional 750 shares, (total shares being 1,100 shares under said By-Laws), to be sold in accordance with the direction of the Board of Directors as they feel is in the best long term interest of the club; and

NOW THEREFORE BE IT RESOLVED, the Board of Directors hereby approves the Club's buy back of additional stock from its current and former members in an attempt to follow their fiduciary responsibilities under the By-Laws; and

FURTHER RESOLVED, that the executive officers of the Club are, and each of them hereby is, authorized and directed, in the name and on behalf of the Club, to execute and deliver all documents, and take all other actions, that they consider to be necessary or appropriate to enable the Club to consummate the buy back of said Club's stock, as contemplated by this resolution; and

FURTHER RESOLVE, that all actions that the club president, or other officers or directors of the Club have taken previously for and on behalf of the Club in connection with the purpose of the foregoing resolution are ratified, approved and confirmed in all respects.



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THE BOARD OF DIRECTORS, STEVEN R. CARROLL-PRESIDENT

DATE APPROVED

6/29/23