

Minutes for LMFC Board of Directors Monthly Meeting

Tuesday, October 21, 2025

5:45 – 7:45 pm

Attendees:

| Board Members Present | Management Present | Guests Present |
|-----------------------|--------------------|---|
| Brian Naughton | James Esqueda | Pilar Salazar – Member, UNM Students for Justice in Palestine |
| Carter Rook | Randy Evans | Johnathan Longcore - Member |
| Ching Lu | Rob Dixon | Courtney Williams – staff and member |
| Liz Davenport | | Abigail Mahoney-Cloutier member |
| Lewis Creekmore | | Roxy Ehlert - Albuquerque Tzedek Collective |
| John Kwait | | |
| Nini Sulamoyo | | |
| | | |
| | | |

Open Meeting

- Board unanimously approved the agenda and September 2025 meeting minutes

Member Comments:

Pilar Salazar representing UNM Students for Justice in Palestine presented on the occupation of Palestine by Israel and the aims of the international Boycott, Divestment, and Sanctions (BDS) movement to address concerns regarding that occupation and it's impact on Palestinians. The UNM Students for Justice in Palestine with support from the Albuquerque Tzedek Collective shared two request to the Board:

1. Does the Coop sell products made in Israel?
2. Will the Coop join the BDS movement by not buying and selling products made in Israel?

The Board asked a clarifying question about the geographic extent of the boycott target and it was clarified that it refers to products produced within the territorial boundary of the country of Israel.

The Board invited the groups to provide additional reference material by email to aid in the Board's deliberations.

Jonathan Longcore – appreciates the digital receipts for tracking his purchases.

GM Update

Sales

September marks the commencement of a new fiscal year and experienced a 0.36% increase in total cooperative sales compared to the same month in the previous year. Our retail outlets observed a sales increase of 0.87%, whereas the Distribution Center experienced a 3% decline in sales. We continue to observe an upward trend in product transfers from our Distribution Center to the retail stores, with September Transfers increasing by 13%. Total sales for the month reached \$4,033,127. The overall number of transactions increased by 0.23% during the month, with our small but impactful Gallup store achieving a 5% increase in transactions over the previous year. We are enthusiastic about commencing another fiscal year at the cooperative and eagerly anticipate beginning the celebrations for our 50th anniversary.

Membership

We continue to promote membership awareness in our stores and conclude September with a total of 16,238 members, representing a 0.22% increase from the previous month. Our objective for this year is to surpass 17,000 members by the end of our fiscal year. We are pleased to extend invitations to new members to join our community, while also welcoming back those who have rejoined their community-owned grocery store over the past year. We anticipate celebrating our 50th anniversary alongside the diverse communities we serve throughout the state, and we remain committed to strengthening our communities through collaboration.

Round Up for Change

In September, we established a partnership with New Day, an organization dedicated to developing the skills and future prospects of residents of New Mexico. Since 1976, New Day has invested in the capabilities and prospects of young individuals within our state. Its mission is to genuinely connect young people with safety, the community, and themselves. Complemented by personalized coaching, the Life Skills Academy provides complimentary instruction in employment, health, emotional intelligence, identity, and leadership. Their vision envisions a world where the unique identities and talents of all

young people enhance and fortify the social fabric of our community. We are pleased to announce that we have raised over \$9,000 for our non-profit partners.

Other News

We successfully implemented new self-checkout options at our Nob Hill location. The registers are positioned immediately inside the front doors, with our team members nearby to assist customers with the new technology. We are pleased to offer a solution for shoppers seeking a quick stop and efficient service. The full-service checkout remains available, and our dedicated team members continue to provide the Co-op service that our customers know and expect.

Remobilization of tenant improvements at our new Avanyu store location has resumed this month. We anticipate providing additional updates for our membership later this month. Please stay informed about the progress of the project through our website, The Scoop, and social media platforms.

GM Monitoring: Ends

The Board held a study session to review the Ends report and provided some comments back to James that he responded to during the meeting. One comment was that many of the metrics that have been tracked for multiple years in support of the Ends have shown a downward trend. James acknowledged this and said that his approach is to maintain consistent impact from year to year rather than occasionally have great results. It is noted that many metrics are highly dependent on external factors like government support for SNAP benefits.

James shared that the Round Up for Change program raised over \$100,000 for 2024, the highest level yet and about 20% of that was for food and farm organizations in support of our End to champion local food systems. The Board recommended that future Ends reports link all of the Round up for Change donations to each of the five ends.

Finally, the Board appreciated the new data collection effort around single use plastics consumption at the co-op based on multiple comments from member-owners over the years expressing this concern. The Board asked what is next now that the baseline information is collected. James shared plans to form an internal sustainability committee to address environmental impact across the cooperative, focusing on reducing single-use plastics, recyclables, and biodegradable items. He outlined efforts to expand data collection and analysis through the Strategic Alignment Team, which will partner with vendors to develop comprehensive sustainability metrics. James emphasized the need to balance cost and sustainability, ensuring affordable options for customers while exploring more environmentally friendly packaging solutions, with successful practices in Santa Fe to be expanded to other locations.

