STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING ENTERING INTO A VOLUNTARY IMPLEMENTATION AGREEMENT WITH THE HORSERACING INTEGRITY AND SAFETY AUTHORITY, INC. (HISA) AND THE HORSERACING INTEGRITY AND WELFARE UNIT (HIWU).

Board Meeting
November 18, 2026

ISSUE

Whether to authorize the Executive Director to negotiate and execute a 2027 Voluntary Implementation Agreement with the Horseracing Integrity and Safety Authority ("Authority") and the Horseracing Integrity & Welfare Unit ("HIWU"), subject to any amendments necessary to protect the interests of the California Horse Racing Board ("Board").

BACKGROUND

The Horseracing Integrity and Safety Act authorizes the Authority to enter into agreements with state racing commissions for services consistent with enforcement of the racetrack safety and anti-doping and medication control programs (15 U.S.C. § 3054(e)(2)(A)). California Business and Professions Code section 19440.1 authorizes the Board to enter into agreements with the Authority and other entities responsible for administering the Act.

California entered into a Voluntary Implementation Agreement with the Authority and HIWU in 2023 and has continued to perform regulatory functions under subsequent agreements. The current agreement terminates on December 31, 2026, unless extended by the parties while a renewal agreement is being negotiated.

ANALYSIS

Staff has not yet received a proposed 2027 Voluntary Implementation Agreement from the Authority and HIWU. Based on prior years, staff expects the 2027 agreement to be substantially similar to the current agreement, which is attached for reference.

To avoid any interruption in the Board's performance of responsibilities under the Act and to allow sufficient time to negotiate any necessary revisions, staff seeks authorization for the Executive Director to negotiate and execute the 2027 agreement, provided any amendments necessary to protect the interests of the Board are obtained. The proposed authorization would also allow the Executive Director to appoint the individuals necessary to fulfill the roles specified in the agreement.

RECOMMENDATION

Staff recommends that the Board authorize the Executive Director to:

1) Negotiate and execute a 2027 Voluntary Implementation Agreement with the Authority and HIWU, subject to any amendments necessary to protect the interests of the Board; and
2) Appoint the individuals necessary to fulfill the roles and responsibilities required under the agreement.

ATTACHMENT
(1) 2026 Voluntary Implementation Agreement

VOLUNTARY IMPLEMENTATION AGREEMENT

THIS VOLUNTARY IMPLEMENTATION AGREEMENT (this "Agreement") is made and entered into this 5th day of March, 2026 (the "Effective Date"), by and among the Horseracing Integrity and Safety Authority, Inc., a Delaware non-profit corporation, 201 East Main Street, Suite 340, Lexington, Kentucky 40507 (the "Authority"), the Horseracing Integrity & Welfare Unit, a division of Drug Free Sport, LLC ("Drug Free Sport"), a Delaware limited liability company, 4801 Main Street, Suite 350, Kansas City, Missouri 64112 (the "Agency" or "HIWU"), and the California Horse Racing Board, an agency of the California state government whose mailing address is 1010 Hurley Way, Suite 300, Sacramento, CA 95825 (the "Commission"). As used herein, the "Parties" shall mean the Authority, the Agency, and the Commission, collectively; and a "Party" shall mean the Authority, the Agency or the Commission, individually.

WHEREAS, the Authority is a private, independent, self-regulatory, nonprofit corporation that was recognized for the purpose of developing and implementing a horseracing anti-doping and medication control program and a racetrack safety program for covered horses, covered persons, and covered horseraces by the Horseracing Integrity and Safety Act of 2020, as amended (the "Act");

WHEREAS, Drug Free Sport, a worldwide leader in the sport drug testing industry who administers comprehensive drug testing programs, manages national and international collections, and develops drug testing policies for a wide range of organizations around the world, created an entity to act as the anti-doping and medication control enforcement agency under the Act and to develop and enforce an independent and uniform thoroughbred anti-doping and medication control program ("ADMC Program");

WHEREAS, the Agency was created to act as the anti-doping and medication control enforcement agency under the Act and to develop and enforce the ADMC Program;

WHEREAS, the Commission is the independent agency of state government vested with jurisdiction to regulate the conduct of horse racing and pari-mutuel wagering on horse racing and related activities within the state of California (the "State");

WHEREAS, 15 USC § 3054(e)(2) of the Act permits the Authority to enter into agreements with state racing commissions for services consistent with the enforcement of the racetrack safety program (the "Racetrack Safety Program");

WHEREAS, 15 USC § 3054(e)(2)(A) permits the Authority to enter into agreements with state racing commissions for services consistent with the enforcement of the ADMC Program;

WHEREAS, the Parties agree that they are required to comply with the Act and any regulations approved by the Federal Trade Commission pursuant to the Act;

WHEREAS, the Authority and the Agency have determined that the Commission has the ability to implement certain areas of the ADMC Program in accordance with the rules, standards, and requirements established by the Act, the Authority, and the Agency.

NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration, the sufficiency of which is acknowledged, the Parties agree as follows:

I. Racetrack Safety Program

A. Safety Director. The Commission names and appoints the Safety Steward assigned to the race meet as Safety Director of the State (the "Safety Director"). The Authority and the State agree that the Safety Director shall carry out the duties and responsibilities of the Safety Director set forth in the Racetrack Safety Program, including, but not limited to, the duties and responsibilities set forth in Rule 2131 of the Racetrack Safety Program, which includes reporting "of all equine injuries that required equine ambulance assistance and fatalities to the Racetrack's Risk Management Committee and the Authority within 72 hours of an injury, and within 24 hours of a fatality." Any person named to replace the individual named as Safety Director herein shall possess the necessary qualifications to perform the duties and responsibilities set forth in Rule 2131 of the Racetrack Safety Program. In the event of a replacement, the Commission shall provide written notice to the Authority and a management official for each racetrack under the Commission's jurisdiction.

B. Stewards. The Commission agrees that the Board of Stewards and Safety Steward shall enforce the safety regulations set forth in the Rule 2200 Series of the Racetrack Safety Program. The Commission further agrees that the stewards shall also serve in the adjudicatory capacities set forth in the Rule Series 8000, "Enforcement Rules."

C. Regulatory Veterinarian. The Commission names and appoints Doctor Jeff Blea as Regulatory Veterinarian of the State (the "Regulatory Veterinarian"). The Authority and the State agree that the Regulatory Veterinarian shall carry out the duties and responsibilities of the Regulatory Veterinarian set forth in the Racetrack Safety Program, including, but not limited to, the duties and responsibilities set forth in Rule 2135 of the Racetrack Safety Program. Any person named to replace the individual named as Regulatory Veterinarian herein shall possess the qualifications set forth in Rule 2134(a) Racetrack Safety Program. In the event of a replacement, the Commission shall provide written notice to the Authority and a management official for each racetrack under the Commission's jurisdiction.

D. Emergency Warning Systems. The Commission agrees to inspect and approve the racetrack emergency warning systems in use on all racing and training tracks at each racetrack under the jurisdiction of the Commission, as set forth in Rule 2153 of the Racetrack Safety Program. The Commission further agrees to provide the Authority with annual reports concerning the racetrack emergency warning systems on forms prescribed by the Authority and any additional reports as specifically requested by the Authority.

E. Trainers Test. The Commission agrees to require the use of the Authority's uniform National Trainers Test, as set forth in Rule 2181. Upon request by the Authority, the Commission shall provide documentation of satisfactory completion of the test for individual licensees. Upon request by the Authority, the Commission shall provide documentation of

satisfactory completion of the test for individual licensees. Upon the Authority's request, the Commission shall make its California state trainers' test available for review by the Authority.

F. Testing Program. The Commission agrees to maintain a testing program for drugs and alcohol for Jockeys, as set forth in Rule 2191 of the Racetrack Safety Program. The Commission further agrees to submit the protocol for the testing program to the Authority. Upon request by the Authority, the Commission shall share with the Authority information pertaining to positive tests of individual Jockeys and shall make periodic reports concerning the testing program as directed by and on forms prescribed by the Authority.

G. Concussion Management. The Commission agrees to implement the Authority's Concussion management protocol containing the elements identified in Rule 2192.

H. Racetrack Safety Program Scope of Work. The scope of work and reporting obligations for the Racetrack Safety Program under this Agreement are those set forth in the Rule 2000 Series, "Racetrack Safety and Accreditation," and any additional policies and procedures implemented by the Authority which are consistent with the Act and any regulations approved by the Federal Trade Commission pursuant to the Act ("HISA Policies"). Copies of HISA Policies will be communicated to the Commission. The Commission agrees to provide performance metrics in reasonable detail and at reasonable intervals on forms to be prescribed by the Authority.

I. Indemnification. The Authority expressly agrees to indemnify and hold harmless the Commission and its agents, contractors or employees from and against any and all claims, loss, damages, injury, liability and costs, including but not limited to reasonable attorneys' fees and court costs, resulting from, or arising out of, the Racetrack Safety Program Scope of Work as defined in this Agreement, except to the extent that such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by, or result from, the breach of this Agreement by, or the, willful misconduct, or intentional acts or omissions of, the Commission or its employees or agents. Any enforcement actions related to the Racetrack Safety Program Scope of Work will be the responsibility of and will be defended by the Authority. Any appeals or challenges to actions taken by Commission agents, contractors or employees when enforcing the Act or federal rules or regulations promulgated pursuant to the Act will proceed pursuant to the enforcement rules of the Act and will be defended by the Authority. Notwithstanding anything set forth in this Agreement to the contrary, this Agreement shall not be construed to waive any immunity under applicable state law, including, but not limited to, sovereign immunity, possessed by the Commission and its agents, contractors, or employees.

