

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

This Economic Development Incentive Agreement (“Agreement”) is made by and between the City of Plano, Texas (“City”), and Peloton Interactive, Inc., a Delaware corporation (“Company”), acting by and through their respective authorized officers and representatives.

WITNESSETH:

WHEREAS, Company is engaged in the business of networked fitness platform and plans to add Fourteen Million Dollars (\$14,000,000) of Real Property improvements and Six Million Dollars (\$6,000,000) of Business Personal Property (“BPP”) on the Real Property, as defined below; and

WHEREAS, Company agrees to occupy a minimum of 103,000 additional gross square feet of office space and to retain the existing 475 Job Equivalents and transfer or create up to 1,590 Job Equivalents to be located on the Real Property for the term of this Agreement; and

WHEREAS, the Company has advised the City that a contributing factor that would induce the Company to relocate and expand its business and commercial activities in the City, thereby generating additional local sales tax revenues and increasing ad valorem tax values for the City, would be an agreement by the City to provide an economic development grant to the Company; and

WHEREAS, the City Council finds that the occupancy of at least 103,000 gross square feet of office space and the retention, creation or transfer of up to 1,590 Job Equivalents within the City will promote economic development, stimulate commercial activity and enhance the tax base and economic vitality of the City; and

WHEREAS, the City has adopted programs for promoting economic development; and

WHEREAS, the City is authorized by TEX. LOC. GOV’T CODE §380.001 *et seq.* to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the City has determined that making an economic development grant to the Company in accordance with the terms and conditions set forth in this Agreement will further the objectives of the City, will benefit the City and its citizens and will promote local economic development and stimulate business and commercial activity in the City.

NOW THEREFORE, in consideration of the foregoing and the premises, mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby covenant and agree as follows:

Article I

Definitions

For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Commencement Date” shall mean the earlier of the occupancy of the office space on the Real Property or December 31, 2021 whichever occurs first.

“Company” shall mean Peloton Interactive, Inc., a Delaware corporation.

“Event of Force Majeure” shall mean any contingency or cause beyond the reasonable control of a party including, without limitation, acts of God or the public enemy, war, riot, civil commotion, terrorist act(s), insurrection, government or de facto governmental action (unless caused by the intentionally wrongful acts or omissions of the party), fires, explosions or floods, strikes, slowdowns or work stoppages any of which event(s) directly and significantly impact the Company’s operations in the City. An economic downturn shall not constitute an Event of Force Majeure.

“Full-Time Job Equivalent” shall mean one or more Company employees, whether individual or combined with other employees, who are located at the Real Property and each Job Equivalent is paid a minimum of 2,080 hours annually and issued an Internal Revenue Service W-2 form by the Company.

“Real Property” or “Property” shall mean Legacy Central 1, 6500 Chase Oaks Boulevard, Plano, Texas 75023.

Article II

Term

The term of this Agreement shall begin on the Commencement Date and continue for seven (7) years thereafter, unless sooner terminated as provided herein.

Article III

Obligations of Company

In consideration for the grant of public funds as set forth in Section 4.01 below, the Company agrees to perform the following:

(a) By the Commencement Date, occupy an additional 103,000 gross square feet of office space on the Real Property and maintain occupancy throughout the term of the Agreement; and

(b) By December 31, 2021, create or transfer at least 125 Job Equivalents and shall maintain the Job Equivalents for a minimum of 180 days and continue to maintain those Job Equivalents on the Real Property throughout the Agreement; and

(c) By December 31, 2023, and subject to maintaining the required number of Job Equivalents pursuant to Article III, Section (b) herein, Company may create or transfer up to 495 additional Job Equivalents for a maximum number of 620 Full-Time Job Equivalents and maintain those Job Equivalents on the Real Property throughout the Agreement; and

(d) By December 31, 2025, and subject to maintaining the required number of Job Equivalents pursuant to Article III, Section (b) and (c) herein, Company may create or transfer up to 970 additional Job Equivalents for a maximum number of 1,590 Full-Time Job Equivalents and maintain those Job Equivalents on the Real Property throughout the Agreement; and

(e) Use reasonable efforts to place all Company-managed hotel stays, related to the Company's business activities, at facilities located in the City of Plano.

Article IV Economic Development Grant

4.01 **Grant.** The City agrees to provide the Company a cash grant in installments totaling up to One Million One Hundred Ten Dollars (\$1,000,110) as long as Company meets each of the obligations set out in Article III above and complies with the certification schedule and requirements set out in Section 4.02 below.

