

DWP BOARD OF ADMINISTRATION
Retirement Board

Ex-Officio/Appointed Members



Marcie L. Edwards
General Manager



Mel Levine
Commissioner



Mario C. Ignacio
Chief Accounting
Employee



Timothy Hemming
Appointed
Retired Member

Elected Members



Javier Romero
President



Barry Poole
Vice-President



LaTanya Bogin
Member

Published 03/2016

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



**SUMMARY
ANNUAL
REPORT
JUNE 30, 2015**

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, 2015 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 the Retirement Plan Office website at retirement.ladwp.com.

The financial markets for fiscal year 2014-15 grew at a slower pace compared to the previous fiscal year. The investment returns were 4.28% for the Retirement Fund and 4.09% for the Retiree Health Benefits Fund. Market values were \$10.07 billion and \$1.68 billion for the Retirement Fund, and Retiree Health Benefits Fund, respectively.

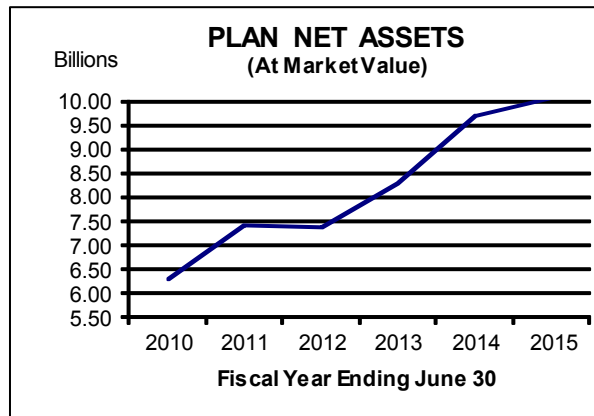
Pension plan assets are professionally managed and invested in well-diversified asset classes to manage risk while seeking to achieve long-term investment goals.

The Department's contribution to the Retirement Plan will decrease to 42.77% of payroll from the previous rate of 50.62% in accordance with the annual Actuarial Valuation, as of July 1, 2015.

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

Linda P. Le
Retirement Plan Manager



RETIREMENT PLAN OFFICE STAFF

Linda P. Le
Retirement Plan Manager

Mary C. Higgins
Assistant Retirement Plan Manager

Monette Carranceja
Assistant Retirement Plan Manager

Jeremy Wolfson
Chief Investment Officer

William Feng
Chief Accountant

LEGAL COUNSEL
City Attorney's Office

Alan Manning
James C. Napier

SERVICE PROVIDERS
As of June 30, 2015

ACTUARY The Segal Consulting	INVESTMENT CONSULTANTS Courtland Partners Pension Consulting Alliance, Inc. RVK Inc.
AUDITOR Simpson & Simpson, CPAs	COUNSEL Nossaman, LLP
CUSTODIAN BANK Northern Trust	

PROXY SERVICE PROVIDER
Glass, Lewis & Co., LLC

INVESTMENT MANAGERS

Almanac Realty Investors, LLC	Invesco Ltd.
Angelo, Gordon & Co.	JP Morgan
Apollo Global Management LLC	Landmark Partners
Ares Management LLC	Lexington Partners
Audax Group	Lone Star Funds
BlackRock	Loomis Sayles & Company
Blackstone Real Estate Partners	Los Angeles Capital Management
Bristol Group, Inc.	Mesa West Capital
Capital Dynamics, Inc.	MFS Investment Management
CB Richard Ellis Investors, LLC	Morgan Stanley
Clayton, Dubilier & Rice LLC	Oaktree Capital Management, LP
Crestview Partners	PCCP, LLC
Dimensional Fund Advisors	Prologis Inc.
DRA Advisors, LLC	Prudential Financial
Earnest Partners, LLC	Pyramis Global Advisors
EnCap Investments L.P.	Silver Lake Technology
Fisher Lynch Capital	T. Rowe Price
Fred Alger Management, Inc.	Torchlight Investors LLC
Frontier Capital Management	Vista Equity Partners
GAM Fund Management	Vontobel Asset Management, Inc.
Gateway Investment Advisers, LLC	Wells Capital Management
Hancock	Western Asset Management Company
Heitman	

**STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION**

<u>Retirement Fund</u>	2015	2014
Net Position– Beginning of Year	\$9,703,317,303	8,304,011,429
Members' Contribution	68,552,375	72,299,526
Department Contribution Towards		
Benefits (Net of Reversions)	376,902,022	384,265,892
Administration Expenses	5,329,846	4,872,432
Total Contributions	\$450,784,243	461,437,850
Total Investment Income ¹	441,354,393	1,433,270,573
(Less Securities Lending Expenses)	(557,142)	(560,646)
(Less Investment Expenses)	(30,858,155)	(28,006,541)
Net Investment Income	\$409,939,096	1,404,703,386
Other Income	839,013	982,812
Total Additions	\$861,562,352	1,867,124,048
Retirement Benefits Paid	480,465,024	457,558,214
Refund of Members' Contribution	5,501,886	6,038,726
Administrative Expenses	4,612,476	4,221,234
Total Deductions	\$490,579,386	467,818,174
Net Increase in Plan Net Position	370,982,966	1,399,305,874
Net Position - End of Year	\$10,074,300,269	9,703,317,303

<u>Disability Fund</u>		
Members' Contribution	\$441,580	441,670
Department Contribution	15,944,461	14,692,961
Total Contributions	\$16,386,041	15,134,631
Benefits Provided		
Temporary Disability	12,655,916	13,707,175
Extended Temporary Disability	502,729	463,946
Permanent Total Disability	1,840,316	1,883,397
Supplemental Disability	1,615,714	1,491,158
Total Benefits Paid	\$16,614,675	17,545,676