- **The Board voted unanimously to accept the GM Monitoring Report L2.**

Report from the Finance Committee

The Finance Committee Primarily focused on the year-end financial report and steps for improvement:

- Peter noted a discrepancy in the cash flow statement not correctly representing the loan proceeds. Management will review the accounting software to ensure it is capturing this new element correctly
- Year end financials landed with a negative net income of \$378,176
- There were multiple contributions to this, but most notably was a much higher than budgeted expense for labor in the form of benefits. This is a risk of self-insuring but this was exceptional compared to past years and management has begun reviewing how to better manage this risk. If this line had been on budget, the co-op overall would have ended the year in positive income territory.
- Despite this negative bottom line, there were multiple positive trends that could be missed like exceeding 16,000 members, a general increase and stabilization of margin, a smaller but still growing top-line sales, and a really exceptional year for the Santa Fe store in particular.
- Days of cash on hand has rebounded with the loan proceeds coming in.
- Management presented a comprehensive outline on how we can leverage what we have learned and areas we've been successful this past year across the organization to improve on the financial performance next year.

Financial Indicators for Period 12, August 2025.

| Indicator | FY '23 | FY '24 | FY '25 | Target |
|----------------------|---------------|---------------|---------------|---------------|
| Comp sales | 4.44% | 4.75% | 0.41% | 3% |
| Net income | -1.40% | 3.57% | 0.51% | 1% |
| Days of cash on hand | 41.27 | 27.12 | 30.13 | 12 |
| Current ratio | 3.49 | 5.61 | 2.52 | >1 |
| Debt to equity | 0.32 | 0.82 | 1.21 | <2 |

Financial Indicators for Quarter 4, 2025

| Indicator | FY '23 | FY '24 | FY '25 | Target |
|----------------------|--------|--------|--------|--------|
| Comp sales | 7.48% | 3.41% | 0.42% | 3% |
| Net income | -0.48% | 0.85% | -1.19% | 1% |
| Days of cash on hand | 44.03 | 29.55 | 19.94 | 12 |
| Current ratio | 3.53 | 2.84 | 2.05 | >1 |
| Debt to equity | 0.32 | 0.82 | 1.65 | <2 |

Financial Indicators for Year end, 2025

| Indicator | FY '23 | FY '24 | FY '25 | Target |
|----------------------|--------|--------|--------|--------|
| Comp sales | 6.83% | 3.90% | 2.00% | 3% |
| Net income | 0.84% | 1.18% | -0.77% | 1% |
| Days of cash on hand | 41.27 | 27.12 | 30.13 | 12 |
| Current ratio | 3.45 | 4.32 | 2.04 | >1 |
| Debt to equity | 0.32 | 0.82 | 1.21 | <2 |

Avanyu Plaza

We also received an update on the Avanyu Plaza store including:

- The resumption of tenant improvement activities in the next week or so to wrap up the punchlist items and prepare the store for occupancy
- Long-lead item equipment showing up much sooner than anticipated
- A multi-media plan to inform members and build excitement for a grand opening including via partnership with the IPCC
- Building confidence to identify a grand opening date

Banking resolution

Management provided an assessment of the benefits of moving our banking to New Mexico Bank and Trust from Century Bank. The benefits include: higher interest rates on cash savings, enhanced banking services, reduced banking fees, and more branch access for our multiple store locations. Management recommended that we begin moving accounts to the new bank.

- **The Board voted unanimously to approve a resolution authorizing management to move funds from Century Bank to New Mexico Bank and Trust.**

The Avanyu Loan Document Package has been completed and archived securely for digital access as needed by future Boards.

Report from the Membership Engagement Committee

- The Membership Engagement Committee reported that they are continuing to work with Membership and Marketing to develop the details of the upcoming Annual Member Meeting which has been set for November 20th.

Report from the Board Elections, Nominations, and Development Committee

- The BEND Committee noted that the Board election process continues to go smoothly with 9 candidates on the ballot. The voter guide is available and the election will start November 1st.
- There was a discussion about introducing the new Board members at the Annual Member Meeting now that the meeting has shifted to after the election. Committee will discuss at their next meeting.
- BEND Committee has also started to prepare the orientation materials and processes in preparation for the new Board members in late November.

Report from the Policy Committee

A Look Ahead

- Strategic Visioning Retreat this coming weekend
 - Friday dinner at El Pinto
 - Saturday retreat at the Indian Pueblo Cultural Center – Parrot room
- Annual member meeting – November 20 (TBD)
 - Report outs from committees
 - ME: Survey appreciation and high-level outcomes
 - BEND: Election announcements
 - Finance: Year-end financials
 - Policy: continuing to refine Bylaws and Policy Documents
 - Come to ME committee to discuss more
- Election is November 1 – 14, certification of results around November 18 or 19