

BUSINESS

HOUSTON CHRONICLE • SATURDAY, DECEMBER 11, 2021 • SECTION B • ★★

• **DOW:** 35,970.99, up 216.30 (0.6%) | • **S&P:** 4,712.02, up 44.57 (1.0%) | • **OIL:** \$71.67, up 73 cents (1.0%) | • **NATURAL GAS:** \$3.93, up 11 cents (2.9%)

Consumer prices rise fastest since 1982

Supply chain snags, buyer demand and high housing costs are fueling the inflation spike

By Jeanna Smialek
NEW YORK TIMES

Inflation jumped to the highest level in nearly 40 years, fresh data released Friday showed, as supply chain disruptions, rapid consumer demand and rising housing costs combined to fuel the strongest inflationary burst in a

generation.

The rising costs spell trouble for officials at the Federal Reserve and the White House, who are trying to calibrate policy at a moment when the labor market has yet to completely heal from the pandemic but inflation is proving more persistent than policymakers had expected.

The Consumer Price Index climbed by 6.8 percent in the year through November, the data showed, the fastest pace since 1982. After stripping out food and fuel, which can move around a lot from month to month, inflation climbed by 4.9 percent. That was the quickest annual reading since 1991.

Monthly price increases — the change between October and November, rather than over the past year — did moderate somewhat

but still rose at an unusually rapid pace.

The question is what happens next. Fed officials have become increasingly concerned about price increases — both because the uptick has lasted longer than expected and because it shows signs of broadening to areas less affected by the pandemic, suggesting it could become entrenched.

Earlier this year, price increases were concentrated in goods. Used cars and couches were in de-

mand as the pandemic changed people's lifestyles, but factories around the world struggled to keep up with the surge in buying, in part because shutdowns tied to the virus upended production. Shipping routes and ports also became clogged as demand followed an atypical pattern, with too many U.S.-bound goods trying to leave Asia in particular.

Those disruptions were expected to be temporary. Instead, *Consumer continues on B7*

Fertitta to pay \$33M to kill \$8.6B merger

By Amanda Drane
STAFF WRITER

Fertitta Entertainment has agreed to pay as much as \$33 million to avoid a legal battle after backing out of an \$8.6 billion merger slated to take a swath of Tilman Fertitta's casino and restaurant empire public.

The company reached a termination and settlement deal Thursday with FAST Acquisition, the special purpose acquisition company — or SPAC — it planned to merge with, according to documents filed with the Securities and Exchange Commission. The companies agreed to nix the merger and avoid a court battle when the Houston billionaire, who also owns the Houston Rockets, agreed to the settlement payment.

"At the end of the day we ultimately determined that the right decision for my company was to remain private at this time," Fertitta said Friday in a news release.

Fertitta Entertainment said in a letter last week to FAST that it chose to kill the agreement after the parties failed to reach a deal by the Dec. 1 closing. In a letter responding to Fertitta Entertainment, FAST accused the Houston company of "material breach" and said it planned to sue.

The proposed merger of Fertitta Entertainment and FAST had been in development since February, when Fertitta said he planned to take much of his hospitality company public through the deal.

Both companies deny breaking the merger contract, but "believe that litigation relating to the foregoing matters would be expensive, time-consuming, distracting and disruptive," according to the settlement.

Under the settlement's terms, Fertitta Entertainment will pay FAST \$6 million and loan an additional \$1 million within the next week. Fertitta also agreed to pay *Merger continues on B6*

THE SMART MONEY

Startup's trifecta — trendy, sustainable and delicious



Bob Owen / Staff file photo

Grain4Grain founders Matthew Mechtly, right, and Yoni Medhin make a flour mix from spent barley left from the beer-making process to produce a product that is low in carbohydrates.

Grain4Grain is winning awards and filling niches by 'upcycling' brewers' byproduct

SAN ANTONIO — If food entrepreneurship were a series of horse races for prizes, Grain4Grain would be considered a thoroughbred.

