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PKRA By-Laws

BYLAWS OF PHOENIX KART RACING ASSOCIATION, INC.

ARTICLE 1 Name

This corporation shall be known as the PHOENIX KART RACING ASSOCIATION, INC.

ARTICLE 2 Offices

2.01. Known Place of Business.

The corporations known place of business in the state of Arizona shall be the address of its statutory agent, or such other address as may be set forth in a statement filed with the Arizona Corporation Commission in accordance with Arizona law.

2.02. Changes in Known Place of Business.

The corporation shall have and continuously maintain in the state of Arizona a known place of business which may be changed from time to time upon the approval of the board of directors of the corporation provided, however, that any such change be promptly reported to the Arizona Corporation Commission.

ARTICLE 3 Purpose and Powers

This corporation shall operate to accomplish only the purpose or purposes set forth in its articles of incorporation, as amended from time to time, and shall have all powers necessary or convenient to effect such purpose or purposes. Without limiting the general purposes and powers set forth in the corporations articles of incorporation, the objectives of the corporation shall include the furtherance and the promotion of the following:

- A. the highest standards of courtesy and safety on the race track;
- B. the enjoyment and sharing of goodwill and fellowship engendered by owning a motorized vehicle, such as a kart, motorcycle, racing bike, or other motorized vehicle as specified by the Board of Directors (the "Board");
- C. the maintenance of the highest standards of operation and performance of karts through the sharing of technical and mechanical information;
- D. the interchange of ideas and suggestions with other kart clubs throughout the world and in such other cooperative efforts as may further the purposes of the corporation; and
- E. the establishment of such mutually beneficial relationships with other Kart clubs and organizations as may further the purpose of the Corporation.

ARTICLE 4 Membership

4.01. Classes.

The membership of the corporation shall be divided into two classes:

(a) Basic Members and (b) Family Members. Membership in the corporation, irrespective of class, shall not be transferable or assignable.

4.02. Eligibility.

The membership in the corporation shall be restricted to individuals who own or drive karts, or who are interested in the accomplishment of the corporation's purposes as set forth in its articles of incorporation and these bylaws. In addition to the foregoing eligibility requirements applicable to all members, membership of the specific classes shall be restricted as follows:

A Family Member must be a parent, spouse or child of an individual who is a Basic Member in good standing.

4.03. Application and Dues.

Application and Dues. Any person eligible for membership shall become a member upon

(a) the acceptance and approval by the Board of Directors of such person's written membership application after the same has been submitted in the form required by the Board of Directors, and

(b) payment of dues for the membership year in the amount and on such date as may be prescribed by the Board of Directors from time to time with respect to the class of membership applied for. The Board of Directors shall prescribe the date on which a membership year shall commence, and a membership year shall be 365 days, unless such membership year encompasses a leap year, in which case it shall be 366 days.

4.04. Obligations.

In addition to the of payment of dues prescribed by the board of directors, the members of the corporation shall at all times observe and obey the rules and regulations adopted from time to time by the board of directors regarding the use of the corporation's facilities and the personal conduct of persons attending events sponsored by the corporation.

4.05. Privileges.

All members of the corporation, regardless of class, shall be entitled, on an equal basis with all other members, to enjoy the rights and privileges of membership

subject to the rules, fees and conditions prescribed by the board of directors from time to time with respect thereto, except as follows:

Family members shall not have the right to vote with respect to any matter which is referred to or determined by a vote of the membership.

ARTICLE 5 Termination or Suspension of Membership

5.01. Voluntary.

A member may withdraw from membership in the corporation by requesting the secretary to delete his or her name from the membership rolls. The secretary may comply with the request without further authority than this provision of these bylaws.

5.02. Involuntary.

(a) A member shall be suspended if such member fails to pay the required dues when the dues for his or her membership for the current membership year are due, as prescribed by the Board of Directors, or

(b) A member may be suspended by a vote of two-thirds vote of the Board of the Directors if such member engages in conduct or engages in conducts which violates the rules and regulations prescribed from time to time by the Board of Directors, or which is otherwise detrimental to the best interests of the Corporation.

