

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON, WISCONSIN

Resolution No. 4701

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

Presented February 12, 2026
Referred _____
Reported Back _____
Adopted _____
Placed on File _____
Moved By _____
Seconded By _____
Yeas _____ Nays _____ Absent _____
Rules Suspended _____
Legistar File Number 91873

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, the CDA executed a lease on December 11, 2023 with the assigned entity Luna's Market, LLC (the "Tenant") for space located at 2328 S. Park Street (the "Premises") that was amended with a First Amendment defined below (collectively the "Lease"); and

WHEREAS, the parties executed a First Amendment to the lease via CDA Resolution No. 4674 that was executed on August 28, 2025 (the "First Amendment") that established certain Collective Deferred Rent Conditions and a Conditional Deferred Base Rent Changes structure; and

WHEREAS, Tenant failed to meet the Collective Deferred Rent Conditions by the deadlines listed therein and the City Attorney issued a notice of default on January 16, 2026 (the "Default Notice"); and

WHEREAS, Tenant requests an extension of the Base Rent deferral and a temporary waiver of default citing continued financial hardship due to circumstances beyond Tenant's control; and

WHEREAS, Tenant requests an additional six month runway to open the business and build sales while working toward the financial stability needed to operate the business; and

WHEREAS, staff and the Tenant agree to revise the Collective Deferred Rent Conditions and Conditional Deferred Base Rent Changes during a conditional compliance period and document said revised conditional terms in a second amendment to the Lease (the "Second Amendment") as generally described below in this resolution.

NOW, THEREFORE, BE IT RESOLVED that the Tenant acknowledges its failure to satisfy the Collective Deferred Rent Conditions under the First Amendment, and the CDA agrees to

temporarily waive the Default Notice subject to Tenant's compliance with the revised conditional terms during a conditional compliance period that will be listed in a Second 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 in its entirety 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.

If the Renewal Option is exercised in accordance with Section 1.3, then the Base Rent for the Renewal Term shall be paid in the amounts listed in the Renewal Term section at the bottom of Attachment #1.

(a) Revised Collective Deferred Rent Conditions During Conditional Compliance Period

As noted in the Current Base Rent Schedule, Tenant was required to start paying Monthly Base Rent on September 1, 2025 (the "Base Rent Commencement Date"). Given Tenant's continued financing issues, the CDA will temporarily suspend the Monthly Base Rent payments for the following time periods that equates to a total of eleven (11) months: September 2025 through July 2026, subject to Tenant's strict compliance of all the Revised Collective Deferred Rent Conditions (defined below) during the "Conditional Compliance Period", which is defined as the period commencing on the date the Second Amendment is fully executed through the Revised Conditional Monthly Deferred Base Rent Ending Date, defined below.

Tenant must comply with all the following performance and notification conditions by the stated deadlines listed below. Collectively, the "Revised Collective Deferred Rent Conditions" are defined as:

- i. Tenant shall open the grocery store no later than March 1, 2026 and continue operations per the Lease; and
- ii. Tenant shall send the CDA written notice within 5 (five) business days: (i) if any listed event below happens and include the details requested; and (ii) if any information previously provided to the CDA concerning any of the below occurrences materially changes:
 - A. If the private investor (the "Private Investor") requests any changes to the economic structure provided by Tenant to the CDA under which the Private Investor will be taking a twenty percent share of the net income of the business (the "Private Investor Share"); and
 - B. As soon as the \$50K Hub accelerator loan is approved or denied. If approved, Tenant must include in the notice the key terms relating thereto (term, rate, contingencies and funding timeline) and a separate notice

confirming the loan amount was deposited into the Tenant's business bank account. If denied-why; and

