

MEMBER MANUAL



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WELCOME

Congratulations! You have just become a Member of Three Rivers Market, Tennessee's only community-owned food cooperative. Cooperatives are guided by a set of values and principles that emphasize fair and honest business practices and concern for their communities. We are a genuinely local, 100% independent business that has worked to create and nourish a healthier environment, healthier people, and a healthier community since 1981. By joining, you are helping to ensure the sustainability of the cooperative and a different way of providing goods and services to our region. We thank you for your support and participation.

Please take the time to peruse this Manual. You will find information on everything from cooperative history to the importance of keeping your address current; you will learn when Board meetings are held, how you can use your store effectively, financial rights of membership, and much more.

Your membership is important to us, and we hope you find ways to fully participate as a Member of Three Rivers Market. Welcome to the cooperative!

MEMBER SERVICES

CONTACT INFORMATION

Our phone number is (865) 525-2069. Our mailing address is: Three Rivers Market, 1100 North Central Street, Knoxville TN 37917. Our website is www.threeriversmarket.coop where you will find email addresses for different departments. For general questions, you may e-mail customer service at customerservice@threeriversmarket.coop.

BRING YOUR MEMBERSHIP CARD

Your membership card entitles you to the benefits of your membership, so use it each time you shop. If you forgot your card, we can look up your Member number at the register. If you have lost your card, a request for new cards can be made at the register. Your Member number is the last 5 digits of the number on the back of your membership card.

You can share your card with members of your household but only you may vote in co-op elections, purchase additional Membership Interests in your name, and participate in Member surveys and drawings.

CHANGE OF ADDRESS

Please let us know of any address, phone or e-mail changes as soon as possible, so you don't miss any important communications or risk abandonment of your membership interests. Ask at the Member and Customer Services desk for a Change of Address form, send us a card or e-mail the change to customerservice@threeriversmarket.coop.

MEMBERSHIP INTEREST PURCHASES AND REPURCHASES

Additional Membership Interest purchases take just a minute and can be made at the Member and Customer Services desk. The purchase of additional Membership Interests must be made by you, the Member, not someone in your household. We need your signature on the application for each Membership Interest purchased in your name.

If you wish to apply to have your Membership Interests repurchased by Three Rivers Market or to transfer them to another individual, you may fill out the necessary paperwork at the Member and Customer Services desk. Repurchase of Membership Interests is subject to

two conditions: 1) the availability of replacement capital and 2) approval by the Board of Directors. Processing time for Membership Interest repurchase or transfer requests averages 4 weeks.

MEMBER BENEFITS

VARIABLE DISCOUNTS

As a Member, you are eligible to receive variable store discounts, which may include discounts on volume purchases, discounts on certain categories of products, or Member discount events. Please inquire at the Member and Customer Services desk if you have any questions.

MEMBER LOANS

Members who are residents of Tennessee may make interest bearing loans to Three Rivers Market to finance improvements to the cooperative. By Tennessee law, up to \$250,000 may be raised in Member Loans per 12 month period.

For more information about how you can make a Member Loan inquire at the Member and Customer Services desk. You may also direct inquiries to customerservice@threeriversmarket.coop.

NOTIFICATION OF PRODUCT RECALLS

We will personally notify you when there is a Class I recall of a product you have purchased from us by the U.S. Food and Drug Administration. A Class I recall is a situation in which there is a reasonable probability that the use of or exposure to a violative product will cause serious adverse health consequences or death. You must use your membership card every time you shop to be eligible for this service.

GET INVOLVED

You are encouraged to participate in the governance of your cooperative. Contact the Board of Directors with your interest at board@threeriversmarket.coop.

MEMBERSHIP

MEMBERSHIP INTERESTS AND MEMBER TYPES

Three Rivers Market currently offers one type of Membership Interest, a *Patron* Membership Interest. (A patron is someone who shops at the store.) Membership Interests cost \$25 each, and do not appreciate in value or produce dividends. No federal or state agency has reviewed the Membership Interests nor has any agency offered an opinion about the securities or otherwise sanctioned their issuance by the cooperative.

