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# BUSINESS

HOUSTON CHRONICLE • SUNDAY, OCTOBER 10, 2021 • SECTION B



Stefani Reynolds / New York Times

## BANKING

# 'Losing faith' in Federal Reserve

### Dallas Fed chief departs amid cries of 'pandemic profiteering,' central bank scrutiny

By Al Lewis | CORRESPONDENT

**R**obert Kaplan, under fire for his financial dealings during the pandemic, ended his six-year tenure as president of the Federal Reserve Bank of Dallas on Friday, leaving behind questions not only of his long-term successor, but also of the credibility of the Federal Reserve and the future of Fed Chairman Jerome Powell.

Kaplan is among three top Fed officials under scrutiny after The Wall Street Journal first reported that they made stock and other transactions last year as the Fed slashed interest rates and pumped trillions of dollars into the economy to shore up banks and companies against the ravages of the pandemic. The transactions, detailed in disclosure forms that Fed officials are required to file, showed that Kaplan traded millions of dollars of stocks as the central bank intervened in financial markets on an unprecedented scale.

Eric Rosengren, president of the Federal Reserve Bank of Boston, also stepped down following disclosures of his market transactions, citing health reasons. Another disclosure from Fed Vice Chairman Richard Clarida showed he moved between \$1 million



Staff file photo



Stefani Reynolds / New York Times

**U.S. Sen. Elizabeth Warren, above, has called for an investigation into the personal financial dealings of Dallas Fed President Robert Kaplan, center, and vowed to oppose Federal Reserve Chair Jerome Powell's reappointment.**

and \$5 million from one mutual fund into two others on Feb. 27, 2020 — the day before Powell heralded a possible interest-rate cut.

A Fed spokesman said Clarida's money market transfers were a pre-planned rebalancing of his portfolio. Clarida has not resigned.

Kaplan, through a spokesman, declined to be interviewed. But Dallas Fed officials have said the bank's general counsel approved the stock trades, and Kaplan has said he followed all the Fed's compliance and ethical standards. In a statement last month, he said he was retiring because the uproar over his transactions threatens to become "a distraction" to the Fed's work.

Kaplan, 64, had more than four years left to his term. Vice President Meredith Black will serve as interim president while the bank searches for a new leader. She had previously announced plans to retire by year's end, but will stay until Kaplan's replacement is named.

The Dallas Fed's board of directors will form a search committee and begin a process that is likely to take months.

Kaplan, a former executive at the Wall Street Bank **Dallas Fed continues on B7**

## Is the era of cheap natural gas over?

### Global energy crisis pits demand, climate

By James Osborne  
STAFF WRITER

WASHINGTON — Charif Souki is feeling pretty pleased with himself these days.

Eighteen months ago, the ex-CEO of Cheniere Energy, now executive chairman of Houston-based Tellurian LNG, had to lay off half his staff amid grim projections for global gas demand.

But with supply shortages now causing price spikes in Europe and Asia, Souki says he has Wall Street investors banging at his door and plans to begin construction on the Driftwood LNG project outside Lake Charles, La., by March — though no final decision has been made.

"A year ago, everyone is saying he's never going to build anything," Souki said of critics on Wall Street, in a recent interview. "You bring it to them now and they're salivating."

For more than a decade, the price of natural gas was so cheap that in some parts of the world it made more financial sense to burn the gas at the wellhead than build pipelines to bring it to customers. But now the world is facing an extended period of supply shortages that stand to drive up natural gas prices for years to come, experts say.

"Demand is outpacing supply," said Michael Stoppard, chief strategist for global gas at the

**"When you're talking about not having gas for lighting or cooking, all of a sudden your priorities change."**

Charif Souki, executive chairman of Houston-based Tellurian LNG

consulting firm IHS Markit. "The current high price cannot be sustained for a long time, but there are underlying fundamentals that have turned around the market for the next few years."

With the global economy rebounding from the COVID-19 pandemic, the demand for energy in all forms is strong. But unlike crude oil, the natural gas supply chain cannot easily be adjusted to where it's most needed. Transporting gas requires pipelines and specialized cooling plants to transform it into a liquid, projects that cost billions of dollars and take years to permit and build.

Not so long ago, the world was awash in natural gas from fields in Qatar, Australia and the United States. But, with a push toward renewable energy, oil and gas companies steadily pulled back from developing new fields, even as gas demand increased with a growing global population requiring greater amounts of energy.

Between 2014 and 2019, capital spending by the global oil and gas industry declined more than 40 percent to less than \$500 billion from nearly \$800 billion, according to the International Energy

**Gas continues on B2**

CHRIS TOMLINSON  
Will not appear in today's paper



**BUSINESS**

**DALLAS FED**  
From page B1

Goldman Sachs was appointed Dallas Fed president in 2015. During his tenure, he called attention to the changing economy and demographics in Texas and warned that state policies, too, had to change if Texas was to continue to prosper and outperform the nation in economic growth.

