

Black Star Co-op Bylaws

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Version 1.2 – Amended 2007-07-08
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Version 1.9 – Submitted for vote

Preface

Co-operative Values and Principles

Black Star Co-op (“the Co-op”) subscribes to the Statement on Co-operative Identity adopted by the Congress and General Assembly of the International Co-operative Alliance held in Manchester, England in 1995. The full text of the statement is given below.

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

- 1) **Voluntary and Open Membership**
Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- 2) **Democratic Member Control**
Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.
- 3) **Member Economic Participation**
Members contribute equitably to, and democratically control, the capital of

their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

- 4) **Autonomy and Independence**
Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- 5) **Education, Training and Information**
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.
- 6) **Co-operation among Co-operatives**
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- 7) **Concern for Community**
Co-operatives work for the sustainable development of their communities through policies approved by their members.

Additional Principles

The Co-op subscribed to the following additional principles:

- 1) **Participatory self-management**
The Co-op aspires to achieve a fair and just outcome through decision-making in accord with the norm of participatory self-management: that those affected by a given decision be granted a say or influence in proportion to the degree they are affected. Although the Co-op strongly encourages the participation of all members, exercise of one's say shall be purely voluntary, and the Co-op will never pressure, coerce, or

otherwise attempt to compel an individual to participate to a degree greater than they wish.

- 2) **Living Wage**
When financially able, the Co-op shall pay no less than a living wage (determined by the formula of the Universal Living Wage Campaign) to any of its employees.
- 3) **Sustainability**
The productive resources of our environment are finite and many are non-renewable. They can be thought of as loaned to us from future generations. In all aspects of our operation we endeavor to fulfill our desires without compromising the ability of future generations to do the same.
- 4) **Privacy**
Through the course of our operation, certain information may be gathered on the membership. Such information collection will always be voluntary (opt-in), and the information will remain the sole property of the individual in question. Except when compelled by law, the Co-op will never share or sell member information.
- 5) **Responsible Consumption of Alcohol**
The prevailing legal conditions regarding the distribution of alcohol are generally retroactive – such as refusing to serve intoxicated individuals. We seek to be proactive in encouraging the responsible consumption of alcohol in a community environment, and will implement practical proactive procedures to prevent intoxicated individuals from driving.

1. Membership

- 1.1. **Qualifications**
Membership in the Co-op is open to all natural persons at least 21 years of age and all incorporated entities organized on a co-operative or other non-profit basis. All applicant members must provide valid physical and electronic mailing addresses, and agree to abide by these bylaws and other rules and policies adopted by the Board of Directors (“the Board”).
- 1.2. **Cost of Membership**
All applicant members, except Neighborhood Members as described in section 1.4.3, must pay a nonrefundable joining fee and make a

capital investment in the Co-op. The joining fee and capital investment assessed for membership shall be set by the Board and may be adjusted from time to time.

1.3. Initiation

Membership shall commence upon the processing of a completed application form and receipt of the necessary fee and minimum investment.

2. Types of Members

There shall be three types of members – Individual, Neighborhood, and Business. All types of members may be referred to collectively as “member-owners,” “members,” or “owners.”

2.1.1. Individual Members

All natural persons who have paid the joining fee and contributed to their assessed capital investment shall be known as Individual Members. All Individual Members hold the same voting power whether they are fully invested or not. Individual Members who have not fully contributed to their assessed capital investment shall receive no other benefits of membership and may not serve on the Board.

2.1.2. Joining Members

Intentionally deleted. Stricken on 2010-05-22.

2.1.3. Neighborhood Members

Stricken on (Date of adoption of new bylaws)

2.1.4. Business Members

All incorporated entities organized on a co-operative or other non-profit basis that have paid the joining fee and contributed a capital investment equal to that assessed of two Invested Members shall be known as Business Members. Business Members shall hold two votes, one for each capital assessment, and shall name a designated representative to exercise the voting rights of the business. Business Members shall be issued only a single membership card displaying the name of the business and the designated representative.

2.2. Joint

Two natural persons who share the same mailing address may join together and pay only a single joining fee. Additionally, the joining fee of a new member who shares the same address as an existing member and joins their membership account shall

also be waived.

2.3. Inactivation

A member may have their membership inactivated under certain circumstances, and once inactivated are not entitled to any benefits of membership.

2.3.1. Address Inactivation

All members without valid mailing addresses (physical and electronic), and having no other activity with the Co-op for a period of 2 years from the date of address invalidity, shall be considered inactive.

2.3.2. Joining Member Inactivation

Members who have not fully paid their capital investment and who have not made a contributing payment towards their assessed capital within the past year shall also be considered inactive.

2.3.3. Donation

Intentionally deleted. Stricken on 2011-10-16.

2.3.4. Reactivation

Inactive members may have their membership reactivated upon filing a valid address or making a payment on their assessed capital investment.

2.4. Termination

Either party may terminate membership through the procedures given below.

2.4.1. Withdrawal

Members may withdraw their membership at any time. Resigning members shall provide a written resignation and an address to which the Co-op may send confirmation of their resignation.