Any natural person, cooperative, for-profit business or non-profit corporation may, on approval of his, her or its application by the Board of Directors, be accepted into membership with the purchase of one or more Membership Interests. Membership is voluntary and open to all persons able to use their services and willing to accept the responsibilities of membership. The cooperative does not discriminate on social or political grounds, on the basis of race, national origin, creed, age, religion, sex, gender identity, disability, sexual orientation, marital or veteran status.

A **Member** is a person or entity who has subscribed to purchase and holds at least one Membership Interest for each year of membership. Members can purchase as many

Membership Interests as they want throughout the life of their membership.

A **Fair Share Member** is a Member who has at least eight (8) or more Membership Interests.

An **Owner** is a person or entity who owns at least one Membership Interest but who has not maintained their membership with the purchase of at least one Membership Interest per year.

Membership Interests are personal property. However, they cannot be sold to any person or entity other than Three Rivers Market and only upon approval by the Board of Directors. If you want to sell your Membership Interests back to the cooperative or transfer your Membership Interests to another individual, Patron Share Repurchase and Membership Interest Transfer Applications are available at the store. At the next regular meeting, the Board will determine the terms of repurchase based on availability of replacement capital and any indebtedness to the cooperative you have.

Because your Membership Interests are personal property, they are subject to unclaimed or abandoned property laws in the State of Tennessee. If your address changes and we are unable to contact you by mail, eventually we have to turn your Membership Interests over to the State. To prevent this, be sure you always keep your contact information up to date at your cooperative.

GOVERNANCE

All Members have one vote regardless of the number of Membership Interests held. Each year, Members elect candidates to serve on the Board of Directors which is responsible for the governance of Three Rivers Market. Through the Board, the Members are responsible for seeing that the cooperative is run in accordance with cooperative values and principles, Three Rivers Market's Articles and Bylaws, and local, state, and federal laws. The Board consists of nine (9) Directors elected to three (3) year terms. Up to two seats can be held by Members who are also employees of Three Rivers Market. To be eligible to vote or run for a seat on the Board, you must be a Member. In addition to the annual election, Members may also vote on issues requiring a vote by the Membership.

There are three primary responsibilities of the Board:

- To ensure sound management of the cooperative's resources
- To act as trustees on behalf of the Members
- To set long-range goals and to plan for the future

A Director may advocate interests of Members or Member groups to the Board, but the duty of each Director is to represent the best interests of the cooperative and all Members collectively. Individual Directors do not direct the operation of the store, supervise staff Members, or speak for the cooperative as a whole, except when the Board has authorized a Director as spokesperson. They exercise authority only as a group. To this end, the Board develops governance policies under a system called Policy Governance. Governing by policy ensures that its actions are predictable and considered and do not vary with the transient personalities of the individual Directors. Instead, the Board speaks with one voice and directs the General Manager with as much clarity and flexibility as possible.

All Members are welcome and encouraged to attend regular monthly meetings of the Board. Dates, times, and location of meetings are posted in the store. The agenda for the regular monthly meetings is created by the Board Chair. To request that an item be placed on the Board's agenda, Members can either email the request to board@threeriversmarket.coop or

leave a note for the Chair at the Member and Customer Services Desk at the store. Requests must be dated and include name, Member number, phone number, e-mail address, or other reliable contact information needed for follow-up. The deadline for submitting items for the agenda is two weeks prior to the scheduled meeting.

The Board and staff encourage Member input on any issue that concerns you as a customer and Member. Call us, write to us, or send us an e-mail. You can also drop a note in the suggestion box located at the front of the store. We invite and encourage your participation in the Annual Membership Meeting, special Member forums, and focus groups. Because we're here to serve the needs of our Members, we need to hear from you!

CAPITAL STRUCTURE

Three Rivers Market's capital consists of Equity Capital and Debt Capital. Equity Capital is contributed by our Members through the purchase of Membership Interests and by net earnings or *surpluses* from business conducted with both Members and non-Members. Surpluses from Member business also accrue in the form of Allocated Equity. Allocated Equity is the share of surpluses from business conducted with Fair Share Members that has been allocated to them based on their patronage but is temporarily retained by the cooperative. Debt Capital is money that is borrowed, has a fixed repayment, and fixed annual interest payments.