Upon written notice of such suspension, the suspended member shall be afforded a reasonable opportunity to be heard, in person or through a representative of his or her choosing, by the Board of Directors or a committee appointed by the Board of Directors for this purpose, concerning the alleged misconduct which is the basis for such suspension. After such hearing, the Board of Directors, by a two-thirds vote, may continue the suspension for a definite period of time, or terminate the suspension or expel the member. The Board of Directors decision shall be final. Upon the suspension or expulsion of a Basic Member, the Board of Directors may, at its discretion, suspend or expel any Family Member whose eligibility for membership depends upon the good standing of the suspended or expelled Basic Member.

5.03. Refunds.

There shall be no refunds of dues upon withdrawal, termination or suspension of membership.

ARTICLE 6 Meetings of Membership

6.01. Annual Meeting.

The annual meeting of the members shall be held no earlier than the first Monday in the month of August in each year, at the hour of 7:00 o'clock, p.m., and no later than the last Monday in the month of August of each year, at the hour of 7:00 o'clock, p.m., for the purpose of electing directors in the manner provided by these Bylaws and transacting such other business as may come before the meeting. If the last Monday in the month of August shall be a federal or State of Arizona holiday, such meeting shall be held on the next succeeding Monday. If the election of the Board of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as may be practical.

6.02. Special Meetings. Special meetings of the membership may be called by the President, by a vote of not less than three (3) members of the Board of Directors, or not less than the greater of one-fourth (1/4) of the members having voting rights, or twenty-five (25) members having voting rights.

6.02. Special Meetings.

Special meetings of the membership may be called by the President, by a vote of not less than three (3) members of the Board of Directors, or not less than the greater of one-fourth (1/4) of the members having voting rights, or twenty-five (25) members having voting rights.

6.03. Place of Meeting.

The board of directors may designate any place, either within or without the state of Arizona, as the place of meeting for any annual meeting of the membership or for any special meeting called by the board of directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the known place of business of the corporation in the State of Arizona; but if all of the members shall meet at any time and place, either within or without the state of Arizona, and consent to the holding of a meeting, such meeting shall be valid without call or notice.

6.04. Notice of Meetings.

Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the discretion of the president, or the secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of the meeting shall be deemed to be delivered when

deposited in the United States mail, addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid. Any annual or special meeting of the membership may be adjourned to another time or place, and notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, and if the adjournment is for thirty days or less.

6.05. Informal Action by Members.

Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

6.06. Quorum.

The members holding the greater of thirty (30) of the votes, or fifteen percent (15%) of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting from time to time without further notice, subject to the provisions of Section 6.04 hereof. At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the member, or its duly authorized attorney-in-fact. The Secretary of the Corporation shall send a Board approved proxy with the notification for the meeting where such proxy shall be used. The proxy shall provide, among other provisions: (a) for which meeting it shall be valid, (b) an option to vote for the relevant choices available for any matters to be discussed at such meeting, or (c) an option to assign their rights to vote in such meeting to a designated individual who shall be required to possess the original signed proxy when exercising the voting rights pursuant to the proxy.

6.07. Proxies.

At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after twenty five months from the date of its execution.

ARTICLE 7 Board of Directors

7.01. Duties.

The affairs of the corporation shall be managed by the board of directors, which shall be responsible for determining all matters of policy and the proper performance by the corporation's officers of their respective duties.

7.02. Size of Board and Qualifications.

The Board of Directors shall consist of not less than five (5) and no more than nine (9) individuals. Each director shall be resident of the State of Arizona and a member in good standing of the Corporation as a condition to holding such office. The size of the Board of Directors may be increased or decreased, within the foregoing limits, by a majority vote of the members present and entitled to vote thereon at any annual membership meeting. In the event the size of the Board of Directors is changed at any annual meeting, the election of the Board of Directors shall be postponed for not less than thirty (30), and not more than sixty (60) days from the date of such annual meeting. At such subsequent meeting for the election of the vacant Board of Director positions, the members of the Board of Directors shall be elected in accordance with the provisions of this Article 7, and shall retain the staggered terms of directors.

