

**DWP BOARD OF ADMINISTRATION**  
Retirement Board

**Ex-Officio/Appointed Members**



**Ronald O. Nichols**  
General Manager



**Vacant**  
Commissioner



**Mario C. Ignacio**  
Chief Accounting  
Employee



**Robert K. Rozanski**  
Appointed  
Retired Member

**Elected Members**



**Javier Romero**  
President



**Barry Poole**  
Member



**Vacant Member**

Published 3/2014

**WATER and POWER EMPLOYEES'  
RETIREMENT, DISABILITY and  
DEATH BENEFIT INSURANCE  
PLAN**



**SUMMARY  
ANNUAL  
REPORT  
  
JUNE 30, 2013**

**Retirement Plan Office**  
**111 N Hope St.—Room 357**  
**Los Angeles, CA 90012**

**Phone: (213) 367-1712**  
**(800) 367-7164**  
**E-Mail: RETIRE@LADWP.COM**  
**Website: RETIREMENT.LADWP.COM**

**To All DWP Retirement Plan Members:**

The Summary Annual Report as of June 30, 2013 is submitted in conformity with Section III C (4) of the Retirement Plan provisions. A complete financial report, audited by Simpson & Simpson, CPAs, is posted on our website at retirement.ladwp.com.

The financial markets rebounded in 2013. The investment returns were 12.83% for the Retirement Fund and 12.63% for the Retiree Health Benefits Fund. Market values were \$8.25 billion and \$1.38 billion for the Retirement Fund, and Retiree Health Benefits Fund, respectively.

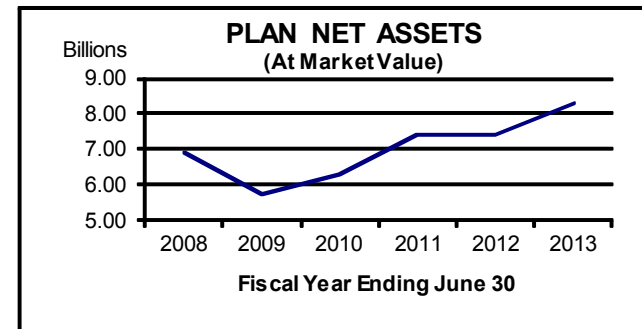
Pension plan assets are professionally managed and invested in well-diversified asset classes to manage risk while seeking to achieve long-term investment goals.

The Department's contribution to the Retirement Plan will increase to 47.30% of payroll from the previous rate of 46.08% in accordance with the annual Actuarial Valuation, as of July 1, 2013.

The Retirement Board and Staff remain committed to their mission of providing responsive and efficient service through responsible administration of the Plan and prudent management of its assets.

**Javier Romero**  
President  
Retirement Board

**Sangeeta Bhatia**  
Retirement Plan Manager



**RETIREMENT PLAN OFFICE STAFF**

- Sangeeta Bhatia  
Retirement Plan Manager
- Monette Carranceja  
Assistant Retirement Plan Manager
- Mary Higgins  
Assistant Retirement Plan Manager
- Jeremy Wolfson  
Chief Investment Officer
- Scott Vargas  
Senior Investment Officer
- William Feng  
Chief Accountant
- Linda Le  
Utility Administrator (Retirement/Death Benefits)
- Loryn Lam  
Retirement Supervisor
- Valerie Taylor-Ragler  
Disability Supervisor
- Narina Davtyan  
Membership Supervisor
- Mary Alvarez  
Utility Executive Secretary
- Veronica Mendez  
Utility Administrator (Administration)
- Tracey Yasunaga  
Management Analyst
- Mellie Yip  
Management Analyst
- Kendrick Mah  
Management Analyst
- Natasha Gameroz  
Management Analyst
- Christina Munoz  
Management Analyst
- Randy Calvo  
Management Assistant
- Mark Rubin  
Management Analyst