J. Diagnostic Laboratory. The Commission agrees to coordinate with a diagnostic laboratory equipped with the facilities and trained personnel necessary to perform equine necropsies as contemplated in Rule 2170. If requested by the Commission, the Authority agrees to utilize best efforts to assist the Commission in coordinating with a diagnostic laboratory.

K. Confidentiality. (1) The Commission agrees that the content of any notices or communications with the Authority pursuant to the Rule Series 2000 (Racetrack Safety Program) or Rule Series 8000 (Enforcement Rules) (the "Confidential Information") shall not be publicly disclosed by the Commission or its officers, directors, employees, or agents unless and until (a)

that information has been publicly disclosed by the Authority pursuant to the requirements of the Act, or (b) the Authority has given written consent for the information to be disclosed. In addition, the Commission agrees not to disclose the Confidential Information to any person other than to such of its officers, directors, employees, or agents who have a need to know and who agree to be bound by the confidentiality provisions hereof. The Commission agrees that it shall be responsible for any breach of this Agreement by its officers, directors, employees, or agents, in that the Commission shall take prompt action to correct the non-compliant conduct or prevent any future non-compliance.

(2) Upon receipt of any request for the disclosure of documents relating to the Rule Series 2000 or Rule Series 8000, the Commission agrees to provide the Authority with appropriate notification and opportunity to challenge the disclosure of such records.

II. ADMC Program

A. ADMC Program Testing.

(1) The Commission agrees that only Agency Authorized Collection Personnel will conduct Sample collections in the State for, and under the authority of, the Agency pursuant to Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," including, but not limited to, the regulations under Rule 3130 (Testing & Investigations), and Rule Series 5000, "Equine Testing and Investigation Standards," of the ADMC Program, including, but not limited to, Post-Race Samples, Post-Work Samples, TCO2 testing, testing of Claimed Horses, and Out-of-Competition Samples (the "Agency Samples"). Pursuant to Rule 5450, the Agency will authorize these personnel (the "Agency-Authorized Collection Personnel") to conduct sample collections for the ADMC Program.

(2) The Commission agrees that the Agency Authorized Collection Personnel currently used to conduct TCO2 testing collections for thoroughbred race horses in the State will conduct TCO2 Sample collections in the State for, and under the authority of, the Agency pursuant to Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," including, but not limited to, the regulations under Rule 3130 (Testing & Investigations), and Rule Series 5000, "Equine Testing and Investigation Standards," of the ADMC Program (the "TCO2 Collection Personnel"). The Commission will ensure that the Agency can train and certify the TCO2 Collection Personnel as Agency-Authorized Collection Personnel under Rule 5450.

(3) Testing Liaison.

(a) The Commission/Executive Director of the Commission names and appoints Doctor Jeff Blea as HIWU Testing Liaison of the State (the "HIWU Testing Liaison"). The Agency and the State agree that the Testing Liaison shall be the point-of-contact with the Agency for (a) the scheduling of the missions and collections of Agency Samples by Agency-Authorized Collection Personnel, (b) any problems or issues that arise during collections of Agency Samples by Agency-Authorized Collection Personnel, and (c) the delivery of any notice required under

Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," to individuals present at racetracks or training facilities in the State. Additionally, the Testing Liaison (and/or their designated representative(s), i.e. Test Barn Veterinarian and Test Barn Supervisor) is responsible for the use and input of information into the HIWU Learning Management System for purposes of accurate record keeping of active/certified Agency-Authorized Collection Personnel, initiating the certification process for potential Agency-Authorized Collection Personnel, and distributing to and ensuring Agency-Authorized Collection Personnel have received and completed all required training content and/or assessments. Any person named to replace the individual named as HIWU Testing Liaison shall be confirmed in written notice to the Agency.

(b) The Testing Liaison (or their designated representative(s), i.e. the Test Barn Veterinarian and Test Barn Supervisor) shall (i) manage supply and equipment inventory by conducting periodic inventory counts of specified Sample Collection Equipment to ensure accurate tracking and management of inventory levels; (ii) accurately input the results of inventory counts into a designated online inventory management system in a timely manner; and (iii) monitor inventory levels and, in the event that inventory of Sample Collection Equipment levels fall below the established minimum threshold, initiate an online order to replenish such supplies. The Testing Liaison (or their designated representative(s)) will adhere to the inventory thresholds and protocols for re-ordering, as defined by the Agency. The Testing Liaison (or their designated representative(s)) shall be responsible for maintaining the inventory within these guidelines and ensuring that orders are placed promptly to prevent shortages.

(4) The Commission agrees that Agency-Authorized Collection Personnel (including TCO2 Collection Personnel) will comply with the policies, procedures and instructions of the Agency while conducting the Sample collections for Agency Samples. With the exception of scheduling for Agency-Authorized Collection Personnel and monitoring Agency-Authorized Collection Personnel when they are carrying out responsibilities in accordance with the ADMC Program, the Commission agrees that it will not, in any way, be involved in the collection of Agency Samples, including, but not limited to, instructing or directing such State Sample Collection Personnel on which horses should be selected for testing at a given race or event, unless authorized by the Agency to do so. The Commission agrees that only Agency-Authorized Collection Personnel will be involved in the collection of Agency Samples, including giving directions and instructions to other Agency-Authorized Collection Personnel with respect to how to conduct any portion of a Sample collection.

