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Dear Client:

The Tuesday mid-term elections were the big news this week. While the major focus was on the national results, a number of key races impacted Central Texas more precisely.

There is no escaping the fact that, more and more these days, national issues have local impact – especially in terms of the economy. But the **purely-local ballot options sometimes offer a window into what is going on** in the Austin metro that might get obscured by the big picture.

Let's examine five hotly-contested State Representative contests in the metro area where the incumbents were all Democrats. **Three Dems were defeated.** One was easily re-elected. And the fifth race was **separated by only a handful of votes.**

The Republican winners were **Paul Workman** (Workman 50%, **Valinda Bolton** 46%), **Jason Isaac** (Isaac 54%, **Patrick Rose** 46%) and **Larry Gonzales** (Gonzales 57%, **Diana Maldonado** 38%). The Democratic winner was **Mark Strama** (Strama 55%, **Pat McGuinness** 42%). Then there was the closest-of-the-close races where the first official tally showed Dem State Rep **Donna Howard** with 24,997 votes and her Republican challenger, **Dan Neil** with 24,982.

The overturning of the 3 Dem State Reps was important, especially when you consider four Central Texas Members of the USCongress (3 R's – **Lamar Smith, Michael McCaul and John Carter** and 1 D — **Lloyd Doggett**) were easily re-elected. No “throw the rascals out” there.

Be careful. Not too fast. Don't jump to the conclusion that this represents a *major* swing away from one party to the other. **While important, these races don't appear to mark a clearly-defined trend.** Future elections will hold the key as to whether there is a sea change shift in the area political picture.

Elsewhere, as widely reported, Gov **Rick Perry** made history with his re-election – by extending his current record as the longest-serving governor in Texas history. (Perry also is the only graduate of TexasA&M to serve as governor.) **He handily defeated Democrat Bill White 55% to 42% in a hard-fought campaign.** His role when the Texas Legislature convenes in Austin in two months becomes all important. Let's examine other election results that will further impact what happens in Austin in January – in the next item.

When the newly-reconstituted Texas Legislature is gaveled into business in Austin on January 11th 2011 it will mark the start of one of the most important legislative sessions in recent memory. And this week's election results will profoundly impact its work.

As we've previously reported, the two big gorillas in the State Capitol will be a huge budget gap and redistricting of all US House, State Senate and State House of Representative districts. After the vote-counting Tuesday night, the makeup of the Texas House changed significantly. And those results will influence what happens to the budget and redistricting.

The Republicans gained 22 State Representative seats, giving the GOP a huge 99-51 margin in a 150-member House. By and large, the newly-elected GOPers are reluctant to raise taxes. And they will add their views to the debate on how to overcome what may be a **\$20 billion budget gap**. Can you spell c-u-t s-p-e-n-d-i-n-g? And this huge majority will wield a lot of power to **re-draw political district boundaries for the next 10 years**, presumably to favor the GOP.

Two "people" sidebars will have an impact. House Dems lost one of their most important leaders when State Rep **Jim Dunnam** was soundly defeated for re-election by a 52%-46% margin. And a challenge is being mounted from the right against GOP House Speaker **Joe Straus**. At this stage, the candidacy by Rep **Warren Chisum** isn't given much chance for success. Put your money on Straus to be re-elected Speaker 1/11/11.

Two Central Texas US Congressmen represented the "high" and the "low" of Election Day.

Austin GOP Congressman **Lamar Smith** won by a landslide over his Dem challenger, **Lainey Melnick**, 69%-28%. But it wasn't the margin of victory that was the highlight. When the Republicans gain control of the US House of Representatives in January, **all the committee chairs will switch from Democratic to Republican.**

And, as the senior GOP member of the House Judiciary Committee, Smith will likely become chair of the powerful Judiciary Committee. This committee could consider health care and immigration reform, to name a few. And, as chair, Smith will have one of the major roles in shaping such legislation.

The "low" was represented by longtime Dem Congressman from the Waco area, **Chet Edwards**. He had one of the more conservative voting records of the Democrats in Congress, opposing some of President **Barack Obama's** agenda.

