

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON, WISCONSIN

Resolution No. 4674

Authorizing the CDA to execute an amendment to the Lease with Luna's Market, LLC at The Village on Park.

Presented August 14, 2025

Referred _____

Reported Back _____

Adopted _____

Placed on File _____

Moved By _____

Seconded By _____

Yeas _____ Nays _____ Absent _____

Rules Suspended _____

Registrar File Number _____

RESOLUTION

WHEREAS, the Community Development Authority of the City of Madison ("**CDA**") is the owner of The Village on Park, located at 2300 South Park Street (the "**Property**"); and

WHEREAS, the Property is improved with a commercial building known as The Village on Park (the "**Building**"); and

WHEREAS, CDA Resolution No. 4566 approved a lease with Lunas Groceries LLC. The tenant subsequently created a new entity for this Property named Luna's Market, LLC, a Wisconsin limited liability company ("Tenant") and the City Attorney approved the change in the lease with the CDA with an Effective Date of December 11, 2023 (the "**Lease**") for space located at 2328 S. Park Street (the "**Premises**"); and

WHEREAS, Tenant previously wanted to open a commercial kitchen in the Premises to provide hot foods. Given a number of factors, including the cost to build a commercial kitchen and to acquire the equipment therein exceeded Tenant's sources of capital, Tenant elected to change the scope of use to just a grocery store (the "**Revised Use**") at the current time; and

WHEREAS, Tenant is revising the building plans to conform with the Revised Use and will send them to the Building Inspection department for approval. Likewise, Tenant is updating her license with Public Health based on the Revised Use; and

WHEREAS, the Landlord's Work, as defined in the Lease, was completed on October 25, 2024 (the "**Delivery Date**"). The first monthly Base Rent is due on September 1, 2025 (the "**Base Rent Commencement Date**") based on the Delivery Date; and

WHEREAS, given the Tenant's financing issues, staff agreed to temporarily suspend the Monthly Base Rent payments for September 2025 and October 2025, subject to the Collective Deferred Rent Conditions defined below. If these Collective Deferred Rent Conditions: (i) are met, then the Conditional Deferred Base Rent Changes become effective; or (ii) if not met, then CDA has the option to terminate the lease or escalate the payment of the Total Collective Deferred Rent in full as further described in the Resolution below.

NOW, THEREFORE, BE IT RESOLVED that the CDA hereby authorizes the execution of an amendment to the Lease with Luna's Market, LLC, at The Village on Park materially, though not exclusively, per the following terms and conditions on a form approved by the City Attorney:

1. Section 3.1 Base Rent, is amended and restated as follows:

Tenant shall, beginning on the Delivery Date that is following the completion of Landlord's Work, and for the entire remaining term of this Lease, pay to Landlord, at such place as Landlord may from time to time in writing designate, a monthly base rent per the "**Current Base Rent Schedule**" in **Attachment #1** (the "**Base Rent**") in monthly installments, payable in advance on the first day of each calendar month, without any setoff, counterclaim or deduction whatsoever or any prior demand.

As noted in the Current Base Rent Schedule, Tenant is currently required to start paying Monthly Base Rent on September 1, 2025 (the "**Base Rent Commencement Date**"). Given Tenant's financing issues, the CDA will temporarily suspend the Monthly Base Rent payments for September 2025 and October 2025, subject to all the Collective Deferred Rent Conditions defined below.

The Collective Deferred Rent Conditions are defined as (i) Tenant shall receive all required approvals, permits and licenses from the respective City Agencies due to the Revised Use by October 22, 2025; and (ii) Tenant shall open the grocery store no later than November 1, 2025; and (iii) Tenant shall not be in default of any other terms listed in the Lease (collectively the "**Collective Deferred Rent Conditions**").

If the Collective Deferred Rent Conditions are met by Tenant by November 1, 2025, then the following "Conditional Deferred Base Rent Changes" will become effective: (i) the CDA will extend the Base Rent Commencement Date to January 1, 2026 (the "**Conditional Base Rent Commencement Date**") per Attachment# 2; and (ii) the Monthly Base Rent that was due and temporarily suspended for September 2025, October 2025 will be added to the Monthly Base Rent due for November 2025 and December 2025 and totals \$16,004.28 (the "**Total Collective Deferred Rent**"). The Total Collective Deferred Rent will be amortized over a 16-month payback period that equates to \$1000.27 per month (the "**Monthly Deferred Base Rent Amount**"). Starting on January 1, 2027, the Monthly Deferred Base Rent Amount will be paid in addition to the current Monthly Base Rent Amount per the Conditional Deferred Base Rent Schedule set forth in Attachment #2 in monthly installments, payable in advance on the first day of each calendar month, without any setoff, counterclaim or deduction whatsoever or any prior demand (collectively the "**Conditional Deferred Base Rent Changes**").

If the Collective Deferred Rent Conditions are not met by Tenant, then the CDA will have the following choices: (i) request the payment of the Total Collective Deferred Rent in full by February 1, 2027; or (ii) terminate the Lease per the terms therein.

If a Renewal Option is exercised in accordance with Section 1.3, Base Rent for the applicable Renewal Term shall be as set forth in Attachment #1.

2. Section 7.1 Use of Premises, is amended and restated as follows:

Tenant covenants and agrees that it shall continuously and without interruption use and occupy the entire Premises (and not less than one hundred percent (100%) of the Premises), including outdoor seating, solely for the operation of a grocery store, with the right to include a

restaurant (dine-in and carry-out of premade meals and foods), and the sale of alcohol for off-site consumption (subject to the receipt of a license) and for no other purpose (collectively the "**Permitted Use**") without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

3. The Guaranty dated December 1, 2023 attached to the Lease incorrectly references Lunas Groceries LLC in Recital A. Recital A is amended and restated to list the correct entity Luna's Market, LLC.
4. Except as specifically amended herein, all other terms and conditions of the original Lease shall remain in full force and effect.
5. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

BE IT RESOLVED that the Chair and Deputy Director of the CDA are hereby authorized to execute, deliver and record the amendment to the Lease agreement, and to take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution in an amendment to lease form approved by the City Attorney.