

OPERS Clarifies Misleading Email

Dear OPERS member;

You may have recently received an email from an organization called UNITEHERE regarding a labor dispute at the Chicago Cambria Hotel. Since we have received inquiries as to why you may be receiving that email, we wanted to provide clarification. The context of that letter is as follows:

Dear _____:

I am writing about your pension with OPERS.

Fillmore Capital Partners manages \$434 million in OPERS real estate assets as of March 2019. Fillmore Capital's Executive Vice President, Timothy Getz, is a former OPERS real estate investments director.

Fillmore Capital only has two pension fund clients. Fillmore Capital's earlier real estate funds had returns near or less than zero for their pension fund investors.

Why did OPERS hire a former employee to manage your pension investments?

Mr. Getz and other Fillmore executives also personally profit from management fees collected at OPERS' Cambria Chicago hotel – regardless of how profitable the hotel is for OPERS. Cambria Chicago workers have been on strike since last September.

The goal of their communication is to pressure OPERS to intervene in resolving the labor dispute. Their most recent communication regarding this matter is misleading in several respects and I would like to provide you with a clarification.

OPERS is invested in a joint venture that owns the hotel, as part of our diverse investment program. Our objective is to generate target returns for the total fund and each asset class in accordance with our fiduciary responsibility. To date the net internal rate of return from our investment with Fillmore Buckeye Investments is 14%, spanning 2010 through 2018.

There is an individual that previously worked for OPERS and separated employment in 1995. He currently works for Fillmore. OPERS began investing in Fillmore in 2010, fifteen years after that individual left OPERS. Additionally, the fees for management of the hotel are regularly reviewed to ensure they are within the market rate for such services.

While UNITEHERE members and Cambria workers have addressed the OPERS board to urge its intervention in the labor contract dispute, the Board has adopted a position of neutrality regarding union activities at properties in which OPERS has an interest. OPERS follows a

responsible contractor policy that defines the role and the position of the system in these matters. To that end, we expect the parties to bargain fairly and legally, and we look forward to the resolution of their issues.

It's important to note, UNITEHERE isn't claiming the hotel manager's conduct violates the responsible contractor policy. They are asking OPERS to tell the manager that the terms the union is seeking are fair, and to instruct the manager to accept them, not just to engage in bargaining. It's also important to note the Cambria workers have been offered and have refused to accept the very same terms that were accepted by workers at 25 other Chicago area hotels to resolve those strikes, insisting instead to negotiate for lower room cleaning levels than was agreed to with the other hotels.

If there are issues raised about the property manager acting outside the bounds of our policy and expectations, we would take the necessary steps to enforce the terms of that policy. However, nothing to date would indicate the necessity of OPERS' intervention.

Thank you again for your interest in this matter. We are certainly hopeful that a resolution will be reached soon.

Sincerely,

Karen Carraher
OPERS Executive Director