4.02 **Grant Payment Requirements and Schedule.** Except as otherwise indicated, the Company shall be entitled to the grant award in accordance with the following requirements and schedule:

(a) By December 31, 2021, Company shall occupy not less than 103,000 gross square feet of office space. By December 31, 2021, Company shall transfer or create at least 125 Job Equivalents to the Real Property and maintain the Job Equivalents for a minimum of 180 days to be eligible to receive a payment of Seventy-Eight Thousand Six Hundred Twenty-Five Dollars (\$78,625). The payment will not be pro-rated. **Company must submit the Initial Certification form attached hereto as Exhibit "A" certifying compliance with the obligations set forth in Article III, Sections (a), (b) and (e) not earlier than June 30, 2022 and not later than September 30, 2022. A failure to provide this form by that date is an event of default and, if not cured, results in an immediate and complete forfeiture of the entire grant.**

City will make the payment within thirty (30) days of receipt of the initial certification unless the City reasonably objects to the certification.

(b) By December 31, 2023, and subject to the Company transferring, creating and maintaining the minimum number of Job Equivalents required pursuant to Section 4.02(a) herein, Company may add up to an additional 495 Job Equivalents for a total maximum number of 620 Job Equivalents at the Real Property to be eligible to receive a second (2nd) grant payment

of up to Three Hundred Eleven Thousand Three Hundred Fifty-Five Dollars (\$311,355) which may be pro-rated at Six Hundred Twenty-Nine Dollars (\$629) for each Job Equivalent up to the maximum amount allowed herein. **Company must submit the Annual Certification form attached hereto as Exhibit “B” as required by Section 4.02(d) below certifying the number of Job Equivalents added pursuant to Article III, Section (c) and compliance with Article III, Sections (a), (b) and (e) not later than January 31, 2024 to be eligible for the second (2nd) grant payment. A failure to provide this form by that date is an event of default and, if not cured, results in an immediate and complete forfeiture of the remaining grant and invokes the City’s right to a full refund, including damages as set out in Section 4.03 below.**

City will make the payment within thirty (30) days of receipt of the January 31, 2024 annual certification if Company qualifies for a second (2nd) grant payment pursuant to this Section 4.02(b), unless the City reasonably objects to the certification. In no event will the City make the second (2nd) grant payment prior to January 1, 2024.

(c) By December 31, 2025, and subject to the Company transferring, creating and maintaining the minimum number of Job Equivalents required pursuant to Sections 4.02(a) and (b) herein, Company may add up to an additional 970 Job Equivalents for a total maximum number of 1,590 Job Equivalents at the Real Property to be eligible to receive a third (3rd) grant payment of up to Six Hundred Ten Thousand One Hundred Thirty Dollars (\$610,130) which may be pro-rated at Six Hundred Twenty-Nine Dollars (\$629) for each Job Equivalent up to the maximum amount allowed herein. **Company must submit the Annual Certification form attached hereto as Exhibit “B” as required by Section 4.02(d) below certifying the number of Job Equivalents added pursuant to Article III, Section (d) and compliance with Article III, Sections (a), (b), (c) and (e) not later than January 31, 2026 to be eligible for the third (3rd) grant payment. A failure to provide this form by that date is an event of default and, if not cured, results in an immediate and complete forfeiture of the remaining grant and invokes the City’s right to a full refund, including damages, as set out in Section 4.03 below.**

City will make the payment within thirty (30) days of receipt of the January 31, 2026 annual certification if Company qualifies for a third (3rd) grant payment pursuant to this Section 4.02(c), unless the City reasonably objects to the certification. In no event will the City make the third (3rd) grant payment prior to January 1, 2026.

(d) Beginning January 31, 2023 Company must submit an annual certification on the form attached hereto as Exhibit “B” not later than January 31st of each year for the duration of this Agreement certifying compliance with all of the obligations set out in Article III above. **A failure to file the annual certification by the January 31st deadline during the remaining years of the Agreement shall be an event of default and, if not cured, results in the City’s right to a full refund, including damages as set out in Section 4.03.**

(e) All certifications must be executed by the Company’s chief executive or financial officer.

4.03 **Refund/Default.**

(a) If the Company fails to meet and maintain the required number of Job Equivalents for more than 180 consecutive days as set out in Section 4.02(a) and the loss is not the result of an Event of Force Majeure, the Company shall forfeit the entire grant. Thereafter, if the Company fails to maintain the required number of Job Equivalents, for which it has received payment, for more than 180 consecutive days at any time during the term of this Agreement and the loss is not the result of an Event of Force Majeure, the Company shall refund to the City an amount equal to Six Hundred Twenty-Nine Dollars (\$629) for each lost Job Equivalent.