But, in 2008, he was reported to be on Obama's short list for Vice President before Sen. **Joe Biden** was selected. And after a very hard-fought contest, Edwards was overwhelmed at the ballot box Tuesday by Republican **Bill Flores** from Bryan by 62%-37%.

On Tuesday, Austin voters decided to spend \$90 million, while voters in the metro area cities of Bastrop, McDade and San Marcos indicated a reluctance to raise property taxes.

The controversial City of Austin bond package that committed to **spend \$90 million on various transportation projects, bike paths, sidewalks and a boardwalk passed handily Tuesday.** The final tally was 56% in favor and 44% against. But voters in the Bastrop, McDade and San Marcos school districts voted *against* being annexed into the Austin Community College's (ACC) taxing district. At the same time, taxpayers in the Elgin and Hays school districts voted *for* annexation into ACC's taxing district.

Do the late-night TV comics make more fun of Democrats or Republicans? Well, it depends upon which TV hosts you're talking about.

The nonpartisan Center for Media and Public Affairs at George Mason University calculated the **percentage of jokes that comedians aimed at Democrats and Republicans this year.** (I know, I know, it's a tough job sitting there listening to jokes night after night, but, hey, somebody's got to do it!)

The findings: **Jon Stewart** of Comedy Central's "Daily Show" and CBS's **David Letterman** tended to single out Republicans and conservatives for their barbs. NBC's **Jay Leno** and **Jimmy Fallon** more often jabbed at Democrats and liberals. But, who's counting.

A minor economic milestone may have been passed at Austin-Bergstrom International Airport (ABIA). But a small step forward is better than slipping back.

Passenger traffic through ABIA – both leisure and business travel — is one way to gauge the economic health of Central Texas. And year-to-date through September, **passenger traffic was up 4.5% compared to the year before. But there have been no breakthroughs.** For instance, since February, the monthly totals for 2010 have been lower than in 2007 and 2008.

What happened in September is that **2010 numbers moved ahead of 2008**, but the totals were still below 2007. This could be a small milestone on the road back to economic dynamism.

Surprisingly, market leader Southwest Airlines did *not* lead this resurgence in September. In fact, its passenger totals were *down* 2% from the year before. American (up 5%), Delta (up 32.5%) and Continental (up 8%) were the big airlines that improved significantly over their performance in September 2009. And upstart JetBlue's passengers increased 33.5%. Air travel traditionally dips in September with a resurgence in October, before tapering off by year-end.

Looks like he did it. After starting in 2007, Austinite Dan Garrison this week released his flagship bourbon whiskey, the first whiskey legally made in Texas. And, he exclaims, it may be “as smooth or smoother than anything made today.”

As you know, if you’ve read our previous stories, this is not your backwoods still, cranking out rotgut. Garrison and his small staff have been slowly and **painstakingly cooking a sweet mash of organic Texas corn, wheat and barley**, which they distill from a small antique copper pot-still, nicknamed The Copper Cowgirl.

Garrison Brothers’ Texas Straight Bourbon Whiskey™ was handmade and barreled in 2008. Thirty-five of these barrels reached their second birthdays this summer and were hand-selected by the proprietor for release this week. (On Texas Independence Day, 3/2/10, the distillery released some small bottles which quickly became collectors’ items.) Today, more than 900 barrels are aging in custom-built barns on Garrison’s Hill Country ranch in Hye.

This week, **the distillery is releasing 1,800 bottles to liquor stores in Blanco and Gillespie counties.** Each custom 750 ml-sized bottle displays the Texas star, is hand-numbered and signed by the distiller, and has a neck and cap that were hand-dipped in wax. Is it good? **“It has reached perfection,”** said Garrison. “We’re so confident of its quality, taste and character, we’ll put it up against any Kentucky or Tennessee bourbon in blind taste tests.”

Garrison continued: “Making straight bourbon whiskey requires a commitment of time, money and patience that most craft distillers are unwilling to make. **Dozens of high-priced consultants and professional investor-types told us this could never be done. Well, it’s been done now.**” Is it expensive? Damn right, he says, and it’s worth it. It’ll set you back \$79.99 a bottle — if you can find it in a Hill Country liquor store.

Bowing to aging, **Dr. Louis Overholster** says he takes back all those times he didn’t want to nap when he was younger!

Sincerely



Editor/Publisher