(5) The Commission understands that, under the Act, no testing of Covered Horses will occur in the State unless it is at the direction of the Agency or has been authorized in advance and in writing by the Agency.

B. ADMC Program Investigations

(1) The Commission agrees that personnel currently used to conduct investigations in the State (including, but not limited to, its employees and/or contractors) will conduct

investigations in the State (the "State Investigative Personnel") for, and at the direction of, the Agency pursuant to Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," including, but not limited to, the regulations under Rule 3130 (Testing & Investigations), and Rule Series 5000, "Equine Testing and Investigation Standards," including the regulations under Rule 5700 (Standards for Investigations) of the ADMC Program (the "Agency Investigations"). In connection with Agency Investigations, the Investigations Liaison and State Investigative Personnel shall be deemed designees of the Authority pursuant to Rule 8400 (Investigatory Powers).

(2) Investigations Liaison. The Commission/Executive Director of the Commission names and appoints the Commission's Chief of Enforcement and Equine Medical Director as Investigations Liaisons of the State (the "Investigations Liaisons"). The Agency and the State agree that the Investigations Liaisons shall be the point-of-contact with the Agency for the scheduling of any investigatory work requested by the Agency pursuant to subparagraph (1) above. Any person(s) named to replace the individual(s) named as Investigations Liaison(s) shall be confirmed in written notice to the Agency.

(3) The Commission agrees that State Investigative Personnel will comply with the policies, procedures, deadlines, and instructions of the Agency while conducting these Agency Investigations, and the Commission will not, in any way, be involved in decision-making in connection with these Agency Investigations, including, but not limited to, instructing or directing such State Investigative Personnel on which individuals or horses should be investigated, or when or where to conduct an Agency Investigation. However, the Commission reserves the right to address personnel issues, including, but not limited to, scheduling State Investigative Personnel's time and work assignments, as well as employee hiring, corrective actions, or discipline.

(4) The Commission understands that, under the Act, the Commission shall not conduct any investigation pertaining to the ADMC Program, including, but not limited to, any interviews or searches of any kind, relating to any Covered Horse, unless it is at the direction of the Agency. However, State Investigative Personnel or Equine Medical Director may initiate investigations/searches under the ADMC Program and in accordance with this Agreement and the Agency's policies and procedures when the subject matter of the potential investigation/search (i) clearly falls under the ADMC program and (ii) requires urgent or immediate action. If State Investigative Personnel or Equine Medical Director initiate such an investigation, the Commission or the State Investigative Personnel/Equine Medical Director must notify the Agency of any investigative action taken as soon as practicable, and no later than the end of the same business day.

C. Access to Racetracks. The Commission agrees that any individual who presents a credential or letter of authorization issued by the Agency will be permitted access to any racetrack in the State at which Covered Horses compete, and such access will include all areas of the racetracks, including, but not limited to, the stable area.

D. Regulatory Veterinarian. As set forth in Paragraph I.D above, the Commission names and appoints Doctor Jeff Blea as the Regulatory Veterinarian. The Parties agree that the Regulatory Veterinarian shall carry out the duties and responsibilities of the Regulatory Veterinarian set forth in the ADMC Program, including, but not limited to, the duties and responsibilities set forth in Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," and Rule Series 5000, "Equine Testing and Investigation Standards." Any person named to replace the individual named as Regulatory Veterinarian herein shall possess the qualifications set forth in Rule 2134(a) of the Racetrack Safety Program under the Act, and such replacement requires the prior written approval of the Agency.

E. Additional Testing.

(1) In addition to any Agency Samples collected at the direction of the Agency, the Commission may, under Rule 3132 (Authority to Test), request additional samples be collected from thoroughbred horses present in the State. Any such request must be made in writing to the Agency (attention: Kate Mittelstadt, Chief of Operations at HIWU@hiwu.org) and must include all the specific details of the requested testing (e.g., sample types, dates, location, rationale). The Agency has approved the testing of 50% of all horses in the State on Race Day for TCO2 testing (in addition to any TCO2 testing in the State included in the Agency's nationwide Test Distribution Plan).

(2) The Agency may, in its absolute discretion, approve or reject the request. If the request is rejected, the Commission agrees that the requested testing will not be conducted by any person, organization, or entity within its authority or control. If the request is granted, (i) the Agency will determine which sample collection personnel will conduct the testing (i.e., Agency-Authorized Collection Personnel or personnel retained by the Agency), (ii) the collections will comply with Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," and Rule Series 5000, "Equine Testing and Investigation Standards," and (iii) all of the results of such testing will be sent to, and processed by, the Agency pursuant to Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," including all of the regulations in Rules 3240 and 3340 (Results Management).