Through their Board of Directors, Members allocate surpluses for any or all of the following purposes: developing their cooperative, benefiting Members in proportion to their transactions with the cooperative through patronage refunds, and supporting other activities approved by the Membership. As a Member, you do not have ownership of cooperative property. The only right you have regarding equity is the right to request redemption under appropriate circumstances.

FINANCIAL RIGHTS

Fair Share Members are eligible for patronage dividends, based on their purchases at Three Rivers Market and the allocation of surplus by the Board at the end of each fiscal year. Our fiscal year is July 1 – June 30. You must show your membership card every time you shop to be eligible to receive the full refund due.

Patronage dividends can be issued in cash or store credit as patronage refunds, equity allocated to the Member's Internal Capital Account, or any other media determined by the Board of Directors. At least 20% must be distributed in cash or store credit that can be converted to cash.

A number of financial incentives are made available to all Members, including discounts on volume purchases and targeted categories. Discounts are essentially an allocation of surplus yet to be made, are not a right of membership, and are used sparingly to create interest in membership.

KNOWN BUSINESS PROSPECTS AND RISKS

The value of your Membership Interests in Three Rivers Market is the price you paid for them and does not change regardless of changes in the market. Therefore, your risk is based primarily on the solvency of our business enterprises. The purpose of our cooperative is to operate a natural foods grocery store but we may also engage in any activity for which a cooperative may be organized. All business ventures carry some risk but we have proven strength and stability, owning a continuously operating natural foods grocery store since 1981. The General Manager maintains a business continuity plan that includes full insurance

coverage and defenses against a wide variety of possible threats and adversities.

Repurchase of Membership Interests is subject to the availability of replacement capital and approval by the Board of Directors. During normal times, replacement capital is readily available. If, however, the cooperative is being expanded, relocated, or otherwise having to meet unusual financial demands, repurchases could be temporarily suspended. Likewise, if the cooperative is being dissolved or liquidated, the debts, obligations, and liabilities of the cooperative will be paid first according to their respective priorities. Members will then be paid the purchase value of their Membership interests with the remaining assets.

A Member is not, merely on the account of that status, personally liable for the acts, debts, liabilities, or obligations of a cooperative. A Member is liable for any debt for which the Member has separately contracted with the cooperative.

Three Rivers Market's accountant reviews the books each year. Officers of the Board submit reports to the Members at the Annual Membership Meeting covering the business of the cooperative for the previous fiscal year that show the condition of the cooperative at the close of the fiscal year. The General Manager makes quarterly financial reports at regularly scheduled meetings of the Board.

PRIVACY POLICY

Three Rivers Market believes in and protects the privacy of our Members. We collect and store only the information for which there is a clear necessity. To begin with, the law requires us to maintain a record of our Members' names and addresses in a form that allows preparation of an alphabetical list of Members with each Member's address. "Address" means mailing address, including a zip code.

Tennessee Unclaimed Property law requires us to maintain contact with the owners of Membership Interests by first class or better mail. If we are unable to maintain contact by mail, the property (i.e. Membership Interest) can be considered abandoned. Abandoned property must be turned over to the State. To comply with these regulations, we maintain a Member and owner database as part of our Point of Sale system which consists of the contact information elicited by the application for membership. In addition, because the Board of Directors must approve each share purchase, we maintain some of this information on the office network in reports to the Board. Three Rivers Market also maintains a hard copy file for each owner which contains their completed Application(s) and all correspondence.

We request an e-mail address so Members can receive some information electronically, thereby reducing paper usage and mailing costs. Members on our e-mail list may also receive our regular eNews update.

Three Rivers Market tracks the dollar value of Member patronage by scanning the membership card prior to each transaction or associating the Member with the transaction manually at the register. This enables us to run a report at the end of the fiscal year to determine the percentage of the Patronage Refund for which our Fair Share Members are entitled.

Three Rivers Market never gives Member information, including mailing lists, to anyone outside the cooperative and/or unauthorized personnel.