- C. If Tenant incurs any new business liabilities in excess of five thousand dollars (\$5,000.00); and
- D. If Tenant initiates any new business loans applications within 5 (five) business days of the submittal (include the terms thereof); and
- E. When there is a written settlement of Tenant's marital property issues (the "Written Agreement") and disclosure of all material contingencies of such settlement including contingencies related to mortgage refinancing; and
- F. Approval of any mortgage refinancing and date of anticipated closing; and
- G. Date of judicial divorce decree; and
- H. Status of Tenant's \$125K WWBIC loan application, including date such loan application is either denied or accepted; if denied; why. If accepted, what are the terms of the loan (term, rate, contingencies, funding timeline etc.) and a separate notice when the funding is deposited into Tenant's business bank account; and
- I. Within 20 days of the close of each calendar month, Tenant shall provide the CDA with the following financial reports: (i) a "**Profit and Loss Statement**" for its business that should include: all revenue, cost of goods sold, operating expenses; and (ii) a "**Statement of Cash Flows**" that should include cash from operations, debt repayments and distributions. The CDA may request an aged accounts payable also; and (iii) a "**Balance Sheet**" that shows the assets, liabilities and equity. The three reports are collectively defined as the "**Tenant's Financial Statements**". This monthly financial reporting will start on April 20, 2026 (for March 2026) and every month thereafter until August 15, 2027 (for July 2027); thereafter, ever six months until July 15, 2029 (for June 2029); and
- J. Restrictions on use of business revenues and loans. No funds from business loans or business revenues may be used for personal obligations and transferred to a personal account, other than to repay the previously incurred business expense that was disclosed to the CDA in January 2026; Tenant shall notify the CDA when such expense was repaid.
- K. Tenant has confirmed it will not be drawing any salary from the business starting on the Revised Opening Date (defined below) until the Revised Monthly Deferred Base Rent Ending Date (defined below); during this time period the Tenant will be paying off any business liabilities; and
- L. Tenant shall not be in default of any other terms listed in the Lease.

(b) If the Revised Collective Deferred Rent Conditions are all Met During Conditional Compliance Period

If the Tenant meets all Revised Collective Deferred Rent Conditions during the Conditional Compliance Period then the following **“Revised Conditional Deferred Base Rent Changes”** will become effective:

- i. The CDA will extend the Base Rent Commencement Date to August 1, 2026 and Tenant shall begin paying the full monthly base rent on August 1st 2026 (the **“Revised Conditional Base Rent Commencement Date”**) per the amended and restated Attachment # 2; and
- ii. The Monthly Base Rent that was due and temporarily suspended for September 2025, through December 2025 will be added to the Monthly Base Rent due from January 2026 to July 2026 (collectively these eleven (11) months are defined as the **“Revised Conditional Collective Deferred Rent Period”**). The monthly Base Rent for Revised Conditional Collective Deferred Rent Period equals a total amount of **\$44,011.77** (the **“Revised Conditional Total Collective Deferred Rent”**).

The repayment of Revised Conditional Total Collective Deferred Rent amount will be amortized over a 23-month payback period that equates to **\$1,913.56** per month (the **“Revised Conditional Monthly Deferred Base Rent Amount”**).

Starting on August 1, 2027 (the **“Revised Conditional Monthly Deferred Base Rent Commencement Date”**) through June 2029 (the **“Revised Conditional Monthly Deferred Base Rent Ending Date”**), the Revised Conditional Monthly Deferred Base Rent Amount will be paid in addition to the current Monthly Base Rent Amount per the Revised Conditional 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 **“Revised Conditional Deferred Base Rent Changes”**).

(c) If the Tenant does not comply with all of the Revised Collective Deferred Rent Conditions during the Conditional Compliance Period

At any point during the Conditional Compliance Period, if any Revised Collective Deferred Rent Condition is not satisfied by its respective deadline, then it will be a default under the Lease the CDA may, in its sole discretion, choose to:

- i. Terminate the lease;
- ii. Accelerate the payment of the Revised Conditional Total Collective Deferred Rent balance amount; and/or
- iii. Begin marketing the Premises for lease to a new tenant. Tenant may remain in possession on a month to month basis only if it pays its full Monthly Base Rent and carry costs listed in the Lease and cooperate with the CDA’s leasing efforts during any permitted holdover occupancy. The CDA may include other terms and conditions during any permitted holdover.

2. Section 13.26 Guaranty and Exhibit D to the Lease shall be amended to change these figures therein:

(a) to increase the maximum ceiling amount to Ninety Four Thousand and Twelve Dollars (\$94,012); and

(b) to extend the guaranty term to July 25, 2030, which is the end of the 69th month following the Delivery Date of October 25th 2024.

All other terms of the Guaranty shall remain in effect.

3. Except as specifically amended herein, all other terms and conditions of the Lease shall remain in full force and effect.
4. The Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

BE IT FURTHER RESOLVED that the Chair and Deputy Director of the CDA are hereby authorized to execute, deliver and record the Second 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.