(3) For each calendar year in which additional testing in the State is approved and conducted pursuant to this Paragraph II.E, the Commission agrees to cover the following expenses for such additional testing: the actual cost for collection personnel, equipment, shipping, and laboratory expenses.

F. Testing Laboratories.

(1) For the 2026 calendar year, the Commission agrees that Agency Samples will be sent to, and the Agency Samples which are "A" samples will be analyzed by, The Kenneth L. Maddy Equine Analytical Laboratory at the University of California-Davis School of Veterinary Medicine (the "State-Appointed Testing Laboratory"). For each subsequent year of this

Agreement, the Commission will appoint The Kenneth L. Maddy Equine Analytical Laboratory at the University of California-Davis School of Veterinary Medicine as the State-Appointed Testing Laboratory unless written notice is provided to the Agency by the September 30 of the prior year (e.g., September 30, 2026 for 2027) stating otherwise. The State-Appointed Testing Laboratory must be a laboratory accredited by the Agency.

(2) The Commission understands that, under the Act, any analysis performed on Agency Samples which are "B" Samples will be sent to, and analyzed by, a laboratory selected by the Agency that is different from the State-Appointed Testing Laboratory.

(3) Notwithstanding any laboratory selection made by the Commission pursuant to subparagraph (1) above, if the laboratory selected by the Commission cannot adequately analyze any Agency Sample for any specific substance or method requested by the Agency, the Commission understands that, under the Act, the Agency may have the Samples (both "A" and "B") sent to a different laboratory of the Agency's choosing. The Commission also understands that the Agency has the authority to direct further analysis on all Agency Samples at its discretion.

G. Credits .

(1) The Commission will be eligible to receive a State Testing Credit (as defined in paragraph (2) below) and a Laboratory Credit (as defined below) to its 2026 assessment, which was sent by the Authority to the Commission on November 1, 2025. The State Testing Credit and the Laboratory Credit will be applied to the amount paid to the Authority for that calendar year in connection with the funding required to be paid by the State to the Authority under the Act.

(2) The State Testing Credit is an estimated amount for costs, including the costs of Agency-Authorized Collection Personnel required for the guaranteed minimum of Race Day testing, including Post-Race, and TCO2 testing, as well as additional Post-Work, Vet's List and/or out-of-competition testing all conducted on Race Days, and testing of all Claimed Horses. These estimated costs include travel, per diem, and other direct and additional costs associated with the collections conducted by Agency-Authorized Personnel. The Parties agree that, for the 2026 calendar year, the Commission's total State Testing Credit will be $1,451,955.00, which shall consist of the amounts set forth in the following paragraphs (a)-(c):

a. The Commission shall be eligible to receive a credit up to $1,033,147 for Post Race testing conducted by HIWU-Authorized Sample Collection Personnel. Post Race testing includes, but is not limited to, the collection of blood, urine, and hair samples from Covered Horses.

b. The Commission shall be eligible to receive a credit up to $145,984 for TCO2 testing conducted by HIWU-Authorized Sample Collection Personnel in accordance with the Agency's Testing Distribution Plan in the State. The

Commission will not receive any additional credit for the costs for the use of TCO2 Collection Personnel for additional approved TCO2 testing in the State.

c. The Commission shall be eligible to receive a credit up to $272,824 for Out-of-Competition ("OOC") testing conducted by HIWU-Authorized Sample Collection Personnel. OOC Testing includes, but is not limited to, the collection of blood, urine, and hair samples, and is inclusive of assignments for Vets' List Testing, Clearance Testing, and sample collections following injuries or fatalities. OOC testing missions will be assigned on both Race and non-Race Days and may be requested at affiliated Training Centers and private farms or facilities. If the costs for OOC testing pursuant to this Paragraph exceeds or is less than $272,824, the difference between the actual cost and the credit of $272,824 will be included in the 2026 true-up process between the Commission, the Authority, and the Agency and will be applied to the 2027 assessment.

(3) In addition to the State Testing Credit, the Commission shall be eligible to receive a credit up to $3,738,027.00 for laboratory costs including sample analysis as directed by HIWU, continued science and research (e.g. methodology development, administration studies, etc.), contraband analysis, and other services as agreed upon between the State-Appointed Testing Laboratory, the Authority, and the Agency (the "Laboratory Credit").

(4) The Commission will receive an additional credit of $967,418 for the 2024 true-up (the "True-Up Credit"). This credit will be applied to the total 2026 Assessment.

(5) It is anticipated that the total amount of the eligible State Testing Credit, Laboratory Credit, and True-Up Credit will exceed the amount of the 2026 Assessment. To account for the excess credits, the Authority agrees to pay $1,020,000 to the State-Appointed Testing Laboratory, The Kenneth L. Maddy Equine Analytical Laboratory at the University of California-Davis School of Veterinary Medicine for research and method development support for 2026-2027. This amount will be paid in six equal monthly installments beginning January of 2027. Of this amount, $375,000 is allocated to a continuance of the items that the Authority agreed to support in 2025 ($150,000 in equipment and $225,000 in staffing), and the remainder is support for new equipment and initiatives.