It took third place in the H-E-B Primo Picks Quest for Texas Best contest, winning \$10,000 in 2019. In 2020, it won first prize and \$50,000 in the Tech Fuel contest sponsored by the city of San Antonio and Tech Bloc, a San Antonio-based technology advo-



MICHAEL TAYLOR

That included a \$100,000 grant and the chance for an additional \$100,000 based on milestones achieved.

cacy group. In May, grocery-store giant Kroger's Zero Waste Foundation selected it for funding and inclusion in a program for food innovators.

The big idea, I have to admit, is pretty cool. Founders Yoni Medhin and Matthew Mechtly collect spent barley from area brewers and apply a unique drying process to produce flour and flour-based products such as pancake mix.

Grain4Grain also checks a lot of current consumer trend boxes.

Medhin calls such organic recycling "upcycling." In this case, it means turning a food waste product into a consumer food product, and it's become a mini-

Taylor continues on B6

Academy posts 9th quarterly sales jump

By Amanda Drane
STAFF WRITER

Christmas came early again for Academy Sports + Outdoors, which said Friday that third-quarter sales jumped, outperforming a surge last year, when the pandemic drove up demand for exercise, outdoor and recreational equipment and merchandise.

The Katy retailer said profits soared to \$161.3 million in the quarter ended Oct. 30 from \$59.6 million during the same period last year. Revenue jumped 16 percent to \$1.59 billion from \$1.35 billion a year earlier.

Revenue also was up 39 percent compared with the same period in 2019, before the pandemic transformed the way people exercise and seek recreation. Diluted earnings per share increased by



Elj Hartman / Associated Press file photo

Black Friday shoppers converge on an Academy in Odessa. The Katy retailer's quarterly sales and profits soared again.

\$32 percent to \$1.72 from 74 cents a year earlier.

"The Academy Sports + Outdoors team did a great job again delivering our ninth consecutive quarterly sales and profit increase," said Ken Hicks, the company's chief executive. "We are confident that our strong assortment and value offering, coupled with our great store service ... and resilient supply chain will enable Academy to continue to achieve excellent results through this holi-

day season and beyond."

Demand for fitness and outdoor gear was already on the rise before the pandemic, Hicks said, but the pandemic only enhanced those interests as people slowed down, got outside more and focused more on staying healthy.

"We're in a category that has a lot of long-term legs to it because of people's interest in health, wellness and fun," he said.

Academy offered fewer promo- *Academy continues on B6*

Developers debut luxury retirement site in Upper Kirby

By Katherine Feser
STAFF WRITER

A partnership of the Houston developer Hines and Denver-based MorningStar Senior Living is opening a mid-rise apartment building in the Upper Kirby area that will provide assisted living and other options to senior citizens who want to stay close to their neighborhoods such as River Oaks, Montrose and West University.

Set for a grand opening this weekend, the midrise MorningStar at River Oaks brings 112 residences, including 85 assisted living and 27 memory care units, to a new six-story building wrapping around a courtyard at 2315 Richmond near Kirby Drive. The project represents Hines' first seniors community in Houston.

It broke ground in March 2020, at the onset of COVID-19, as

part of Hines' new initiative to partner with best-in-class operators to develop, own and operate senior living communities throughout the southwestern United States. The project also marks MorningStar's entry to Texas. Founded 18 years ago, MorningStar operates 30 senior living communities in 11 states across the western U.S.

"It's truly eye opening when you think that the number of seniors (age 75 and up) increases by 50 percent in only in the next 10 years the United States, and it doubles in 20 years," said John Moor, senior managing director of Hines. "They want and deserve great places to live. That's why Hines has launched into this space with a lot of purpose to get it right."

Monthly rents range from \$5,850 to \$9,300, plus a one- *Luxury continues on B6*

TAYLOR

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industry.

After the brewing process, the spent grains are naturally high in protein and fiber and low in carbohydrates, which allows Grain4Grain to market the flour to folks on "low carb" or "keto" diets, so it's got that trend covered. The company also advertises that it donates a pound of its pancake mix to food banks for every pound sold to customers, so they do good as they do well.