COOPERATIVES & THREE RIVERS MARKET

The purpose of Three Rivers Market is to be a cooperative center of sustainable commerce that exists to benefit its Members by creating and nourishing a healthier environment,

healthier people, and a healthier community. A cooperative is a business owned and democratically controlled by the community and follows values and principles set forth by the International Cooperative Association's "Statement on the Cooperative Identity."

Three Rivers Market has an impressive history that began when a small group of individuals banded together to form a buying club in order to get hard-to-find, healthy, affordable natural foods. Eventually, the need for a retail storefront became apparent. In 1981, the former buying club incorporated as a retail business in a small two-story building close to downtown Knoxville under the name Knoxville Community Food Cooperative (KCFC), serving the needs of its Members by selling an array of then scarce natural foods and local and organic produce. The KCFC also served as one of Knoxville's environmental pioneers. Home of the first recycling center in Knoxville, its emphasis on recycling and community education makes it a model for today's standard of green business.

Throughout the next two decades, the KCFC continued to increase its selection and grow its business. In order to move toward a much-needed expansion, the KCFC changed its membership structure and incorporated as a genuine cooperative in the state of Minnesota. This change signaled a new era for the cooperative and in April 2005, the former KCFC became Three Rivers Market. The cooperative has experienced tremendous sales growth since then and in August 2011, the cooperative expanded into its new location at 1100 North Central Street, offering a fuller range of grocery products and services to our Members and patrons. We are still dedicated to bringing healthy, affordable natural foods to the Knoxville area and are the only community-owned grocery store in the state of Tennessee. We are guided by the cooperative principles and values including self-responsibility, democracy, equality, and honesty. We operate a sustainable business with a triple bottom line, focusing on environmental restoration and social concern as well as financial viability. We are committed to serving our Membership and our community while continuously expanding our services.

WHAT IS A COOPERATIVE?

A cooperative is a private business organization that is owned and controlled by the people who use its products, supplies or services. Although cooperatives vary in type and membership size, all were formed to meet the specific objectives of Members, and are structured to adapt to Member's changing needs. Cooperatives allow people to get what they want in a way that better meets their economic, social, and cultural needs. Reasons for creating cooperatives include the following:

- *Necessity* – Cooperatives help change the marketplace to meet its Members' needs, providing goods and services that are often more affordable or accessible.
- *Economic Power* – By pooling their resources, the cooperative's Members can create greater economic opportunities.
- *Social Change* – Cooperatives help to strengthen a community by creating a new business model that is open to everyone.

From the outside, it may look like any other business but it is what goes on behind the scenes that makes a cooperative different. Rather than rewarding outside investors based on how much stock they own in a business they may never step foot in, a cooperative returns surplus revenue to eligible Members based on how much business they conduct with their cooperative. This approach to business results in a powerful economic force that benefits the cooperative, its Members, and the communities it serves.

TYPES OF COOPERATIVES

Consumer Cooperatives—Consumer cooperatives are owned by the people who buy the goods or use the services of the cooperative. They sell consumer goods such as food and outdoors equipment. They provide housing, electricity and telecommunications. And they offer financial (credit unions), healthcare, childcare and funeral services. Almost any consumer needs can be met by a cooperative. Three Rivers Market is a consumer cooperative.

Producer Cooperatives—Producer cooperatives are owned by people who produce similar types of products—by farmers who grow crops, raise cattle, milk cows, or by craftsmen and artisans. By banding together, they leverage greater bargaining power with buyers. They also combine resources to more effectively market and brand their products, improving the incomes of their Members. The area’s farmer’s cooperatives are producer cooperatives.

Worker Cooperatives—Worker cooperatives are owned and governed by the employees of the business. They operate in all sectors of the economy and provide workers with both employment and ownership opportunities. Examples include employee-owned food stores, processing companies, restaurants, taxicab companies, sewing companies, timber processors and light and heavy industry. Equal Exchange Coffee and the Alvarado Street Bakery are examples of worker cooperatives.