For the purposes of determining whether the City is due a refund under this section, the Company shall certify to the City as set out in Section 4.02 above the actual number of Job Equivalents at the Real Property for the compliance period using the form attached as Exhibit "B". A failure to make the refund payment prior to or at the time of filing certification shall constitute an event of default. If a refund has been paid for one or more Job Equivalent(s), Company is not entitled to any future payment for that lost Job Equivalent(s) notwithstanding that it subsequently complies with the Job Equivalent requirements of this Agreement at a later date.

(b) If the Company defaults on the payment of any refund or fails to timely provide any certification as required by Section 4.02, the full amount of the entire grant paid shall be refunded by Company to the City. City may use any efforts to collect such sums owed and Company agrees to pay any and all interest, and expenses, including attorney fees and costs incurred by City. This obligation shall survive termination of this Agreement.

(c) At any time during the term of this Agreement the Company is convicted of a violation under 8 U.S.C. Section 1324a(f) regarding the unlawful employment of undocumented workers, it shall reimburse the City all grant funds paid pursuant to this Agreement together with interest charged from the date of payment of the funds at the statutory rate for delinquent taxes as determined by V.T.C.A., Tax Code § 33.01, but without the addition of penalty. Repayment of grant funds and interest shall be due not later than 120 days after the date the Company is convicted of the offense.

Article V Termination

5.01 **Events of Termination.** This Agreement terminates upon any one or more of the following:

(a) By expiration of the term and where no uncured defaults have occurred; or

(b) If a party defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within thirty (30) days after written notice thereof by the non-defaulting party unless a longer period is provided. Any default under this provision and right to recover any claims, refunds, damages and/or expenses shall survive the termination of the Agreement.

The City Manager is authorized on behalf of the City to send notice of default and to terminate this Agreement for any default that is not cured.

5.02 **Effect of Termination/Survival of Obligations.** The rights, responsibilities, obligations, and liabilities of the parties under this Agreement shall be extinguished upon the applicable effective date of termination of this Agreement, except for any obligations or default(s) that existed prior to such termination or as otherwise provided herein and those liabilities and obligations shall survive the termination of this Agreement, including the refund provision, maintenance of records, and access thereto.

Article VI

Retention and Accessibility of Records

6.01 Company shall maintain the fiscal records and supporting documentation for expenditures of funds associated with this Agreement. Company shall retain such records, and any supporting documentation for the greater of:

- (a) Five (5) years from the end of the Agreement period; or
- (b) The period required by other applicable laws and regulations.

6.02 Company gives City, its designee, or any of their duly authorized representatives, access to and the right to examine relevant books, accounts, records, audit reports, reports, files, documents, written or photographic material, videotape and other papers, things, or personal and Real Property belonging to or in use by Company pertaining to the Economic Development Program Grant (the "Records") upon receipt of ten (10) business days written notice from the City. The City's access to Company's books and records will be limited to information needed to verify that Company is and has been complying with the terms of this Agreement. Any information that is not required by law to be made public shall be kept confidential by City. In no event shall City's access to Company's Records include any access to any personal and/or medical data of any employees, officer or director of Company except to confirm payroll information compliance for Full-Time Job Equivalents. Company shall not be required to disclose to the City any information that by law Company is required to keep confidential. Should any good faith dispute or question arise as to the validity of the data provided, the City reserves the right to require Company to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of Company. The rights to access the Records shall terminate five (5) years after the termination or expiration of this Agreement. Failure to provide reasonable access to the Records to authorized City representatives shall give the City the right to suspend or terminate this Agreement as provided for in Section 5.01 above, or any portion thereof, for reason of default. All Records shall be retained by Company for a period of five (5) years after all performance requirements are achieved for audit purposes until such audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed. Company agrees to maintain the Records in an accessible location.

Article VII Assignment

This Agreement may not be assigned without the express written consent of the non-assigning party, except that the Company may assign this Agreement without obtaining the City's consent (a) to one of its wholly owned affiliates, or (b) to any person or entity that directly or indirectly acquires, through merger, sale of stock, purchase or otherwise, all or more than ninety (90) percent of the assets of the Company as long as the Company gives sixty (60) days prior written notice to the City and the assignee executes an agreement with the City to be bound to all the terms and conditions of this Agreement and be responsible for any default(s) that occurred prior to or after the assignment.

For any assignment not covered by (a) or (b) in the preceding paragraph, the Company must obtain the prior approval of the City through its City Manager and the assignee must agree to be bound to all the terms and conditions of this Agreement and to accept all liability for any default that occurred prior to and/or after the assignment.

