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September 11, 2018

MEMORANDUM

TO: DPROA, Pete Bailey, Dwight Walker and Boux Bland

FROM: Randy Elliston

SUBJECT: Legislative Update

Gentlemen,

With the U.S. mid-term elections looming things are heating up in Texas over several key races. The race of most significance at this point is the race between Republican U.S. Senator Ted Cruz and his Democratic opponent, El Paso U.S. Rep. Beto O'Rourke. This race is drawing enough attention that President Donald Trump has plans to attend a rally in Texas next month.

Republican U.S. House Speaker Paul Ryan was in Texas this week campaigning for Dallas U.S. Republican House member Pete Sessions who is being challenged by Democrat Colin Allred. It is notable that Hillary Clinton won (by a narrow margin) Sessions District in the 2016 Presidential election.

Statewide:

Republican Governor Gregg Abbott continues his campaign by rolling out his new 20 page "Public Safety Plan" quoting "The State of Texas is sending a message to criminals and gang members that any attempts to compromise the safety of our communities will not be tolerated," Abbott said in a statement. "My top priority as governor is keeping Texans safe, and these latest proposals will help me do just that." Abbott is being challenged by Former Dallas County Sheriff, Democrat Lupe Valdez.

The list of Texas House Members vying for House Speaker continues to grow. There are now six Republicans and one Democrat that have announced:

Republican Rep. Tom Clardy of Nacogdoches Republican Rep. Drew Darby of San Angelo Republican Rep. Phil King of Weatherford Republican Rep. John Zerwas of Richmond Republican Rep. Tan Parker of Flower Mound Republican Rep. Four Price of Amarillo Democrat Rep. Eric Johnson of Dallas

The Speaker election is important as he will select committee chairs for the upcoming legislative session.

OVERSIGHT COMMITTEES:

Senate State Affairs Chaired by Senator Joan Huffman:

The committee met on September 10, 2018 and took up matters relating to structure of court fees and collection, the Attorney General's efforts related to price-gouging, and the review of laws related to looting crimes. There were no pension issues on the agenda.

House Committee on Pensions Chaired by Rep. Dan Flynn:

The committee was scheduled to meet in Houston on September 14, 2018 but canceled and rescheduled in Houston for October 12, 2018. The Committee will hear invited and public testimony on the following interim charges:

Legislative Oversight

Review the state's oversight of pension systems and implementation of relevant legislation passed during the 85th Legislature. In conducting this oversight, the committee should:

- · Identify concerns of governance or administration that may be appropriate to investigate, address, or eliminate;
- Assess progression of local pension systems towards actuarial soundness and sustainability;
 - Review transparency, accountability and efficiency of oversight within the systems.

Funding Soundness:

Evaluate ways to strengthen and improve Texas public pension systems.

 This includes studying the the effectiveness of corrective mechanisms, such as the Funding Soundness Restoration Plan and Pension Review Board Funding Guidelines.

State Retirement Systems:

Evaluate the governance structures of the Employees Retirement System, Texas Municipal Retirement System, Texas County and District Retirement System, and Texas Emergency Services Retirement System.

 This includes identifying best practices and making recommendations to strengthen oversight within the systems.

Pension Review Board of Texas:

The Review Board next meeting is scheduled for October 4, 2018. The agenda for this meeting has not yet been posted.

Keep me posted on your upcoming travel plans for the Eddington Supreme Court hearing on October 11. Our office is located a short walk from the Court and can accommodate a couple of parking spaces, conference room and a place to hang out if you need it.

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Randy Elliston is a retired Chief of the Texas Highway Patrol with over 35 years of experience in Texas State Government Relations. He is now a member of the Ratliff Company team representing clients in areas of public safety, law enforcement, transportation and state administrative processes.