That's a lot of different ways to appeal to folks.

Ryan Salts, director of Launch SA, a San Antonio small-business and entrepreneurship center, said he was impressed with the Grain4Grain founders and pushed them to enter the Tech Fuel contest.

"The first person I thought of was Yoni," Salts recalled when he heard of the competition.

"Grain4Grain fits a diet requirement that is really popular," he said. "In the last five years, there's been an uptick in healthier brands. And having a product that does really good things, it's helpful."

More important than prizes and a cool idea, of course, is having supermarket giants like H-E-B and Kroger interested in and willing to put your product on their shelves. There is no higher prize than that.

And in January, Grain4Grain announced its upcycled flour would be featured and used in H-E-B's 140 bakeries across the state.

Eugen Simor runs Alamo Brewery, which, along with other San Antonio breweries Freetall and Real Ale, supplies Grain4Grain's spent barley product. Simor's company allows Grain4Grain to pick it up for free.

"They're taking what would normally be a waste product for so many breweries," he told me. "It would normally be hauled off to a rancher to feed cattle or end up in a landfill."

The majority of Alamo's grain still goes for free to a local rancher. But he was happy to find



Yoni Medhin and Matt Metchly of Grain4Grain celebrate winning third place and \$10,000 in H-E-B's 2019 Primo Picks competition. In 2020, they won first prize and \$50,000 in the Tech Fuel contest sponsored by the city of San Antonio and Tech Bloc.

Grain4Grain developing another use for it.

"We did an Earth Day for sustainability at Alamo Brewery, and his product was one of the ones we featured. Yoni's a really cool guy, and I wanted to be part of it," Simor says. "I was excited about having a low-carb flour, and my kids like it too."

Salts' passion is food-oriented startups, which he champions with his Break Fast and Launch program through Launch SA. In the food startup space, many companies struggle to handle production and marketing. Many choose just one or the other.

Medhin has partnered with other packagers to solve most

of his manufacturing problems to get to the scale he needs to provide flour to H-E-B, large-scale bakeries and, hopefully soon, Kroger.

Like many entrepreneurs, he has already run the equivalent of many marathons to get this far. But in many ways, his journey is still in its early days. The struggle to sell a consumer-oriented retail product while building a manufacturing business to provide wholesale product at scale is really, really hard.

He estimates that Grain4Grain needs another six months before he and his investors can start making money. His strategy for the future depends more on pro-

viding bulk flour to the biggest food companies than direct-to-consumer sales.

"Check back with me in June 2022," he says.

I have a fascination with organic recycling. (My kids would call it an obsession, but what do kids know?)

Being eco-friendly, low carb-friendly and food bank-friendly are all amazing attributes. But Medhin is more realist than idealist when it comes to the needs of the consumer.

Customers don't purchase altruistically," he says. "They say they do. But in reality for food products, they purchase for taste, price, availability, texture and

health factors. You have to meet their immediate needs, and you have to bring the product to the level of the traditional food products in the marketplace."

This morning before writing this column I cooked Grain4Grain pancakes using its low-carb mix. I can hereby certify they were delicious. But it left me wondering whether pancakes slathered in butter, syrup and blueberries still qualified as low-carb? I'm asking for a friend.

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ACADEMY

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tions as demand soared and supplies grew tighter, allowing the company to make more money on fewer sales. Gross margin jumped by 27 percent to \$560.8 million from \$440.5 million in the same period last year.

While the company isn't offering markdowns as deep as often, Hicks said, Academy is still offering them on days such as Black Friday.

Academy plans to open eight to 10 new stores next year, executives said Friday.

Even e-commerce giants like Amazon recognize the importance of having stores that allow customers to inspect and hold an item before buying.

"The successful retailers of the future will be both in-store and online," he said, "and they will be intricately connected."