(6) Notwithstanding anything to the contrary herein, the credits set forth in this Section II.G. are calculated based on the current projections for the number of 2026 Race Days in California and the HIWU Testing Distribution Plan, and is subject to adjustment based on the actual number of Race Days and the Commission's compliance with the Agreement and HIWU's Testing Distribution Plan.

(7) In each subsequent year of this Agreement, the Authority or the Agency will provide the State with the annual State Testing Credit and Laboratory Credit by the November 1 of the previous year (e.g., November 1, 2026 for 2027).

(8) The Commission agrees that by October 1 of each calendar year of the Agreement it will provide the Agency with a list of the thoroughbred racing days to be held in its State in the subsequent calendar year, including dates, locations, and number of races each day. The Commission also agrees to provide the Agency with prompt notice of any changes to this list.

H. Credits for Investigations. The Agency agrees to credit the Commission for any costs, including out-of-pocket travel and similar expenses incurred in connection with any Agency Investigation in the State conducted pursuant to Paragraph II.B. above. This credit will be applied monthly to the Commission's yearly assessment, based upon the current estimate of $300,000. If the costs for Agency Investigations pursuant to this paragraph exceeds or is less than $300,000 at the end of 2026, the difference between the actual cost and the credit of $300,000 will be included in the 2026 true-up process among the Commission, the Authority and the Agency and applied to the 2027 assessment.

I. Training Opportunities. The Commission agrees to identify existing, or provide locally, training opportunities for all Agency-Authorized Collection Personnel and State Investigations Personnel to be organized in conjunction with the Agency. The Commission further agrees that the Agency may request and review information pertaining to the training opportunities available to Agency-Authorized Collection Personnel and State Investigations Personnel.

J. Arbitration Procedures. The Commission understands that, under the Act, any anti-doping rule or controlled medication rule violations alleged to have occurred in the State will be processed pursuant to Rule Series 7000, "Arbitration Procedures," and that, under these regulations, alleged anti-doping rule violations will be heard by the Arbitral Body and alleged controlled medication rule violations will be heard by the Internal Adjudication Panel. The Commission agrees that its employees, consultants and other agents (including, but not limited to, Agency-Authorized Collection Personnel and State Investigative Personnel) will cooperate with any process or proceeding conducted pursuant to the Arbitration Procedures, including, but not limited to, providing documents and testimony in connection with the case or matter. The Agency understands that any costs associated with preparation, testimony or any other expenses incurred by Agency-Authorized Collection Personnel or Investigative Personnel shall be the sole responsibility of the Agency.

K. ADMC Program Scope of Work.

(1) The scope of work and reporting obligations for the ADMC Program ("State Requirements") under this Agreement are those set forth in the Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," Rule Series 5000, "Equine Testing and Investigation Standards," and any additional policies and procedures implemented by the Agency which are

consistent with the Act and any regulations approved by the Federal Trade Commission pursuant to the Act ("HIWU Policies"). Copies of HIWU Policies will be communicated to the Commission. General State Requirements are set forth on Exhibit A to this Agreement. The HIWU Policies shall include a process that is part of the Test Distribution Plan that shall permit Commission Stewards to select Covered Horses for Post-Race testing, including with input from the Regulatory Veterinarian.

(2) The Commission understands that Agency-Authorized Collection Personnel must acquire and maintain certification from the Agency in order to be permitted to conduct collections of Agency Samples. The Commission agrees to provide information relating to the compliance of its Agency-Authorized Collection Personnel with the Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," Rule Series 5000, "Equine Testing and Investigation Standards," and HIWU Policies at reasonable intervals and on forms to be specified by the Agency.

(3) The Commission agrees to provide the Agency with (a) a certification or affidavit that all Agency-Authorized Collection Personnel (i) have satisfactorily completed a background check within a completion date no earlier one (1) year from the individual's initial Agency certification date, and (ii) are in good standing with the relevant racetrack(s) at which they will collect samples; and (b) completed conflict of interest statements (in a form specified by the Agency) from all Agency-Authorized Collection Personnel. The Commission understands that the requirements of subparagraphs (a) and (b) are conditions of certification and recertification of Agency-Authorized Collection Personnel by the Agency. Agency certification of Collection Personnel is valid for two (2) years from their certification or recertification date. After two (2) years, recertification must occur prior to the next race meet at which the individual will collect Samples on behalf of the Agency.

a. The Commission agrees to notify the Agency immediately upon the addition of any new employee or contractor that will need authorization and certification from the Agency to serve as Sample Collection Personnel, or if any individual's employment with the Commission is terminated or not renewed such that their certification and authorization should be revoked by the Agency. Notifications regarding Commission employees/contractors under this Section II.K(3)(a) must be made to the Agency through the HIWU Learning Management System and Sample Collection Personnel Management Systems as soon as reasonably practicable.

