



# Fillmore Capital's Related-Party Fee-Soak

## Fillmore executives personally benefit from hotel management fees at OPERS' Cambria Chicago Magnificent Mile

The Cambria Chicago Magnificent Mile is owned by OPERS through a separate account with Fillmore Capital. The hotel is operated by Fillmore Hospitality.

Fillmore Hospitality collects a management fee of 3% of adjusted gross revenues, according to a 2015 management agreement for the hotel.<sup>1</sup>

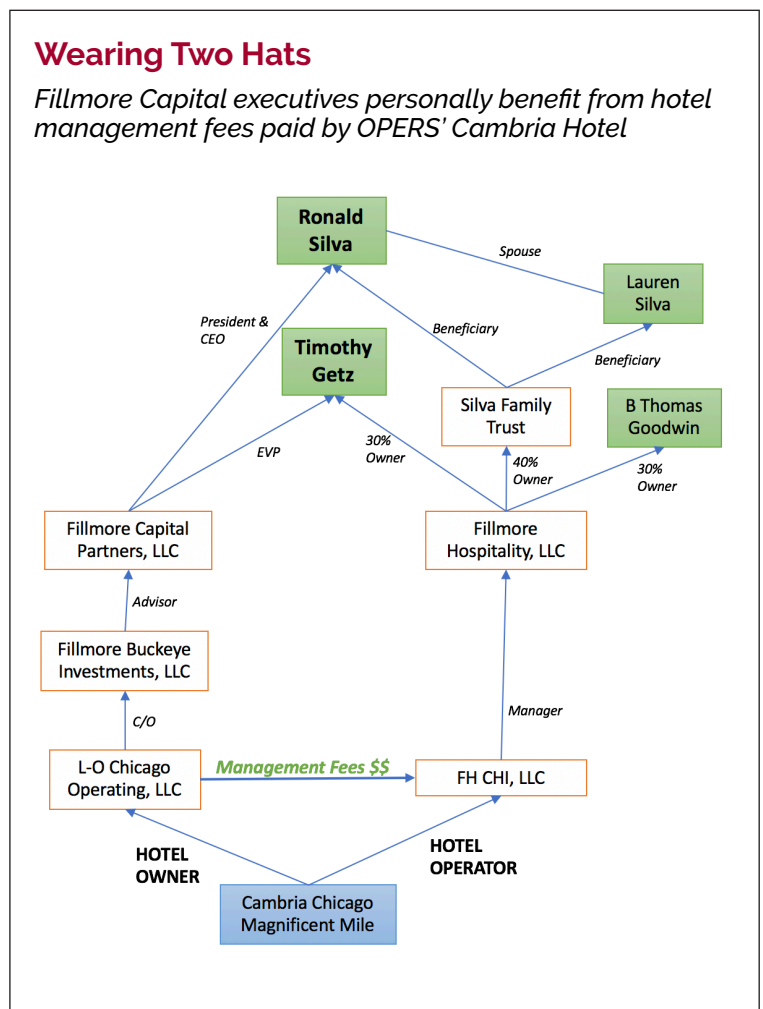
Fillmore Capital and Fillmore Hospitality are related parties. According to a 2013 exhibit to the Cambria's liquor license application, Fillmore Capital President and CEO Ronald Silva<sup>2</sup> and his wife are the sole beneficiaries<sup>3</sup> of a trust owning 40% of Fillmore Hospitality.<sup>4</sup> Timothy Getz, the Executive Vice President of Fillmore Capital,<sup>5</sup> owns a 30% interest in Fillmore Hospitality.<sup>6</sup> Mr. Getz is a former OPERS employee focused on real estate investments.<sup>7</sup>

If Fillmore Capital sells the Cambria on behalf of OPERS, there is no guarantee that a new owner will retain Fillmore Hospitality as the hotel manager. Fillmore Capital's executives, as owners of Fillmore Hospitality, would no longer collect management fees from the hotel if Fillmore Hospitality were not retained.

OPERS should investigate whether this related party management agreement is in keeping with Fillmore's fiduciary duty to OPERS participants and beneficiaries. If not, OPERS should direct Fillmore Capital to terminate their agreement with Fillmore Hospitality and hire an independent management company.

### Wearing Two Hats

Fillmore Capital executives personally benefit from hotel management fees paid by OPERS' Cambria Hotel



## Endnotes

- 1 Hotel Management Agreement dated April 27, 2015, Page 1, filed with Cambria Chicago Magnificent Mile liquor license application.
- 2 Fillmore Capital website accessed Dec. 7, 2018, <[http://www.fillmorecap.com/our\\_team](http://www.fillmorecap.com/our_team)>
- 3 Certificate of Trust dated May 4, 2005, Page 1, attached to Amended and restated Limited Liability Company Agreement of Fillmore Hospitality, LLC dated Jan. 1, 2013 filed with Cambria Chicago Magnificent Mile liquor license application.
- 4 Amended and restated Limited Liability Company Agreement of Fillmore Hospitality, LLC dated Jan. 1, 2013 filed with Cambria Chicago Magnificent Mile liquor license application, Page 3.
- 5 Fillmore Capital website accessed Dec. 7, 2018, <[http://www.fillmorecap.com/our\\_team](http://www.fillmorecap.com/our_team)>
- 6 Amended and restated Limited Liability Company Agreement of Fillmore Hospitality, LLC dated Jan. 1, 2013 filed with Cambria Chicago Magnificent Mile liquor license application, Page 3.
- 7 Fillmore Capital website accessed Dec. 7, 2018, <[http://www.fillmorecap.com/our\\_team](http://www.fillmorecap.com/our_team)>