Academy's share price has nearly quadrupled since its initial public offering in October 2020, when it opened trading at \$18. Shares rose \$3.67 on Friday to close at \$46.90.

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LUXURY

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time community fee of \$5,000 for individuals and \$6,000 for couples, according to the developers.

The lobby resembles an upscale hotel or resort with a grand piano, fireplace, bookshelves and seating areas. A bistro for grabbing coffee and breakfast provides another gathering space, which is next to a theater room. A restaurant with limestone walls and 20-foot floor-to-ceiling windows overlooks a courtyard with a fire pit and barbecue grills.

The residential suites, ranging from about 400 to 1,100 square feet include washers and dryers, kitchenettes and appliances.

Each floor has common

areas for residents to gather. They also have access to a fitness center, salon and spa, art studio and club room for watching games, participating in cooking classes or holding happy hours. A sixth floor sky terrace provides views of downtown.

"I like to call it like a very active cruise ship," said Ken Jaeger, CEO of MorningStar. "The days of coming down just to play bingo are over. We want a variety of activities."

Next up, Hines and its partner Tuscon-based Watermark Retirement Communities are nearing completion on another seniors community in the Heights area.

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FAST founder Doug Jacob said in a news release.

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A Prayer To The Blessed Virgin
 "Never known to fail,"
 A beautiful flower of Mt. Carmel, fruitful
 vine, splendor of heaven, Blessed Mother
 of Son of God, immaculate Virgin assist
 me in this my necessity. A star of
 the sea help me and show me herein
 how I may reach your power.
 O Holy Mary Mother of God, Queen of
 heaven and earth, I humbly beseech you
 from the bottom of my heart to succor
 me in this necessity; there are none that
 can withstand your power.
 Oh show me herein you are my mother.
 Oh Mary, conceived without sin, pray for
 us who have recourse to thee.
 (say three times)
 Sweet Mother, I place this case in your
 hands. (say three times)

LIFE TRIBUTES

Clark, Thomas
 Giesecke, Noel

THOMAS D. CLARK
 1925-2021

Thomas Dean Clark, Jr. passed away peacefully at his home on Dec. 4, 2021 at the age of 96. Tom was preceded in death by his wife, Betty Ann Spell Clark and is survived by his son Glen, daughter Donna, 4 grandchildren and 4 great-grandchildren. Born Nov. 5, 1925 in Fulton, Kentucky to Thomas Sr. and Katie Williamson Clark, Tom was raised in New Orleans, Louisiana. He received a degree in Mechanical Engineering from University of Southwestern Louisiana (now University of Louisiana at Lafayette) where he met his future bride, Betty. They were married in 1950 and had 2 children. Tom taught at USL in Lafayette until 1963 when they moved their family to Annapolis, Maryland where Tom was a civilian professor at the U.S. Naval Academy for 5 years. In 1968, the family moved to Seabrook, Texas where Tom accepted a teaching position at University

DR. NOEL WAYNE
 GIESECKE
 1938-2021

Dr. Noel Wayne Giesecke, age 82, of Houston, passed away December 3, 2021. Noel practiced dentistry at 306 W. 20th Street, in the Houston Heights, from 1964 - 2004. A Celebration of Life Service will be held Saturday, December 18, 2021 at Holy Cross Lutheran Church (7901 Westview Dr., Houston, TX 77055) at 1:00 p.m. In Lieu of flowers please consider a charitable donation to The Noel W. Giesecke Endowed Scholarship Fund at Texas Lutheran University. Please