(4) If at any time during the term of this Agreement, the Agency, with good cause, believes that the Commission or any individual Agency-Authorized Collection Personnel or State Investigative Personnel is not satisfying the requirements set forth in this Agreement, it shall notify the Commission of the reasons, for its good faith basis in writing. The Commission agrees to take any necessary action to promptly correct the non-compliant conduct or prevent any future non-compliance to the satisfaction of the Agency. If the individual at issue continues to be non-compliant, or if the initial conduct was so egregious as to warrant removal from the individual's

position as Agency-Authorized Collection Personnel or State Investigative Personnel (as determined by the Agency in its sole discretion), then the Agency may revoke the individual's certification and require the Commission to cease assigning said individual to perform further services under this Agreement. The Commission shall promptly comply with such request. Any action by the Agency under this Paragraph shall in no way affect the employment status of any individual and shall in no way impair the Commission's right to continue to employ such individual. The Agency acknowledges that Agency-Authorized Collection Personnel and State Investigative Personnel are not employees of the Agency.

L. Information Sharing.

(1) The Commission agrees that it will provide the Agency, on a timely basis, with any information, documentation, or evidence that it receives or discovers relating to possible violations of the ADMC Program.

(2) The Agency agrees that it will provide the Commission and the Investigations Liaisons, on a timely basis, with any information, documentation, or evidence that it receives or discovers relating to possible violations of the State's laws, regulations, or rules applicable to racing horses other than Covered Horses.

(3) In addition to any notifications required by the Act to be made by the Agency to the Commission, the Agency will make its best efforts to notify the Commission of negative tests from the Agency Samples that are "A" Samples for a specific Race Day within three (3) business days of the Agency's receipt of those results from the State-Appointed Testing Laboratory. This notification will be made by email the individuals named in Exhibit B once all of the results for that day have been received by the Agency. To the extent that the Commission has any authority concerning the purse account, the Commission agrees that all purses will be held until this notification of results is received by the Commission from the Agency.

(4) Exhibit B sets out the contact information and names of Commission staff that shall receive the specific notices/notifications contemplated under Section II of this Agreement. Exhibit B may be amended by the Parties at any time upon written mutual agreement (e-mail acceptable). All individuals named within Exhibit B are subject to the confidentiality provisions set forth in this Agreement.

M. Confidentiality.

(1) The Commission agrees that the content of any notices, including EAD Notices under Rule 3245 and ECM Notices under Rule 3345, received by it from the Agency pursuant to the Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," (the "Confidential Information") will not be publicly disclosed by the Commission or its officers, directors, employees, contractors or agents unless and until (a) that information has been publicly disclosed by the Agency pursuant to the requirements of the Act, or (b) the Agency has given

written consent for the information to be disclosed. In addition, the Commission agrees not to disclose the Confidential Information to any person other than to such of its officers, directors, employees, contractors or agents who have a need to know and who agree to be bound by the confidentiality provisions hereof. The Commission agrees that it will be responsible for any breach of this Agreement by its officers, directors, employees, contractors or agents.

(2) Upon receipt of any request for the disclosure of documents relating to the ADMC Program, the Commission agrees to provide the Authority and/or the Agency with appropriate notification and opportunity to challenge the disclosure of such records.

N. Indemnification. The Authority expressly agrees to indemnify and hold harmless the Commission and its employees, contractors or agents from and against any and all claims, loss, damages, injury, liability and costs, including, but not limited to, reasonable attorneys' fees and court costs, resulting from, or arising out of, the ADMC Program Scope of Work as defined in Paragraph II.K above, except to the extent that such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by, or result from, the breach of this Agreement by, or the, willful misconduct, or intentional acts or omissions of, the Commission or its employees, contractors or agents. Any enforcement actions related to the ADMC Program Scope of Work will be the responsibility of, and will be defended by, the Authority and the Agency. Any appeals or challenges to actions taken by Commission employees, contractors or agents when enforcing the Act or federal rules or regulations promulgated pursuant to the Act will proceed pursuant to the enforcement rules of the Act and will be defended by the Authority and the Agency. Notwithstanding anything set forth in this Agreement to the contrary, this Agreement shall not be construed to waive any immunity under applicable state law, including, but not limited to, sovereign immunity, possessed by the Commission and its agents, contractors, or employees.

III. General Provisions

A. Term and Termination.

(1) This Agreement shall be effective on March 5, 2026. This Agreement shall terminate on December 31, 2026, unless the Parties agree in writing to extend the term of the Agreement beyond that date. Notwithstanding the foregoing, in the event that a Party indicates its intent to extend the term of this Agreement in writing (e-mail acceptable), which is accepted by each of the other Parties returning an unqualified acceptance in writing (e-mail acceptable), the Parties agree that the term of this Agreement shall not lapse on January 1, 2027, and shall instead be extended through January 31, 2027 while a more formal amendment or renewal is negotiated, agreed upon, and executed.