2.4.2. Expulsion

Any member whose activity endangers effective operation of the Co-op for the mutual benefit of its members may be recommended for expulsion from the Co-op by the Board. After written notice to the member of the reasons for the recommendation and reasonable opportunity for a hearing before the Board, the Board may, in its discretion, terminate the membership. The member may appeal the Board's decision at a membership meeting, the Board's decision and announcement of the appeal having been included in the notice of such meeting. The decision of a majority of the members voting at such a meeting will be binding upon the expelled member and upon the Co-op. The membership capital of an expelled

member will be redeemed for the amount paid by such member.

2.4.3. Return of Capital Investment

Members who withdraw from the Co-op shall be refunded the full value of their investment once new membership capital is acquired. Members who are expelled from the Co-op shall be immediately refunded the full value of their investment provided that such refund does not jeopardize the fiscal solvency of the Co-op. Member capital investment shall be returned subject to offset by any debt owed to the Co-op by the withdrawing or expelled member. Any additional conditions and terms for the refund of membership capital that may be established by the Board of Directors shall apply to all members equitably.

2.5. Transferability

Membership may be transferred only with the prior consent of the Board.

3. Members' Assembly

3.1. Definition

The Members' Assembly comprises all members of the Co-op.

3.2. Powers & Duties

The Members' Assembly is the voice of the membership and holds the following powers, as well as any other powers granted to the membership under Texas law: (a) election and removal of Directors; (b) passage of advisory resolutions for consideration by the Board; and (c) approval of Ends Policies for the Co-op.

3.3. Meetings

The Members' Assembly shall gather at least twice per fiscal year, and one of those gatherings must be a meeting which addresses the annual financial review. The Board is responsible for calling, organizing, and presiding over all meetings of the Members' Assembly.

3.3.1. Regular Meetings

The Members' Assembly must conduct at least one regularly scheduled business meeting per calendar year. The membership shall receive notification of regular business meetings at least 30 and not more than 60 days before the meeting date.

3.3.2. Special Meetings

Special meetings may be called by a majority vote of the Board of Directors or a petition of at least 25 active

members. The membership shall receive notification of the special meeting at least 7 days before the meeting date.

3.3.3. Quorum

A quorum shall consist of at least 50 total members and must include no fewer than five Directors and at least 20% of the Workers' Assembly. Members submitting votes by mail or electronically may count towards the quorum for the issue on which they have cast a ballot.

3.4. Voting

The standard for a successful vote shall be a simple majority unless otherwise specified in these bylaws.

3.4.1. Meeting Votes

Meeting votes conducted at a valid meeting of the Members' Assembly shall be final unless a dissenting minority consisting of at least 1/3 of the present membership calls for a referendum on the issue at hand. Proxy votes are prohibited.

3.4.2. Referenda

A referendum may be called by a majority of the Board of Directors, a petition of at least 25 members, or a dissenting minority of at least 1/3 of the present membership during a meeting vote. Referenda may be conducted in-store, by postal mail, or on the Co-op's website, and are required for the election of the Board of Directors. Referenda shall be open for at least 7 days, but shall continue until at least 100 members (or 10% of the membership, whichever is less) have cast a ballot.

4. Board of Directors

4.1. Definition

The Board shall consist of nine Directors elected by the membership to handle the governance and oversee the management of the Co-op.

4.2. Representation of the Worker's Assembly

No more than three Directors may be members of the Workers' Assembly (as described in Section 4 below). Should a Director be elected as a consumer member, and later admitted to the Workers' Assembly, such Director's seat will count toward this three-Director limit. If there are already three such Workers' Assembly members on the Board, the newly hired Workers' Assembly members that is a Director must resign his or her seat on the

Board.

4.3. Powers & Duties

The Board is responsible for setting policy, overseeing the Workers' Assembly, issuing investor shares, leading meetings of the Members' Assembly, and ensuring that all actions taken by the co-op are both lawful and consistent with these bylaws.

4.4. Eligibility

Directors must be Invested Members in good standing, willing to submit to a TABC background check (and capable of passing such a check), and not otherwise excluded from service on the Board.

4.5. Nominations

The Board shall establish a Leadership Development Committee responsible for finding and cultivating competent candidates to fill open positions on the board. All candidates for Board positions must fill out an application, disclose all possible conflicts of interest they may hold, and comply with any other requirements of the Leadership Development Committee for inclusion among the Board candidates.

4.6. Terms

Directors shall serve three-year terms, and elections shall be held on a staggered basis such that three seats are up for election annually. Directors may serve on the Board for no more than two consecutive three-year terms or eight consecutive years, and thereafter must wait at least two years before standing again for election.

4.7. Election & Removal

4.7.1. Election

Board elections shall be held by a referendum of the members. An election vote shall be open for 30 days, even if the required number of ballots for a successful normal referendum has already been cast.

4.7.2. Removal

A Director may be removed with or without cause. Removal requires a vote of two-thirds vote of the Board, or a majority vote of the Members' Assembly.

4.7.3. Vacancies

Should a vacancy arise, the Board shall choose an individual to fill that position on a temporary basis until the next election cycle.