Any assignment agreement must be furnished in a form acceptable to the City and be provided at least thirty (30) days prior to the effective assignment date. City agrees to notify the potential assignee of any known default, but such notification shall not excuse defaults that are not yet known to the City.

Article VIII Miscellaneous

8.01 **No Joint Venture.** It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create a partnership or joint venture among the parties. Neither party shall have any authority to act on behalf of the other party under any circumstances by virtue of this Agreement.

8.02 **Notice of Bankruptcy.** In the event Company files for bankruptcy, whether involuntarily or voluntary, Company shall provide written notice to the City within three (3) business days of such event.

8.03 **Authorization.** Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

8.04 **Notice.** Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below (or such other address as such party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered.

If intended for the City:
City of Plano, Texas
Attention: Mr. Mark D. Israelson
City Manager
1520 Avenue K
P.O. Box 860358
Plano, TX 75086-0358

With a copy to:
City of Plano, Texas
Attention: Ms. Paige Mims
City Attorney
1520 Avenue K
P.O. Box 860358
Plano, TX 75086-0358

If intended for the Company before relocation:
Peloton Interactive, Inc.
Attention: Mr. Michael Stanton
Vice President, Tax
125 W 25th Street, 11th Floor
New York, NY 10001

If intended for the Company after relocation:
Peloton Interactive, Inc.
Attention: Mr. Michael Stanton
Vice President, Tax
125 W 25th Street, 11th Floor
New York, NY 10001

8.05 **Compliance with Equal Rights Ordinance.** Company agrees to comply with Section 2-11(F) of the City Code of Ordinances, which reads as follows:

“It shall be unlawful for an employer to discriminate against any person on the basis of race, color, sex, religion, age, national origin, genetic information, sexual orientation, gender identity, disability status or United States military/veteran status by the following actions or inactions:

- (a) for an employer to fail or refuse to hire, or to discharge, any person;
- (b) for an employer to discriminate against any person with respect to compensation, terms, conditions or privileges, of employment;

(c) for an employer to limit, segregate or classify employees or applicants for employment in any way that would deprive or tend to deprive a person of employment or employment opportunities, or that would otherwise adversely affect a person's status as an employee;

(d) for an employment agency to fail or refuse to refer for employment, or to otherwise discriminate against, any person because of a protected employment characteristic;

(e) for an employment agency to classify or refer for employment any person, on the basis of a protected employment characteristic;

(f) for a labor organization to exclude or expel from its membership, or to otherwise discriminate against, any person because of a protected employment characteristic;

(g) for a labor organization to fail or refuse to refer for employment any person because of a protected employment characteristic;

(h) for a labor organization to limit, segregate or classify its members or applicants for membership, in any way that would deprive or tend to deprive a person of employment or employment opportunities, or that would otherwise adversely affect a person's status as an employee or as an applicant for employment; or

(i) for a labor organization to cause or attempt to cause an employer to discriminate against a person in violation of this subsection;

(j) for an employer, a labor organization or a joint labor-management committee, to discriminate against any person because of a protected employment characteristic in the admission to, or employment in, any program established to provide apprenticeship or other training;

(k) for an employer to print or publish, or cause to be printed or published, any notice or advertisement relating to employment by the employer that indicates any preference, limitation, specification or discrimination, based on a protected employment characteristic;

(l) for an employment agency to print or publish, or cause to be printed or published, any notice or advertisement relating to membership in or any classification or referral for employment by the employment agency that indicates any preference, limitation, specification or discrimination, based on a protected employment characteristic; or

(m) for a joint labor-management committee to print or publish, or cause to be printed or published, any notice or advertisement relating to admission to, or employment in, any program established to provide apprenticeship or other training by the joint labor-management committee that indicates any preference, limitation, specification or discrimination, based on a protected employment characteristic.”

Company also understands that it is entitled to apply to the City Manager for a waiver from the Equal Rights Ordinance's application to its business if applying it would conflict with state or federal law. During the review of the waiver request, the contract will be placed on hold.

8.06 **Entire Agreement.** This Agreement, and the Exhibits referred to/attached, is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the parties that in any manner relates to the subject matter of this Agreement.

8.07 **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might result in the application of the laws of another jurisdiction. Venue for any action concerning this Agreement, the transactions contemplated hereby or the liabilities or obligations imposed hereunder shall be in the State District Court of Collin County, Texas.

8.08 **Amendment.** This Agreement may only be amended by the mutual written agreement of the parties.

8.09 **Severability.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

8.10 **Recitals.** The recitals to this Agreement are incorporated herein.