In interviews with the Houston Chronicle, Kaplan emphasized the need for Texas to improve its education system, diversify its oil-dependent economy, transition to clean energy and prepare for the effects of climate change. Texas, Kaplan said, had long depended on migration to bring in the skilled workers needed to grow the economy. But as the U.S. population has aged, and immigration has become more difficult, the state needed to focus resources on education and other programs to develop a native workforce prepared for a fast-moving, tech-driven 21st century economy, he said.

In a statement, Powell praised Kaplan as "a passionate and forceful public voice on a wide range of issues, including the critical value of early childhood education and literacy."

Dallas is one of 12 regional banks in the Federal Reserve system. Each has its own board of directors, which hire the presidents. The regional banks process checks and electronic transactions, supervise commercial banks, conduct economic research, and promote community and economic development.

The regional bank presidents sit on the Fed's Open Market Committee, which sets interest-rate and related policies, although only five are voting members, along with seven Fed governors. The New York Fed president has a permanent seat on the open market committee; the other Fed presidents rotate into the remaining four voting slots.

Kaplan was a voting member in 2020. This year, while no longer voting, he has advocated for the Fed to pull back its pandemic-era stimulus, including ultra-low interest rates, citing "excesses and imbalances" forming in the red-hot housing market and other parts of the economy.

**The politics of blame**

Since its creation in 1913, the Federal Reserve has been viewed with suspicion, depicted by populists and other critics as a secretive institution run for the benefit of bankers and the moneyed classes.

The trading controversy has rekindled old questions and the blowback could derail the reappointment of Powell, whose term as chairman ends in January. U.S. Sen. Elizabeth Warren, D-Mass., has called for an investigation into personal financial dealings of Kaplan and other Fed officials and vowed to oppose Powell's reappointment.

On the Senate floor last week, she called Powell a "failed leader" and accused the Fed of "a culture of corruption." Dennis Kelleher, CEO of Better Markets, an advocacy group pushing for tighter financial regulations, called the transactions by top Fed officials "pandemic profiteering."

Powell, appointed by President Donald Trump in 2017, has long been criticized for his stance on financial regulation, but on Sept. 28, he promised Congress an overhaul of policies on managing personal investments. "We understand now that we need to modify our practices," he said.

Houston money manager Gilbert Garcia, who serves on the SEC's Asset Management Advisory Committee, said, "The

optics are terrible," Garcia, who chairs the advisory panel's subcommittee on diversity and inclusion, runs \$8 billion worth of bond investments as managing partner of Garcia Hamilton.

"This trading activity is precisely why the general public, particularly minorities, are losing faith in their institutions," Garcia said. "By definition, they are privy to information that few people see."

**Kaplan's 2020 portfolio**

Kaplan's disclosure form shows that as the pandemic raged in 2020, he was actively trading — making sales or purchases of over \$1 million in 22 individual company shares or investment funds.

The form showed he held \$1 million or more in 27 stock, investment funds or alternative asset holdings in 2020. These included seven-figure investments in companies that stood to benefit from the Fed's response to the pandemic, such as the Chicago aircraft maker Boeing and air carrier Delta Airlines of Atlanta. It also included pharmaceutical giant and vaccine developer Johnson & Johnson of New Brunswick, N.J.

Also on the list of Kaplan's million-dollar-plus investments were the telecommunications company Verizon, the industrial conglomerate General Electric and tech giants Apple, Alibaba, Amazon, Facebook, Oracle and Google. Kaplan also reported holdings in the Houston oil company BOG Resources, the California oil major Chevron, and the refiners Valero Energy of San Antonio and Marathon Petroleum of Findlay, Ohio.

**'Great vampire squid'**

Kaplan has a 14-year wealth to manage after a 23-year career at Goldman Sachs, where he ultimately served as vice chairman. He retired from the investment bank at age 48 in 2006 as the mortgage-fueled U.S. economy revved full throttle and Goldman Sachs was at the top of its game.

It appeared a president, if not lucky move, after the U.S. economy collapsed in 2008 and Goldman Sachs endured relentless smears in an era of big bank bailouts. Rolling Stone magazine famously branded Goldman Sachs as the "great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money."

But to Kaplan, who grew up in Prairie Village, Kan., the son of a jewelry salesman, business was not primarily about making money. He frequently said it was about serving a greater purpose, such as improving people's lives, and often engaged in ideas, such as early childhood education, that address social ills.

After leaving Goldman, Kaplan, who graduated the University of Kansas and earned an MBA at Harvard, became Martin Marshall Professor of Management Practice and senior associate dean at Harvard Business School.