7.03. Manner of Election.

The directors shall be elected at the annual membership meeting by vote of the members who are entitled to vote thereon. Each director elected at an annual membership meeting (Or deferred annual membership meeting) shall hold office for a term of two years commencing upon the adjournment of such meeting, and until his or her successor is elected and qualified. Voting shall be by secret ballot. The secretary of the corporation shall cause the results of the election of directors to be published in the corporation's official publication or newsletter. The terms of the directors shall be staggered.

7.04. Nominations.

(a) Nomination of candidates for the positions on the Board of Directors shall be made at the monthly club meeting for the month of July. If the monthly club meetings have been discontinued, a special meeting of the membership shall be called no later than the second Monday in July to nominate candidates for the positions on the Board of Directors. In the event of a change in the size of the Board of Directors, a new candidate nomination period shall commence on the date of the annual meeting, and shall remain open for fifteen (15) calendar days thereafter. In the event of such special nomination period, the nominations shall be submitted in writing to the Secretary of the Corporation.

(b) Nominations of candidates may be made by any voting member of the corporation by submitting the name of any such nominee to the secretary of the corporation at such meeting. The secretary shall cause to be published in the corporation's regular publication or newsletter next preceding each annual membership meeting, the names of all nominees submitted to the secretary prior to the date on which such publication or newsletter went to press.

7.05. Annual Meetings.

Each annual meeting of the board of directors is to be held immediately following the holding of each annual meeting of the membership. At the annual meeting, the directors shall elect officers and transact such other business as may be properly brought before the meeting. If any annual meeting of directors is for any reason not held on the date determined as aforesaid, a deferred annual meeting of directors may thereafter be called and held in lieu thereof, at which the same proceedings may be conducted. Any officer elected at any annual meeting or deferred annual meeting of directors will hold office for a term of one year, commencing on the first day of the next succeeding fiscal year of the corporation, and until his or her successor is elected and qualified.

7.06. Special Meetings.

Special meetings of the directors may be held whenever and wherever called for by the president or by the written demand of not less than four of the directors. Any written demand by directors shall state the purpose or purposes of the proposed meeting, and business to be transacted at any such meeting shall be confined to the purposes stated in the notice thereof, and to such additional matters as the chairman of the meeting may rule to be germane to such purposes.

7.07. Notices.

Notice of regular and special meetings of the directors shall be given to each director, orally or in writing, at least twenty four hours before the time fixed for the meeting, and such notice shall advise each director as to the time, place and general purpose of the meeting, and shall be delivered personally, or by telephone, fax or telegram, or mailed, postage prepaid, to each director at his last post office address as it appears on the books of the corporation. Any director may waive call or notice of any annual, deferred annual or special meeting (and any adjourned thereof) at any time before, during which or after it is held. Attendance of a director at any such meeting in person will automatically evidence his waiver of call and notice of such meeting (and any adjournment thereof) unless he is attending the meeting for the express purpose of objecting to the transaction of business because the meeting has not been called or noticed.

7.08. Quorum.

A quorum for the transaction of business at any meeting or adjourned meeting of the Board of Directors will consist of a majority of those then in office. Once a quorum has been formed, if directors leave the meeting so that the remaining directors are insufficient to form a quorum, the remaining Board of Directors shall no longer have the authority to conduct business which would require a quorum to be present.

7.09. Voting.

Any matter submitted to a meeting of the board of directors will be resolved by a majority of the votes cast thereon.

7.10. Committees.

The board of directors, from time to time, by resolution adopted by a majority of the full board, may appoint standing or temporary committees from its membership and vest such committees with such powers as the board may include in its resolution. The board of directors shall select the members and chairman of such committees, and may remove and replace the same at anytime at its discretion.

7.11. Presumption of Assent.

A director of the corporation who is present at a meeting of the board of directors or of any committee at which action is taken on any matter will be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or forwards such dissent by registered or certified mail to the secretary of the corporation within two business days after the adjournment of the meeting. A right to dissent will not be available to a director who voted in favor of the action.