4.8. Officers

The officers of the Board shall consist

of President and a Secretary. The President is the chairman of the Board and has responsibility for calling meetings, preparing the agenda, and facilitating meetings. The Secretary is responsible for documenting the meetings of the Board.

4.9. Meetings

4.9.1. Regular Meetings

The Board shall meet on a regular basis in order to complete the monitoring cycle per calendar year. If a meeting is not considered valid due to lack of participation, inadequate notification of the membership, or any other reason, the Board shall reschedule that meeting for another date.

4.9.2. Special Meetings

Special meetings of the Board may be called for by the President subject to a seconding by another member, or by request of 3 regular Directors.

4.9.3. Notice of Meetings

The membership shall be given notice of Board meetings at least 2 weeks prior to the meeting date. The proposed agenda of the Board meeting shall be made available at least 7 days prior to the meeting.

4.9.4. Quorum

At least two-thirds of Directors, of the seats currently held, must be present at all valid Board meetings for a quorum to exist. A Director may be considered present through any electronic means that enables their full participation in the dialogue of the meeting.

4.9.4.1. Conflicts of Interest

If a quorum of Directors, of the seats currently held, exists but a quorum on an issue can not be established among non-interested Directors then any number of non-interested Directors totaling two or more shall be considered a quorum for the purpose of transacting the business at hand. Directors abstaining for reasons other than being interested in the current issue shall be included in quorum.

4.9.4.2. Transaction of Business Without a Quorum

If a quorum at a valid Board meeting can not be established then a sub-quorum totaling 50% or more of quorum can be established to discuss and transact business but any decisions made are non-binding

until ratified at a meeting with a full quorum.

4.9.4.3. Electronic Votes

An email vote, or email poll, shall follow the same quorum rules as a regular Board meeting except that Board members have 48 hours, from the timestamp on the email, to respond to the request to have their presence counted for quorum and their vote, or abstention, cast. A record of all the email communications on the issue shall be kept and presented as minutes at the next regular Board meeting. If the email vote concerns a confidential matter related to litigation, personnel, real estate transactions, or other matters deemed sensitive by the Board, the record shall be treated as minutes of an executive session of the Board.

4.9.5. Closed Meetings

All meetings of the Board shall be open to the public except for those specifically pertaining to personnel, litigation, real estate, or any other matter deemed sensitive by the Board.

4.10. Compensation

The compensation of the Board shall be defined in policy, but may not exceed that of any other position within the Co-op.

5. Workers' Assembly

5.1. Definition

The Workers' Assembly consists of individuals currently employed by the Co-op. A voting member of the Workers' Assembly must be an Invested Member.

5.2. Powers and Duties

The Workers' Assembly is charged with the business operations of the Co-op. It shall implement policies and regulations necessary to fulfill its tasks provided they are not inconsistent with either these bylaws or Board policy. The Workers' Assembly communicates with the Board through its liaison as defined in section 5.4.

5.3. Volunteers

Stricken on (vote date).

5.4. Board-Staff Liaison

The Workers' Assembly shall elect one individual to serve as their liaison to the Board of Directors.

5.4.1. Board Approval

The Board must approve of the person selected by the Workers' Assembly

before they may assume the role of Board-Staff Liaison.

5.4.2. Term of Service

The Board-Staff Liaison shall be elected on an annual basis.

5.4.3. Recall

The Board-Staff Liaison may be recalled by a majority vote of the Board, or by a petition of 2/3 of the Workers' Assembly presented to the Board. In the event of such a recall, the Workers' Assembly shall hold special elections to choose a new Board-Staff Liaison.

5.5. Meetings

The Worker's Assembly must meet at least once each month, but is free to meet more often as provided by its rules of operation. All employees must receive notification of meetings at least 7 days before the meeting date.

6. Miscellaneous

6.1. Indemnification

The Co-op shall indemnify, as allowed by law, any officer, Director, or employee of the Co-op, for expenses and costs actually and necessarily incurred in connection with any claim asserted by reason of the person being or having been such officer, Director, or employee, except in relation to matters of negligence, fraud, criminal acts, or intentional misconduct in respect of the matter in which indemnity is sought. The Co-op shall carry appropriate liability insurance to protect its officers, Directors, employees, and the Co-op itself against the costs of such indemnification.

6.2. Severability

If any section, clause, provision, or portion of these bylaws is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of these bylaws shall not be affected thereby.

6.3. Adoption & Amendment

Adoption of these bylaws requires a simple majority vote of the members present at the organizational meeting. These bylaws may be amended at any time. Amendments may be proposed by the Board of Directors, a majority of the Members' Assembly, or by a petition of 25 members. Ratification shall follow voting procedures decided upon by the Members' Assembly and requires a 2/3 majority vote of the members present at the meeting on which the ratification is voted upon for

success.

6.4. Sunset

These bylaws must be reviewed and re-approved by the membership every five years. The five year countdown begins on New Date of Approval

6.5. Bylaw Provision Control

To the extent that the sections of these bylaws entitled "Preface" and "Additional Principles" conflict with the bylaw provisions contained in Section 1 through 5 hereof, the bylaw provisions shall control.