(2) This Agreement may be terminated by any Party upon one hundred twenty (120) days written notice to all Parties.

(3) This Agreement may be terminated by the Agency upon sixty (60) days written notice if the Agency has determined, in good faith, that the Commission, Agency-Authorized Collection Personnel, or State Investigative Personnel have failed to substantially comply with the requirements of Rule Series 3000, "Equine Anti-Doping and Controlled Medication Protocol," Rule Series 5000, "Equine Testing and Investigation Standards," or any HIWU Policy. Any written notice provided pursuant to this subparagraph shall include the basis for the Agency's determination.

(4) If any Party defaults in a material obligation under this Agreement and continues in default for a period of thirty (30) days after written notice of default is given to it by another Party, the other Party may terminate and cancel this Agreement, immediately upon written notice of termination given to the defaulting Party.

(5) If this Agreement is terminated pursuant to this Paragraph III.A, (a) any State Testing Credit provided to the Commission pursuant to Paragraph II.G above will be reduced on a pro-rata basis, (b) the certification of all Agency-Authorized Collection Personnel will be revoked by the Agency, and (c) the Agency will, pursuant to the Act, take direct control of all anti-doping and controlled medication testing and investigative operations in the State with respect to Covered Horses.

(6) In addition to any right of termination granted to the Agency pursuant to this Agreement, the Agency may request that the Authority reduce the Commission's Testing Credit, on a pro-rata basis, for any period of time that the Agency determines that the Commission has not complied with its material obligations under this Agreement. The Agency will provide the Authority and the Commission written notice of the request, which will include the basis for the Agency's determination and the time period covered by the request. The Authority will make a decision on the request within thirty (30) days of receiving the Agency's request.

B. Notices. All notices required to be provided hereunder shall be in writing and shall be deemed delivered if (1) sent by facsimile, upon confirmation of faxing, (2) if sent by overnight courier, by the date after mailing, (3) if by hand delivery, upon actual receipt or (4) if by certified mail, return receipt requested and postage prepaid, on the third business day after deposit in the mails, to the addressee set forth below (with a copy emailed to the email addresses set forth below) or at such other location as such Party notifies the other pursuant to this provision.

If to the Authority:

201 East Main Street, Suite 340
Lexington, Kentucky 40507
Attention: Lisa Lazarus
lisa.lazarus@hisaus.org

with a copy to:

Ransdell Roach & Royse PLLC
176 Pasadena Drive, Building One
Lexington, Kentucky 40502
Attention: John C. Roach
john@rrrfirm.com

If to the Agency:

4801 Main Street, Suite 350
Kansas City, MO 64112
Attention: Ben Mosier, Executive Director
bmosier@hiwu.org

with a copy to:

Michelle Pujals, HIWU General Counsel
mpujals@hiwu.org

If to the Commission:

California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
Attention: Scott Chaney
cschaney@chrb.ca.gov

C. Severability. If any part of this Agreement is determined to be invalid or illegal by any court or agency of competent jurisdiction, then that part shall be limited or curtailed to the extent necessary to make such provision valid, and all other remaining terms of this Agreement shall remain in full force and effect.

D. Entire Agreement. This Agreement constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, among the Parties with respect to the subject matter hereof.

E. Amendment and Waiver. This Agreement may be modified or amended only in a writing signed by all Parties. A Party's failure to act hereunder shall not indicate a waiver of its rights hereto. No waiver of any provision of this Agreement shall be valid unless made in writing and signed by the waiving Party. The failure of any Party to require the performance of any term or obligation of this Agreement or the waiver by any Party of any breach of this Agreement shall not prevent any subsequent enforcement of such term and shall not be deemed a waiver of any subsequent breach.

F. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the state of California, without regard to its conflicts of laws principles.

G. Assignability. The Agency may assign this Agreement to an affiliate, a successor in connection with a merger, acquisition, or consolidation, or to the purchaser in connection with the sale of all or substantially all of Service Provider's assets without notice to the Commission. This Agreement and all of the terms and provisions hereof will be binding upon, enforceable against, and will inure to the benefit of, the Parties hereto and their respective successors and assigns.

H. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Any signature page delivered by facsimile, telecopy machine, portable document format (.pdf) or email shall be binding to the same extent as an original.

I. Headings; Interpretation. The headings in this Agreement have been included solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, as appropriate.

IN WITNESS WHEREOF, the undersigned have executed this Voluntary Implementation Agreement as of date first written above.

Horseracing Integrity and Safety Authority, Inc.

By:_____
Name: Lisa Lazarus
Title: Chief Executive Officer

Horseracing Integrity & Welfare Unit, a Division of Drug Free Sport, LLC

By:_____
Name: Ben Mosier
Title: Executive Director

California Horse Racing Board

C. Scott Chaney Digitally signed by C. Scott Chaney Date: 2026.03.06 10:58:11 -08'00'

By:_____
Name: C. Scott Chaney
Title: Executive Director