7.12. Action by Directors Without a Meeting.

Any action required or permitted to be taken at a meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all directors, or committee members, as the case may be, consent thereto in writing. Such consent shall have the same effect as a unanimous vote of the directors or committee members of the corporation at a meeting duly called and noticed.

7.13. Meetings by Conference Telephone.

Any member of the board of directors, or of a committee thereof, may participate in any meeting of the board or such committee by means of a conference telephone or similar communication equipment whereby all members participating in such meeting can hear one another. Such participation shall constitute attendance in person.

7.14. Reserves.

The board of directors may establish sinking funds or other reserves, from time to time, by resolution, for any proper obligation of the corporation, provided, however, that any funds which are deposited or otherwise committed to the funding of any such reserve shall be used to defray only those obligations authorized in the boards resolution in effect at the time of such funding, unless other uses are expressly authorized and approved by two-thirds of all the members of the corporation (not merely those members present) at an annual or special membership meeting.

7.15 No Action by Board of Directors.

The Board of Directors shall take no action and engage in no agreement which would cause the Corporation to violate any of its agreements within a state, county or local government, and the Board of Directors shall be prohibited from taking any action which is prohibited by law, or from failing to take any action which is required by law.

ARTICLE 8

8.01. Elections and Appointments.

The board of directors will elect or appoint a president, one or more vice presidents, a secretary and a treasurer. The regular election or appointment of officers will take place at each annual meeting of the board of directors, but elections of officers may be held at any other meeting of the board. No person shall hold more than one office at the same time. Each officer shall be required to be a member in good standing of the corporation.

8.02. Additional Appointments.

In addition to the officers contemplated in Section 8.01 above, the board of directors may elect or appoint other corporate or divisional officers or agents with such authority to perform such duties as may be prescribed, from time to time, by the board of directors or by the president.

8.03. Removal; Delegation of Duties.

The board of directors may, whenever in its judgment the best interests of the corporation will be served thereby, remove any officer or agent of the corporation or temporarily delegate his powers and duties to any other officer or to any director.

8.04. President and Vice President.

Unless otherwise specified by resolution of the board of directors, the president will be the chief executive officer of the corporation, and shall act as chairman of all meetings of the membership and of the board of directors. The president will supervise the business and affairs of the corporation and the performance by all of its other officers of their respective duties, subject to the control of the board of directors. One or more vice presidents shall be elected by the board of directors to perform such duties as may be designated by the board or be assigned or delegated to them by the chief executive officer. Any one of the vice presidents as authorized by the board will be vested with all of the powers and charged with all of the duties of the president in the event of his or her absence or inability to act. Except as may otherwise be specifically provided in a resolution of the board of directors, the president and any vice president are the proper officers who must sign on behalf of the corporation, any deed, bill of sale, assignment, option, mortgage, pledge, note, bond, evidence of indebtedness, application, indenture or other instrument of any significant importance to the corporation.

8.05. Secretary.

The secretary will keep the minutes of the meetings of the membership, the board of directors and any committee, and all unanimous written consents of the board of directors and any committee of the corporation, and will see that all notices are duly given in accordance with the provisions of these by-laws or as required by law. The secretary will be the custodian of the corporate records, and, in general, perform all duties incident to the office.

8.06. Treasurer.

The treasurer will keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and will cause all money and valuable effects belonging to the corporation to be deposited in the name and to the credit of the corporation in such federally- insured depositories, subject to withdrawal in such manner as may be designated by the board of directors, provided, however, that the treasurer and at least one other officer shall be required signatories on all checks and withdrawals on the corporation's accounts. He or she will render to the president and the directors at each meeting of the board of directors, an account of all his or her transactions as treasurer and of the financial condition of the corporation. The treasurer shall be responsible for preparing and filing such financial reports, financial statements and returns as may be required by law. The treasurer shall insure strict compliance with the provisions of this section, 8.06, in all matters pertaining to the financial affairs of the corporation, and any failure or neglect to perform his duties shall be grounds for his immediate expulsion as a member of the corporation by the board of directors under section 5.02 hereof.