Today, he runs the Draper-Richards Kaplan Foundation, a global venture philanthropy firm that invests in nonprofit enterprises that address social issues. He's also chairman of Project A.L.S. and a board member of Harvard Medical School.

Kaplan is the author of three books on leadership, which lay down rigorous ethical standards. One book is titled, "What to Ask the Person in the Mirror: Critical Questions for Becoming a More Effective Leader and Reaching Your Potential." (Harvard Business Review Press, 2014.)

In it, he writes, "Your actions speak louder than your words. Are you fully aware of the messages you and your direct reports are sending with your behaviors?"

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**NOTICE TO BIDDERS**  
The Metropolitan Transit Authority of Harris County, Texas (METRO) is planning to issue the procurement documents listed in this advertisement.

RF# No. 4022000001: Elevator / Escalator Maintenance, Inspections and Repairs for Metro Public Facilities Solicitation will be available on or about 10/12/2021.

Prospective bidders/proposers can view and download these solicitations by visiting METRO's website at <http://www.metroharriscounty.org/procurement/solicitations.aspx>

If you are unable to download the documents or are having difficulty, please contact METRO Plan and Bid Room at 713.615.6125.

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**Request for Qualifications**  
The City Secretary of the City of Southside Place, Texas, will accept sealed statements of qualifications (one (1) unbound original, five (5) bound duplicates, and one (1) electronic version written to a flash drive shall be submitted) until 04:00 a.m. CDT, on Monday, November 1, 2021.

All statements of qualifications will be publicly opened and the names of all engineering firms submitting a proposal will be read on that date at 10:00 a.m. CDT, or shortly thereafter at the Southside Place City Hall, 6309 Eddie Avenue, Houston, Texas 77005, for the following projects:

RFQ Project No. D2017-066  
Request for Qualifications for Professional Engineering Services

RFQ No. D2017-066 will consist of professional engineering consultant services for the City of Southside Place, "Crawley Drainage Improvement Project." This project is ELD (General Land Office) funded with the City of Southside Place being the subcontractor and Harris County CSD (Community Services Department) providing general oversight.

A pre-submission conference (in-person and virtual) will be held at 10 a.m. CDT on Tuesday, October 12, 2021 at Southside Place City Hall, 6309 Eddie Avenue, Houston, Texas 77005 and via Zoom (Dist Number 13462487799, Meeting ID: 83323052609, Join Zoom Meeting: <https://zoom.us/j/83323052609>). The pre-bid conference is not mandatory.

It is the sole responsibility of the contractor to ensure that their proposal is delivered to the City of Southside Place, City Secretary (located inside the administrative office), First Floor of City Hall, 6309 Eddie Avenue, Houston, Texas 77005, on or before the date and time set forth above. Proposals may be mailed or delivered by hand or common carrier. Proposal envelopes should be clearly marked with the following information: **Sealed Statement of Qualifications - RFQ No. D2017-066 Enclosed.** The City of Southside Place is not responsible for proposals that are not properly mailed or delivered to the wrong address.

It shall be each contractor's sole responsibility to inspect the site of the work and to inform themselves regarding all local conditions under which the work will be done. It shall be understood and agreed that all such facts shall be investigated and considered in the preparation of the proposal submitted. In addition, each engineering firm shall be responsible for themselves with the requirements of the request for qualifications. Failure to do so will not relieve a successful contractor of their obligation to provide the necessary services for the City of Southside Place, Texas, in accordance with the proposal specifications and/or other contractual obligations.

Electronic copies of specifications and proposal documents may be obtained at [www.southsideplace.org](http://www.southsideplace.org) under public notices or at Southside Place City Hall, 6309 Eddie Avenue, Houston, Texas 77005 between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. Please download PDF documents at [www.southsideplace.org](http://www.southsideplace.org). Technical questions and clarifications related to the scope of work must be submitted in writing to Olga Garcia, City Secretary, by e-mail to [olga@southside-place.org](mailto:olga@southside-place.org).

The City of Southside Place, Texas, reserves the right to reject any and all proposals, to waive any and all technicalities, and to accept any proposal that it deems advantageous to it. Each contractor agrees to waive any claim it has or may have in connection with the administration, evaluation, or recommendation of any proposal.

Equal Opportunity in Employment - All qualified applicants will receive consideration of contract award without regard to race, color, religion, sex, or national origin. Bidders on this work will be required to comply with the President's Executive Order No. 12958, as amended by Executive Order 13177, and a supplemental Department of Labor regulations 41 CFR part 60.