**LEGAL COUNSEL - City Attorney's Office**

Alan Manning  
Marie McTeague

**SERVICE PROVIDERS**

As of June 30, 2013

- |  |  |
|--|--|
| <b>ACTUARY</b><br>The Segal Company              | <b>INVESTMENT CONSULTANTS</b><br>Courtland Partners<br>Pension Consulting Alliance, Inc. |
| <b>AUDITOR</b><br>Simpson & Simpson, CPAs        | <b>COUNSEL</b><br>Foster Pepper, PLLC<br>Nossaman, LLP<br>Klausner & Kaufman, P.A.       |
| <b>CUSTODIAN BANK</b><br>Bank of New York Mellon | <b>PROXY SERVICE PROVIDER</b><br>Glass, Lewis & Co., LLC                                 |
| <b>INVESTMENT MANAGERS</b>                       |  |
| AETOS Capital, LLC                               | JP Morgan Asset Management Co.   |
| Almanac Realty Investors, LLC                    | Landmark Partners  |
| Angelo, Gordon & Co.                             | Lexington Partners   |
| Ares Management LLC                              | Lone Star Funds  |
| Audax Group                                      | Loomis Sayles & Company  |
| BlackRock  | Los Angeles Capital Management and Equity Research, Inc.                                 |
| Blackstone Real Estate Partners                  | Mesa West Capital  |
| BNY Converge Execution Solutions LLC             | MFS Investment Management  |
| Bristol Group, Inc.                              | MSCI, Inc.   |
| Capital Dynamics, Inc.                           | Oaktree Capital Management, LP   |
| CB Richard Ellis Investors, LLC                  | PCCP, LLC  |
| Deloitte Tax                                     | Prudential Financial   |
| Dimensional Fund Advisors                        | Pyramis Global Advisors  |
| DRA Advisors, LLC                                | Silver Lake Technology   |
| Earnest Partners, LLC                            | T. Rowe Price  |
| EnCap Investments L.P.                           | Vista Equity Partners  |
| Fisher Lynch Capital                             | Vontobel Asset Management, Inc.  |
| Fred Alger Management, Inc.                      | Wells Capital Management   |
| Frontier Capital Management                      | Western Asset Management Company   |
| Gateway Investment Advisers, LLC                 |  |
| Invesco Core Real Estate U.S.A., LLC             |  |

WATER AND POWER EMPLOYEES' RETIREMENT,  
DISABILITY, AND DEATH BENEFIT INSURANCE PLAN

**SUMMARY ANNUAL REPORT  
JUNE 30, 2013**

**STATEMENT OF CHANGES IN PLAN NET ASSETS**

<u>Retirement Fund</u>	<b>2013</b>	<b>2012</b>
Net Assets- Beginning of Year	\$7,384,143,876	7,410,336,922
Members' Contribution	69,633,449	60,088,614
Department Contribution Towards Benefits (Net of Reversions)	368,426,348	321,688,919
Administration	4,392,846	4,308,437
Total Contributions	\$442,452,643	386,085,970
Total Investment Income (Loss) <sup>1</sup>	940,768,548	28,150,616
(Less Securities Lending Expenses)	(282,446)	(575,204)
(Less Investment Expenses)	(23,496,492)	(20,488,839)
Net Income & Appreciation	\$916,989,610	7,086,573
Other Income	2,689,537	633,611
Total Additions	\$1,362,131,790	393,806,154
Retirement Benefits Paid	432,708,113	410,814,067
Refund of Members' Contribution	5,819,253	5,526,896
Administrative Expenses	3,736,871	3,658,237
Total Deductions	\$442,264,237	419,999,200
Net Increase (Decrease)	919,867,553	(26,193,046)
Net Assets - End of Year	\$8,304,011,429	7,384,143,876

<u>Disability Fund</u>		
Members' Contribution	\$446,689	453,245
Department Contribution	14,524,390	13,583,517
Total Contributions	\$14,971,079	14,036,762
Benefits Paid		
Temporary Disability	11,735,737	12,106,184
Extended Disability	394,778	363,648
Permanent Total Disability	1,853,493	1,837,781
Supplemental Disability	1,593,124	1,697,355
Total Benefits Paid	\$15,577,132	16,004,968

<u>Death Benefit Fund</u>		
Members' Contribution	\$318,849	322,511
Department Contribution	7,972,041	8,044,718
Total Contributions	\$8,290,890	8,367,229
Benefits Paid		
Death Benefit	\$6,643,747	6,647,365
Family Allowances	535,444	587,470
Total Benefits Paid	\$7,179,191	7,234,835

<u>Retiree Health Benefits Fund</u>		
Department Contributions	\$68,179,551	102,325,851
Net Investment Income <sup>2</sup>	151,940,617	13,341,023
Total Additions	\$220,120,168	115,666,874
Retiree Health Benefits Paid	\$67,562,881	64,220,586

**ANNUAL ACTIVITY**

<u>Active Membership</u>	<b>2013</b>	<b>2012</b>
Number of Contributing Members	9,001	9,096
Number of Contracts to Purchase Service Credit	1,318	1,290
Number of New Members	583	370
Number of Withdrawals of Funds	58	31
Average Age	49.3	48.9
Average Years of Service	18.4	18.2

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,161	1,181
Number of Temporary Disability Claims per 1000 Employees	129	129.8
Number Paid Worker's Compensation Supplement	238	283
Number on PTD	63	61

<u>Retirees</u>		
Number of Retirees	7,166	6,448
Number of Surviving Spouses & Beneficiaries	1,752	1,755
Number Who Retired During the Fiscal Year	331	284
Average Age	73.3	73.3