8.11 **Authorized to Bind.** The persons who execute their signatures to this Agreement represent and agree that they are authorized to sign and bind their respective parties to all of the terms and conditions contained herein.

8.12 **Counterparts.** This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

This Agreement shall be effective upon the last date on which all parties have executed this Agreement.

ATTEST:

CITY OF PLANO, TEXAS, a home-rule
municipal corporation

Lisa C. Henderson, CITY SECRETARY

Mark D. Israelson, CITY MANAGER

Date: _____

APPROVED AS TO FORM:

Paige Mims, CITY ATTORNEY

ATTEST:

PELOTON INTERACTIVE, INC.,
a Delaware company

Name: _____
Title: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "A"

INITIAL CERTIFICATE OF COMPLIANCE

Please select one of the options below before signing and returning the certification:

_____ a. I hereby certify that Peloton Interactive, Inc. has occupied the Property on or before December 31, 2021 and transferred or added at least 125 Job Equivalent positions at the Real Property by December 31, 2021, and is in compliance with all terms of the Agreement and is entitled to receive payment in accordance with Section 4.02(a) of that Agreement. The actual number of Job Equivalents is _____.

_____ b. I hereby certify that Peloton Interactive, Inc. has failed to occupy the Property by December 31, 2021, has failed to transfer or add at least 125 Job Equivalent positions at the Real Property by December 31, 2021, and is not in compliance with the Agreement and is not entitled to receive payment in accordance with Section 4.02(a) of that Agreement. The actual number of Job Equivalents is _____.

ATTEST:

PELOTON INTERACTIVE, INC a
Delaware Company

Name: _____
Title: _____

By: _____
Name: _____
Chief Financial Officer

Date

NOTE: THIS CERTIFICATION IS DUE NOT EARLIER THAN JUNE 30, 2022 AND NO LATER THAN SEPTEMBER 30, 2022

This Certificate of Compliance should be mailed to:

City of Plano
Finance Department
P.O. Box 860358
Plano, TX 75086-0358

EXHIBIT "B"
ANNUAL CERTIFICATE OF COMPLIANCE

Please select one of the options below before signing and returning the certification:

- _____ a. I hereby certify that Peloton Interactive, Inc. is in compliance with each applicable term as set forth in the Agreement and the transferred or added number of Job Equivalents has not fallen below the number for which Peloton Interactive, Inc. has received a grant payment in accordance with the terms and conditions set out in Article IV. I further certify that as of December 31 of the prior year, the number of Job Equivalents was _____.
- _____ b. I hereby certify that Peloton Interactive, Inc. is not in compliance with each applicable term as set forth in the Agreement and the transferred or added number of Job Equivalents has fallen below the number for which Peloton Interactive, Inc. has received a grant payment. I further certify that as of December 31 of the prior year, the number of Job Equivalents was _____ and that that the City of Plano has been refunded the appropriate amount as required by Article IV, Section 4.03 of the Agreement.
- _____ c. **(FOR USE IN JANUARY 2024 ONLY IF APPLICABLE)** I hereby certify that Peloton Interactive, Inc. is in compliance with all terms and conditions of the Agreement and that as of December 31, 2023, Peloton Interactive, Inc. has added ____ total number of Job Equivalents (not to exceed 495), in addition to the retention of the 125 initial Job Equivalents, and is entitled to receive a second (2nd) grant payment in accordance with Section 4.02(b). I further certify that as of December 31 of the prior year, the total number of Job Equivalents was _____.
- _____ d. **(FOR USE IN JANUARY 2026 ONLY IF APPLICABLE)** I hereby certify that Peloton Interactive, Inc. is in compliance with all terms and conditions of the Agreement and that as of December 31, 2025, Peloton Interactive, Inc. has added ____ total number of Job Equivalents (not to exceed 970), in addition to the retention of the initial 125 Job Equivalents created by December 31, 2021 and the retention of the additional 495 Job Equivalents created by December 31, 2023 and is entitled to receive a third (3rd) grant payment in accordance with Section 4.02(c). I further certify that as of December 31 of the prior year, the total number of Job Equivalents was _____.

ATTEST:

PELTON INTERACTIVE, INC.
a Delaware company

Name: _____
Title: _____

By: _____
Name: _____
Chief Financial Officer

Date: _____

NOTE: THIS FORM IS DUE BY JANUARY 31 OF EACH YEAR BEGINNING ON JANUARY 31, 2023, AND AS LONG AS THIS AGREEMENT IS IN EFFECT.

This Certificate of Compliance should be mailed to:

City of Plano
Finance Department
P.O. Box 860358
Plano, TX 75086-0358