Purchasing/Shared Services Cooperatives—Purchasing and shared services cooperatives are owned and governed by independent business owners, small municipalities and, in some cases, state governments that band together to enhance their purchasing power, lowering their costs and improving their competitiveness and ability to provide quality services. They operate in all sectors of the economy. The National Cooperative Grocers Association is a purchasing/shared services cooperative.

THE HISTORY OF COOPERATIVES

Today’s cooperatives trace their origins to England’s Industrial Revolution. In the first half of the nineteenth century, living conditions were extremely harsh for working class people in the textile milling towns of northern England. Mill workers labored long hours under dangerous working conditions for low pay. Plagued by unending poverty, they were forced to buy food on credit from merchants who charged high prices for goods that were poor quality and often adulterated. Owing no property, workers were unable to vote. These conditions gave rise to labor movements which drew great numbers of followers. During this period, cooperative initiatives were common, offering their working class Members the promise of economic opportunity and democratic control. But until the founding of the Rochdale Equitable Pioneers Society in 1844, none were successful. When the self-described “Rochdale Pioneers” opened their first cooperative food shop, they sold only five products — butter, flour, oatmeal, sugar, and candles — but promised to provide Members with “purest provisions, giving full weight and measure.” They went on to establish many other Member-owned businesses.

The principles and values that underpinned their way of doing business are still accepted today as the foundations upon which all cooperatives operate. These principles have been revised and updated, but remain essentially the same as those practiced in 1844.

THE COOPERATIVE PRINCIPLES AND VALUES

The International Cooperative Alliance (ICA), representing cooperatives around the world, approved the following Statement on the Cooperative Identity in 1995. ICA is an independent, non-governmental association which unites, represents and serves cooperatives worldwide. Founded in 1895, ICA has 222 Member organizations from 85 countries active in all sectors of the economy. Together these cooperatives represent more than 800 million individuals

worldwide.

DEFINITION

A cooperative 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

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative Members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

PRINCIPLES

Voluntary and Open Membership

Membership in a cooperative is voluntary and open to anyone who is able to use the cooperative's services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control: One Member, One Vote

Cooperatives 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 consumer cooperatives, Members have equal voting rights (one member, one vote).

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. They usually receive limited return, if any, on the capital they invest as a condition of membership. Members allocate surpluses (profits) for any of all of the following purposes: development of the cooperative, reserve funds, distribution to Members in proportion to their transactions with the cooperative, and support of other activities approved by the membership.

Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their Members. If they enter into 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 cooperative autonomy.

Education, Training and Information

Cooperatives provide education and training for their Members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. Cooperatives also inform the general public — particularly young people and opinion leaders — about their cooperative autonomy.

Cooperation Among Cooperatives

Cooperatives serve their Members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

Concern for Community

While focusing on Members' needs, cooperatives work for the sustainable development of their communities through policies accepted by their Members.

REFERENCES

Our website is a great place to start if you have questions about your cooperative or would like to find out what is on sale this month: www.threeriversmarket.coop

You can also find us on Facebook: <http://www.facebook.com/threeriversmarket> and Twitter: <http://twitter.com/3riversmarket>

Three Rivers Market is incorporated under the Cooperatives Associations Act, Chapter 308B of the Minnesota Statutes. You can find 308B online: <https://www.revisor.mn.gov/index.php>

The Cooperative Grocer Information Network has a wealth of information, including a free manual of information helpful to anyone who wants to start a food co-op: www.cgin.coop

You can find other food cooperatives by visiting the website of the National Cooperative Grocers Association: www.ncga.coop

The University of Wisconsin Center for Cooperatives has a lot of information on all types of cooperatives and issues: <http://www.uwcc.wisc.edu/>

International Cooperative Alliance: www.ica.coop. The ICA unites, represents and serves cooperatives worldwide.

Cooperative Grocer: www.cooperativegrocer.coop. Cooperative Grocer is a magazine dedicated to serving the education and information needs of food cooperatives.

National Cooperative Business Association (NCBA): www.ncba.coop. NCBA's mission is to develop, advance and protect cooperative enterprise; NCBA provides services and information for and about all types of cooperatives.