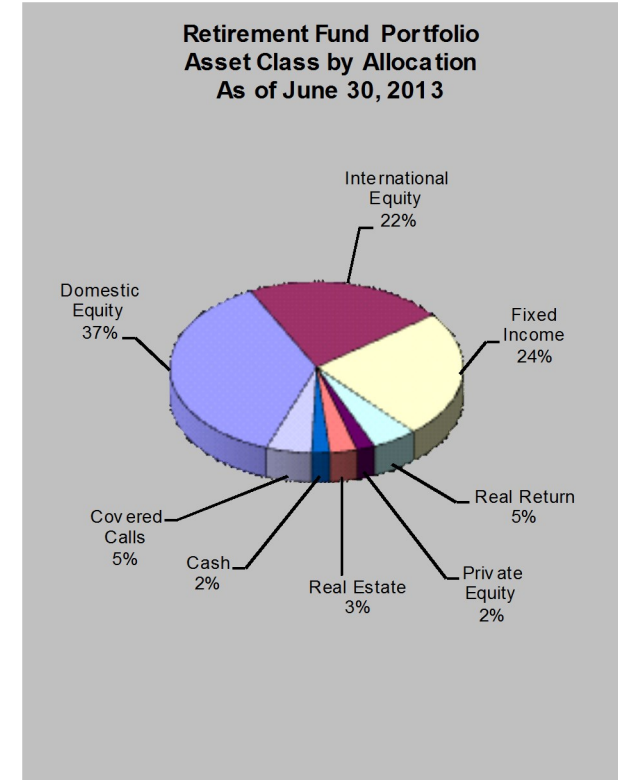
<u>Death Benefit Related</u>		
Number of Deaths		
Active members	22	24
Retirees	247	238
Number Receiving Monthly Survivorship	287	289
Number of Family Allowances	65	66
Number of Children on Family Death Benefit Roll	73	82

**ACTUARIAL BALANCE SHEET**

<u>Assets</u>	<b>June 30, 2013</b>	<b>June 30, 2012</b>
Total Actuarial Value of Assets	\$7,958,487,587	7,573,885,754
Present Value of Future Contributions by Members	525,926,011	521,560,577
Present Value of Future Department Contributions for		
a. Normal Cost	1,233,246,275	1,232,323,441
b. Unfunded Actuarial Accrued Liability	2,136,380,284	2,118,717,098
Total Current and Future Assets	\$11,854,040,157	11,446,486,870
<u>Liabilities</u>		
Present Value of Benefits Already Granted	\$5,061,555,947	4,808,390,309
Present Value of Benefits to be Granted	6,792,484,210	6,638,096,561
Total Liabilities	\$11,854,040,157	11,446,486,870

**RETIREMENT FUND  
PORTFOLIO PERFORMANCE  
(Fiscal Year Ended June 30, 2013)**

<u>Asset Class vs. Benchmarks</u>	<b>1YR (%)</b>	<b>3YR (%)</b>	<b>5YR (%)</b>
<i>Total Retirement Fund</i>	12.83	10.64	5.22
Policy Benchmark	11.7	10.91	5.22
<i>Domestic Equity</i>	23.02	18.30	6.75
Russell 3000	21.46	18.63	7.25
<i>International Equity</i>	17.96	8.07	0.54
MSCI ACWI ex-US IMI (Blend)	13.91	8.13	-0.41
<i>Fixed Income</i>	1.55	5.34	6.58
BC Universal	0.24	4.09	5.53
<i>Real Estate</i>	16.62	17.64	4.07
NCREIF	10.65	13.34	2.35
<i>Real Return</i>	-0.72	4.05	1.64
Tbill + 3%	3.08	3.09	3.23
<i>Private Equity</i>	12.40	14.97	10.56
Private Equity Blend	17.56	25.74	11.86
<i>Covered Calls</i>	6.21	N/A	N/A
BXM	5.29	N/A	N/A
<i>Cash</i>	0.33	0.48	0.58
Citigroup T-Bills	0.08	0.09	0.23



**RETIREMENT FUND PORTFOLIO  
ASSET ALLOCATION<sup>1</sup>  
(As of June 30, 2013)**

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)</u>	<u>Target Allocation (%)</u>
Domestic Equity	3,030	37	34
Fixed Income	1,988	24	25
International Equity	1,812	22	21
Real Return	461	5	6
Covered Calls	431	5	5
Real Estate	242	3	4
Private Equity	138	2	4
Cash	152	2	1
<b>Total Retirement Fund</b>	<b>\$8,254</b>	<b>100</b>	<b>100</b>

<sup>1</sup> Source: The Bank of New York Mellon Corporation

<sup>1</sup> Includes Fair Market Value Net Appreciation of \$748,924,297 for 2013 and Depreciation of \$166,352,568 for 2012.  
<sup>2</sup> Includes Fair Market Value Net Appreciation of \$123,583,536 for 2013 and Depreciation of \$15,807,543 for 2012.