

LITTLE STURGIS RALLY AND RACES FOR CHARITY, INC.

UNANIMOUS WRITTEN ACTION BY DIRECTORS

April 2, 2007

The undersigned, constituting all of the directors and members of the Board of Directors of Little Sturgis Rally and Races for Charity, Inc. (the "Corporation") pursuant to KRS Chapter 273, and Article V, Section 13, and Article XV, Section 5, of the ByLaws of the Corporation, hereby adopt and consent to the adoption of the following action and resolution amending the Bylaws of the Corporation:

RESOLVED that Article XIII of the ByLaws of the Corporation is hereby amended and restated as follows:

Article XIII.

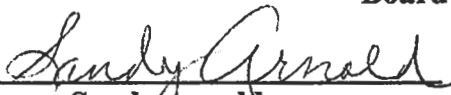
Transactions with Directors; Conflict of Interest.

Section 1. Contracts or Transactions or Business with the Directors. No pecuniary profit shall be received by any Director from the operations of the Corporation by reason of his or her status as a Director. Any contract or transaction of business between the Corporation and one (1) or more of its Directors, or with any corporation or association in which any of its Directors is a stockholder, director or officer, shall not be invalidated or affected solely by the fact that such Director or Directors have or may have interests therein which are or might be adverse to the interests of the Corporation; provided, however, that a Director having an interest adverse to that of the Corporation shall disclose such interest to the Board of Directors, and shall not vote on any matter involving such interest, although he or she may be counted in determining the existence of a quorum. The Corporation shall be prohibited from making loans to any of its Directors or Officers.

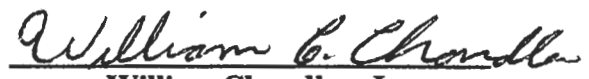
Section 2. Conflict of Interest Policy. Attached to and made a part of these ByLaws as Appendix A is the Conflict of Interest Policy of and for the Corporation and the governing Board. In the event there is a conflict or inconsistency between such Conflict of Interest Policy and the provisions of these ByLaws, the provisions of this Conflict of Interest Policy will be controlling.

Executed by the directors and members of the Board of Directors
on the dates set forth below, but effective as of April 2, 2007.

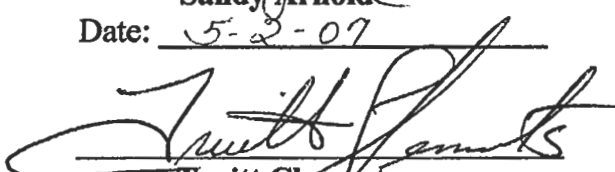
Board of Directors:




Sandy Arnold
Date: 5-2-07




William Chandler, Jr.
Date: 5-9-07




Truitt Clements
Date: 5/2/07



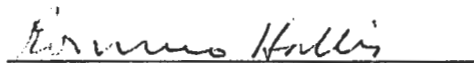
Mike Cowan
Date: 5-1-07



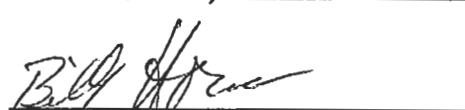
Keith Durbin
Date: 5-8-07



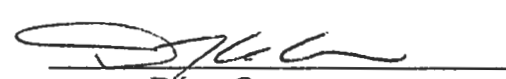
Paul Hart
Date: 1 May 07



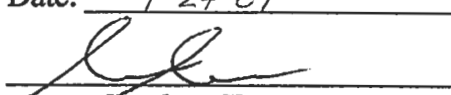
Ronnie Hollis
Date 5/15/07



Billy House
Date: 4-24-07



Doug Omer
Date: 6/14/07



Stephen Shouse
Date: 4-30-07

Appendix A: Conflict of Interest Policy

Article I Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's ("Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV **Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V **Compensation**

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI **Annual Statements**

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII **Periodic Reviews**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.