

# Minutes for LMFC Board of Directors Monthly Meeting

**Tuesday, April 21, 2026**

**5:45 – 7:45 PM**

BOD Present	CLT Present	Guests Present
Nathan Baker	Rob Dixon, Chief Operations Officer	Olga
Annamarie Stull		Nicki
Nini Sulamayo-Ruebush		
Courtney Williams		
Peter Chestnut		
John Kwait		
CE Pugh (consultant)		
Liz Davenport		
Lewis Creekmore		

Minutes	Content
<b>5:47</b>	<b>Meeting called to order</b>
<b>5:49</b>	<b>Agenda and minutes accepted</b>
<b>5:49</b>	<p><b>Member Comments</b></p> <p>Nicki – comment regarding use of AI during minutes</p> <p>Olga – Garza group commercial real estate. Wanted to discuss the opportunity of a second location in Santa Fe.</p>
<b>5:52</b>	<p><b>GM Update (Presented by Rob Dixon, COO)</b></p> <p>For the quarter ending February 28, 2026, total sales revenue for combined operations reached \$11.56 million, coming in below the budget of \$12.39 million and below prior year of \$11.97 million. While sales remained relatively stable compared to Q1, they continue to underperform, contributing to ongoing margin and operating pressure.</p> <p>Gross profit in Q2 was \$4.04 million, with a gross margin of 34.97%, modestly improving from Q1. Payroll-related costs totaled \$3.10 million (26.9% of sales), exceeding both budget and prior-year percentage benchmarks. The most significant quarter-over-quarter variances were driven by legal and professional fees, depreciation, repairs and maintenance, utilities, merchant services, and store supplies. While some of these expenses are timing-related, the cumulative year-to-date trend reflects sustained cost pressure.</p> <p>Q2 saw an operating loss of (\$843,766), or (7.3%) of sales, compared to (\$547,101) in Q1, or (4.5%). Other income increased due to stable membership dues and miscellaneous items, but interest expenses of \$31,306 began with active debt service. Net income losses for Q2 was (\$727,055), up from (\$474,818) in Q1. These losses are expected to bottom out as the Avanyu store opens, which</p>

	has driven higher costs than sales so far. With Avanyu Plaza now operational, our goal is to improve performance across all locations and restore positive cash flow in upcoming quarters.
<b>5:59</b>	<p><b>GM Monitoring: L3 Financial Conditions</b>  Q2: December, January, February Results  Areas of Non-compliance</p> <ul style="list-style-type: none"> <li>• Comparative Sales: -3.42% below the benchmark of 3%</li> <li>• Net Income: -6.29% compared to a benchmark of 1%</li> <li>• Margin: 34.97% versus a benchmark of 36%</li> <li>• Operating Income: -7.30% compared to a benchmark of 0.50%</li> <li>• EBITDA: -5.33% versus a benchmark of over 1.5%</li> <li>• Retail labor w/pto: 17.40% versus a benchmark of less than 16.5%</li> </ul> <p>FY26 Q3 represents the transition from Avanyu launch absorption to normalized execution. While Q2 and Period 06 reflect peak cost pressure ahead of revenue contribution, prior corrective actions—pricing discipline, margin controls, DC stability, and expense control—remain intact.</p> <p>Q3 priorities focus on restoring transactions, holding margin discipline as inventory timing normalizes, stabilizing labor leverage, and converting Avanyu into an operating contributor, creating the foundation for improved financial performance in the second half of FY26.</p>
<b>6:09</b>	<b>Acceptance of GM report</b>
<b>6:10</b>	<b>Review of Board Policies: Code of Conduct (B6)</b>
<b>6:12 – 6:17</b>	<b>BREAK</b>
<b>6:17</b>	Nathan introduced Finance Committee Consultant, CE Pugh. CE served as LMFC GM from 2002-2008, then was president of NCG for several years. Self-proclaimed “grocery nerd”.
<b>6:20</b>	Courtney motions to add CE as Advisory Board Consultant. Nini Seconded. Board votes CE Pugh officially offered and accepted position as Advisory Board Consultant
<b>6:22</b>	<p><b>Report – Finance Committee</b>  Peter provided overview of Courtney’s Finance committee presentation.</p> <p>LMFC sales per sqft performs above natural grocery benchmark, Gross Profit Margin also exceeds industry benchmark, other KPIs do not.</p> <p>Covered Loan Covenants, with summary provided by James during FC meeting.</p> <p>Reviewed FC charter, with revisions and reformatting.</p> <p>Next meeting will focus on KPIs</p> <p>Courtney &amp; Peter to connect on committee charter to finalize and vote</p>
<b>6:31</b>	<p><b>Report – Membership Engagement Committee</b>  Presented Nathan &amp; Annamarie (Carter unavailable for tonight’s meeting)</p>

	<p>Calendar created for membership engagement events. In-person events to happen throughout May – October. This is in response to member interests and suggestions.</p> <p>ME committee meeting will be every other month, and Board Alignment meeting will take place the other month</p>
<b>6:46</b>	<p><b>Report – BEND Committee</b>  Liz &amp; committee discussed changing the name back to “Nominations &amp; Elections” because using “BEND” is confusing for some members. Charter will need to be updated to reflect.</p> <p>John disagrees with the committee name change, and feels the application changes are contradictory</p> <p>Survey sent to GM and Marketing Director.  Nathan requested that phone numbers be added to the survey</p> <p>CE mentioned that other co-ops do often field nominees/board recommendations to put on the ballot.</p>
<b>6:58</b>	<p><b>Report – Policy Committee</b>  John recommended reformatting Policy handbook</p> <p>Various committees need to add language to L policies.</p> <p>Policy Charter has been unanimously voted.</p>
<b>7:10</b>	<p><b>Agenda Items for Next Month</b>  Discuss how to get better board candidates</p> <p>Board strategy call will be next week</p> <p>What needs to be added to the financial policy (L3)</p> <p>Nob Hill discussions will live in Finance Committee meetings and Board Alignment meetings, but not the public Monthly Board Meeting.</p>
<b>7:35</b>	<p><b>Meeting Adjourned</b></p>