Hickey, Weldon
 Peery, Cliff

WELDON CHARLES
 HICKEY
 1946-2021

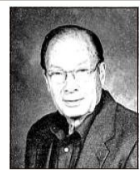
Weldon Charles Hickey, 75, died Thursday December 3, after a battle with pancreatic cancer. Weldon was born January 29, 1946 in Harlingen Texas to parents Claude Hickey and Astrid Hansen Hickey. Weldon grew up in Bay City, Texas and graduated from Bay City High School Class of 1964. He held undergraduate degrees from Sharon County Junior College and Southwest Texas State University. He held a Masters in Business Education from the University of North Texas. He was a faculty member of College of the Mainland in Alvin, and one of the founding faculty members of Austin Community College, where he served as coordinator for adult vocational education. He was an avid square dancer for more than 40 years. After moving to Houston in 1991, he devoted many hours of his time to raising money for various LGBT charities. In 2005 he was elected by the Harris County LGBT community as male grand marshal for the Houston gay pride parade. He was an early member of the Classic Chassis Car Club, a long time member of the Miss Camp America foundation, and was chosen Queen Olympus 29 of the Krewes of Olympus Texas Inc. and Royalty II of the Mystic Society of Isis & Osiris, Inc. Collectively these organizations raised hundreds of thousands of dollars for HIV related causes during the years he was a member. He was happiest when he was doing work that benefited and brought joy to other people, working for Legacy Commu-

CLIFF EDMOND PEERY
 1942-2021

Cliff was born in a tiny village of Eastern Venezuela halfway between spectacular Caribbean beaches and the great Orinoco River. His was an idyllic outdoor childhood of fishing, camping, hunting, and exploration. At 16 he was the youngest non-Indigenous American to trek up the Churin river to the bottom of Angel Falls. He obtained his degree in electrical engineering at Cornell. His job at Brown & Root brought him to Houston, where he lived most of his adult life. One of his first engineering assignments was on the design team for the hydroelectric plant of the Guri dam on the Caroni River in Southeastern Venezuela. Others took him to the North Slope of Alaska where he honed photographic skills later applied to underwater photography. He was a member of the Houston Underwater Club where he met his best friend and wife Marilyn of 44 years. They enjoyed outdoor activities such as camping, scuba diving, skiing and canoe/kayaking. Not only did they paddle rivers in Texas, but rivers across the US, from the East Coast for the Week of Rivers to the Northwest in Idaho and Wyoming and rafting



through the Grand Canyon. Their love of travel also took them to many destinations in the Caribbean, cross country road trips, a European river cruise and trip to China. His other hobbies included home improvement projects including building his man cave garage and home brewing. You would always be treated to a selection of beers in his presence. Cliff was preceded in death by wife Marilyn and is survived by children Bob Dawkins-Carl, Don Dawkins-Helen and Tanya Dawkins-Byron Geannopoulos, his sister Elise Gomez-Sanchez-Celso, brother Bruce Peery-Mary. He is also survived by 7 grandchildren and 3 great grandchildren. A celebration of life service will be held Jan. 15, 2022, 2-6 p.m. at Chancellors Family Center, 6535 Dumprhries, Dr. Houston, TX 77096.



visit the Detting Funeral website at dettingfuneral.com for a detailed obituary.

DETTLING
 FUNERAL HOME



nity Health centers, Maranatha Fellowship, and Bering United Church of Christ. Along the way he made many friends of all colors, shapes, and sizes that remember his humor, kindness, thoughtfulness, and sage advice. Once his husband Sands retired, they enjoyed traveling the US in their RV with their best women Annie Couch and Marianne Hueter. He loved being uncle Weldon to Marianne's nieces and nephews. Three years ago they bought Weldon's forever home on lake Livingston, and just a year ago they were joined by a new love, an orphan German Shepherd named Gilroy. Weldon was preceded in death by his parents and by his sister, Giovanna Hickey Frnka. He is survived by his husband of 44 years, Sands Littlefield Stiefer, his former wife, Ruth Ann Petroskey Wilson, nephews Chaim Elyah, Ricky Frnka, Randy Frnka, niece Vicki Frnka, Hensley, and many friends and family who love him. A celebration of life ceremony will be held from 2-4 Saturday Dec. 18 at Pat Foley & Associates 1200 West 34th Street Houston, TX 77018. In lieu of flowers, donations to the "There's No Place Like Home" senior living campaign of the Montrose Center, or to the Alzheimer's Association are requested.