8.07. Other.

The board of directors may engage the services of such other officers or employees, including but not limited to an executive secretary, as may from time to time be deemed necessary or advisable for the objectives or purposes of the corporation.

8.08 No Action by Officers.

The officers shall take no action and engage in no agreement which would cause the Corporation to violate any of its agreements within a state, county or local government, and the officers shall be prohibited from taking any action which is prohibited by law, or from failing to take any action which is required by law.

ARTICLE 9 Resignations and Vacancies

9.01. Resignations.

Any director, committee member or officer may resign from his or her office at any time by written notice delivered or addressed to the corporation at its known place of business. Any such resignation will be effective upon its receipt by the corporation, unless some later time is therein fixed, and then from that time the acceptance of the resignation will not be required to make it effective.

9.02. Vacancies of Officers or Committee Members.

If the office of a committee member or officer becomes vacant by reason of his death, resignation, disqualification, removal or otherwise, the Board of Directors may choose a successor to hold office for the unexpired term.

9.03. Vacancies of Directors.

If the office of any director becomes vacant by reason of his death, resignation, disqualification, removal or otherwise, a special meeting shall be held within sixty (60) days of such vacancy, and shall be conducted in compliance with the terms and conditions contained in Article 7 relating to the election of directors.

9.04. Removal of Directors.

Upon a vote of not less than two thirds (2/3) of the Board of Directors, or upon a written request of not less than the greater of thirty (30) members, or twenty-five percent (25%) of the members entitled to vote, a special meeting shall be held. A special meeting shall be held within thirty (30) days of such vote or written notification. The Secretary of the Corporation shall provide notice of such special meetings in accordance with Article 6.04, and such notice shall specifically include notification of a vote to remove a Board member. The Secretary of the

Corporation shall also send with such notice a proxy which shall include an option to remove the director, for which the Board of Directors or the membership requested such special meeting.

ARTICLE 10 Contracts, Checks, Deposits and Funds

10.01. Contracts.

The board of directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any such instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. No officer or any other person shall be authorized to incur on behalf of the corporation any obligation or indebtedness, in excess of fifty dollars, without the prior approval of the board of directors, except for:

- a) The costs of printing, postage, and stenographic expenses of the corporation's official publications, and
- b) Ordinary and necessary stationary and administrative supplies.

No personal liability whatever shall be incurred by any such officer or agent by reason of any act taken on behalf of the corporation if such act is properly authorized by the board of directors or these bylaws. Any officer or person who incurs any unauthorized obligation on behalf of the corporation shall personally indemnify the corporation against all liabilities and costs arising there from.

10.02. Checks, Drafts, etc.

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by the treasurer and one other officer of the corporation, and by such other person or persons (if any) as shall from time to time be designated by resolution of the board of directors.

10.03. Deposits.

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select, provided that such deposit is insured by an instrumentality of the United States government.

10.04. Gifts.

The board of directors may accept on behalf of the corporation any contribution, gift bequest or devise for the general purposes or for any special purpose of the corporation.

ARTICLE 11 Amendments

The membership shall have power to make, amend and repeal the bylaws of the corporation by vote of the majority of members present at any regular or special membership meeting at which a quorum is present, provided that written notice of the proposed amendments are given with the notice of the meeting, and provided that Section 7.14 shall be amended only upon the approval of at least two-thirds of all members. Voting on any such amendment shall be by secret ballot. Any member may propose an amendment to these bylaws by submitting the same in writing to the secretary, who shall cause a copy of the proposed amendment, together with the name or names of the members who submitted the same, to be included in the notice of the next annual or special membership meeting.

ARTICLE 12 Miscellaneous

12.01. Notices.

Official notices and communications to the membership or the directors may be contained in a newsletter or in such other mailings as the board of directors may authorize.

12.02. Fiscal Year.

The corporation's fiscal year shall be the calendar year.

12.03. Indemnification.

To the extent permitted by Arizona law, the corporation shall indemnify its officers and directors against any and all liability and costs arising from any act done in good faith on behalf of the corporation or in the course of performing their duties.