CHAIRPERSON JAMES: Mr. Harper.

MR. HARPER: Well, thank you Madam Chairman and Commission members. It is indeed an honor for us to have you here at Del Mar. We don't often get this opportunity to show you our facility, and we're delighted to be able to do that. I would also like to thank Doug of your staff for his briefing. Just sitting here listening to him it was amazing in just a few minutes he put the very good wide perspective and problems of this industry in a nutshell, and I'll tell you even if we don't say another word I think he's pretty well summed up the position of many of us in this business.

Del Mar is a little different than most other racetracks, and so I'll pretty much limit my remarks to Del Mar itself. Del Mar is an interesting sort of a track. It's not that old. It was built in 1937, but it was built by Bing Crosby and Pat O'Brien, being at a farm not too far from here where he raised horses and he wanted to be able to see them during the summer months. He walked over to the fairgrounds which is right next door and made a deal with the state to build a racetrack on the grounds. He did so using the WPA, and they built it out of adobe that was dug up right here in this riverbed. It had an interesting start. In order to get people down Bing and Pat O'Brien and a number of other actors and Hollywood folks went on radio and newspaper to get a lot of their friends down here. Jimmy Durante used to play the piano every Saturday in the Turf Club, and the board of directors was made up of people like Oliver Hardy and Randolf Scott, people like that. So it had an interesting beginning.
It has an interesting present too. I think that this racetrack went through different ownerships or leases. It's actually owned by the State of California, and the Twenty-Second District Agricultural Association is our landlord.

The Del Mar Thoroughbred Club, of which I am the President and CEO, is the current operator of the race, the summer racing season. The Del Mar Thoroughbred Club is a not-for-profit, non-dividend paying organization. About 20-30 years ago, almost 30 years ago, a group of horse owners, breeders, people in this industry that had been successful in other lines of work got together and thought we have to do something for the Del Mar Racetrack. It was run down; it was a little country place down here. So they put together a contract with the State, a lease that simply said we'll make money, as much as we can, but we'll put it all back into the facility itself. We'll pay no dividends, nobody on our board takes any money out of this place; it all goes right back in. Once you saw -- as you drove in here if you looked across the street you saw about $100 million worth of improvements on the grounds since Bing and the boys showed up back in the mid '30's. We feel that it is an obligation that we have to racing to better it, and it worked. When our company took over this lease the average daily handle at Del Mar was about $900,000. Last year it was over $11 million. That's everyday bet on the races at Del Mar. We've come a long way in those years, and we're very proud of what we've done here.

We're also proud of the economic impact that we've had in the local community. Between our company and the horsemen and our catering staff we employ over 3500 people. We have a
direct impact, fiscal impact on the local community and the State
of California. We paid over $250 million in license fee, and I
think since we've had this lease, of course all of our profits
have gone right back into the facility. Hopefully when you get a
chance to tour it you'll see just exactly where they've gone.

Charitable giving is also part of Del Mar's credo.
We also, of course, by law have the amount of money, percentage
of the handle that must go to charitable organizations. We felt
that because of our impact on this community we should go
farther. We have, I think, over the years probably given close
to $5 million in charitable contributions since the start of our
lease with the State. We feel that this community and the racing
community should benefit from an operation like Del Mar's and
has. I sit on the Board of the YMCA up here, the Boys and Girls
Club, the Winners Foundation, which is a drug and alcohol
treatment facility that goes on all the racetracks in Southern
California. I also chair an advisory committee at the University
of California at Davis which deals with equine research and hope
for bettering the health of race horses and all horses. Senator
Maddy also sits on that panel with me.

I think betting itself a percentage of the handle
goes toward medical research. I think something like $39 million
to equine medical research to a percentage of the take out.
Senator Maddy again was very responsible for that legislation.

We are a highly regulated industry, as those of us up
here will be quick to tell you. Everything that we do is
overseen by the California Horse Racing Board in this case, and
our cases out here. We have audits, totalisator equipment, and
I've gone into that in my written testimony, and I won't bore you with all of it, but there are audit trails for all betting through the machines. There are separate computers that have to agree with each other. We have the stewards that are involved from the State of California that oversee our races, patrol judges who watch the races. Even the horse itself is required to have certain timed work outs that must be recorded. We found that integrity is a very important part of our business. It is, I think, the basis of our success. The more information that we can give the public, the better our business will be, and we go out of our way to make sure that there are no secrets in this racing. We want everybody to see the horses. We want everybody to know what they've been doing in their work, everything else like this.

We have other social issues that we deal with at the racetrack, and that is, of course, the Racetrack Championcy Program. We have the Winners Foundation, and I think there's the medical and dental things in the back stretch. It's a community. It's not just an industry. Many families are involved, and I think it's up to us to make sure that we are responsible in the society for all that.

I would thank you very much for listening to this brief testimony. I hope you will join us for a tour this afternoon we've put together. I think you'll find Del Mar very unique, very interesting. We're very proud of what we've accomplished here. We're proud of our responsibilities in the community, and I hope you'll take time to join us over there this afternoon.
Thank you, Chairman.

CHAIRPERSON JAMES: Thank you, Mr. Harper.