This project will be federally funded by the U.S. Housing and Urban Development Department through Texas General Land Office (GLO) and administered by the Harris County Community Services Department (HCCSD), which also comply with regulations governing the CDBG Disbursement Program (Regulation 24 CFR 870). Applicable requirements include but are not limited to compliance with the Davis-Bacon and Related Acts, fair labor standards, Equal Employment Opportunity, Affirmative Action, Section 3 of the HUD Act, and contracts with small minority, and disadvantaged firms as detailed in the project manual.

The City of Southside Place is subject to the Texas Public Information Act, a state law, which may require the City to disclose the information provided in response to this proposal available to the public upon request.

Olga Garcia, TRMC  
City Secretary  
City of Southside Place, Texas

Houston Gateway Academy is seeking Requests for Competitive Sealed Proposals for interior renovation of 9 restrooms at 3400 Evergreen Dr., Houston, TX 77057. Proposals are to be received by the City of Houston at 10:00 p.m. on Monday, October 18, 2021 at 100 PM CST. For more information, email [Christina.Garcia@hgaacademy.com](mailto:Christina.Garcia@hgaacademy.com) or visit [www.hgaacademy.com](http://www.hgaacademy.com). The RFP can be found at [www.hgaacademy.com](http://www.hgaacademy.com).

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CONSTRUCTION MANAGER-AT-RISK  
Friendwood High School Additions and Renovations - Package Two  
Friendwood Independent School District

Satfield & Portiles Construction, Inc. as Construction Manager-at-Risk for Friendwood ISD, in accordance with Texas Government Code 2269, will accept bids or proposals from all qualified subcontractors for the "Friendwood ISD - Friendwood High School Additions and Renovations - Package Two" (RF# 2021-000001).

A Pre-Proposal Conference and job site walk will be held on Tuesday October 12, 2021 @ 09:00 AM at Friendwood High School, 702 Greenbrier, Friendwood, TX 77466.

Bids or proposals are due October 21, 2021 at 3PM. Bids or proposals should be emailed to [bids@satfieldandportiles.com](mailto:bids@satfieldandportiles.com), faxed to 713-996-1400, or mailed/delivered to the Satfield & Portiles Construction, Inc., 11750 Katy Freeway, Houston, TX 77079. Late bids will not be accepted.

There will be no public opening of bids or proposals. All bids or proposals shall be available after award of contract, or the 7th day after final selection of bids or proposals, whichever is later. After receipt of bids or proposals, Satfield & Portiles Construction, Inc. will conduct its evaluation of the subcontractor bids or proposals in relation to the project requirements and will select the bid(s) or proposal(s) that offers the best value to Friendwood ISD.

Friendwood ISD, the Owner, reserves the right to waive any informality and/or to reject any, or all, bids or proposals.

Contact Danny Strupick at [dstrupick@satfieldandportiles.com](mailto:dstrupick@satfieldandportiles.com) for additional information on this project. Please forward all questions to Danny with S&P, deadline for submitting questions is seven (7) days prior to bid day.

Drawings and specifications will be available October 1, 2021 online, and in the Satfield & Portiles Construction, Inc. office located at 11750 Katy Freeway, Houston, TX 77079.

Drawings and Specifications may also be reviewed at:  
Associated General Contractors  
McGraw Hill Construction/ Dodge, [www.construction.com](http://www.construction.com)  
Virtual Builders Exchange, 3900 Kirby, #131, Houston, TX 77098,  
8320 633-0200

**NOTICE TO BIDDERS**  
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RF# No. 4022000071: Elevator Maintenance Inspection and Repair. Solicitation will be available on or about 10/12/2021.

Prospective bidders/proposers can view and download these solicitations by visiting METRO's website at <http://www.metroharriscounty.org/procurement/solicitations.aspx>

If you are unable to download the documents or are having difficulty, please contact METRO Plan and Bid Room at (713) 615-6125.

**SEALED QUALIFICATIONS WILL BE RECEIVED BY PROCEEDMENT SERVICES, PORT OF HOUSTON AUTHORITY AT PROCEEDMENTPROPOSALS@PORTHOUSTON.COM UNTIL 10:00 A.M. ON OCTOBER 22, 2021 FOR THE FOLLOWING:**

**PROFESSIONAL ENGINEERING SERVICES FOR THE PORT COORDINATION CENTER BUILDING RENOVATION AT TURNING BASIN TERMINAL (RFQ).**  
THERE IS NO PRELIMINARY MEETING SCHEDULED FOR THIS PROJECT.

FIRMS INTERESTED IN SUBMITTING QUALIFICATIONS FOR THIS PROCUREMENT MAY OBTAIN A COPY OF THE RFP FROM THE PORT OF HOUSTON AUTHORITY PROCEEDMENT SERVICES, 1000 TURNING BASIN DRIVE, TURNING BASIN VENDOR REGISTRATION AND "PROCUREMENT PACKAGE" DOWNLOAD INSTRUCTIONS ARE AVAILABLE.

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