<u>Death Benefit Fund</u>		
Members' Contribution	\$318,367	317,687
Department Contribution	7,970,089	7,929,199
Total Contributions	\$8,288,456	8,246,886
Benefits Paid		
Death Benefit	\$6,899,271	7,141,427
Family Allowances	548,834	502,216
Total Benefits Paid	\$7,448,105	7,643,643

<u>Retiree Health Benefits Fund</u>		
Department Contributions	\$79,160,430	74,714,782
Net Investment Income ²	66,051,754	234,219,581
Total Additions	\$145,212,184	308,934,363
Retiree Health Benefits Paid (Insurance Premiums)	\$78,496,618	74,105,548

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

**SUMMARY ANNUAL REPORT
JUNE 30, 2015**

ANNUAL ACTIVITY

<u>Active Membership</u>	2015	2014
Number of Contributing Members	9,363	9,129
Number of Contracts		
to Purchase Service Credit	1,469	1,383
Number of New Members	1,047	808
Number of Withdrawals of Funds	30	26
Average Age	48.9	49.3
Average Years of Service	17.6	18.3

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,092	1,139
Number of Temporary Disability Claims per 1000 Employees	116.6	124.8
Number Paid Worker's Compensation Supplement	240	252
Number on PTD	58	60

<u>Retirees</u>		
Number of Retirees	6,746	6,670
Number of Surviving Spouses & Beneficiaries	1,698	1,706
Number Who Retired During the Fiscal Year	354	363
Average Age	73.2	73.2

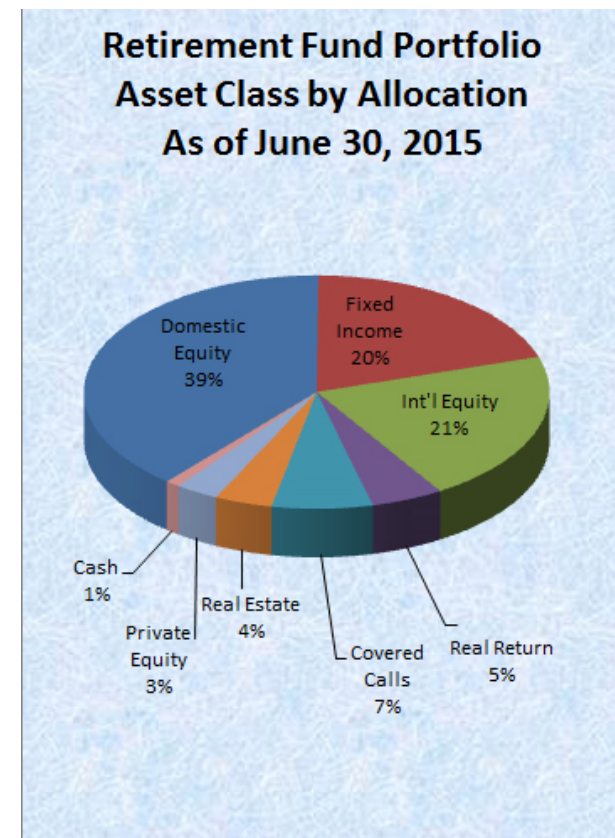
<u>Death Benefit Related</u>		
Number of Deaths		
Active members	17	24
Retirees	285	229
Number Receiving Monthly Survivorship	283	288
Number of Family Allowances	64	67
Number of Children on Family Death Benefit Roll	77	75

ACTUARIAL BALANCE SHEET

<u>Assets</u>	June 30, 2015	June 30, 2014
Total Actuarial Value of Assets	\$9,750,343,300	8,877,594,529
Present Value of Future Contributions by Members	606,397,067	552,188,620
Present Value of Future Department Contributions for		
a. Normal Cost	1,386,650,708	1,457,792,278
b. Unfunded Actuarial Accrued Liability	1,468,102,267	2,097,956,088
Total Current and Future Assets	\$13,211,493,342	12,985,531,515
<u>Liabilities</u>		
Present Value of Benefits Retirees & Beneficiaries	\$5,895,471,562	5,627,272,200
Present Value of Benefits Terminated Vested Members	200,526,239	202,818,491
Present Value of Benefits Active Members	7,115,495,541	7,155,440,824
Total Liabilities	\$13,211,493,342	12,985,531,515

**RETIREMENT FUND
PORTFOLIO PERFORMANCE**
(Fiscal Year Ended June 30, 2015)

<u>Asset Class vs. Benchmarks</u>	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund</i>	4.50	11.43	10.67
Policy Benchmark	3.50	10.62	10.58
<i>Domestic Equity</i>	8.83	19.32	17.99
Russell 3000	7.29	17.73	17.54
<i>International Equity</i>	(2.26)	11.60	8.26
MSCI ACWI ex-US IMI (Blend)	(4.97)	9.80	8.00
<i>Fixed Income</i>	2.70	3.25	4.85
BC Universal	1.61	2.33	3.81
<i>Real Estate</i>	15.82	15.29	16.72
NCREIF + 50bps	13.26	11.86	12.99
<i>Real Return</i>	(0.33)	0.52	2.88
CPI + 3%	2.93	4.14	4.73
<i>Private Equity</i>	16.13	15.45	15.82
Private Equity Blend	15.17	19.37	23.52
<i>Covered Calls</i>	5.44	8.44	N/A
BXM	3.64	7.59	N/A
<i>Cash</i>	0.77	0.50	0.52
Citigroup T-Bills	0.02	0.06	0.08



**RETIREMENT FUND PORTFOLIO
ASSET ALLOCATION¹**
(As of June 30, 2015)

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)</u>	<u>Target Allocation (%)</u>
Domestic Equity	3,926	39	33
Fixed Income	1,965	20	24
International Equity	2,149	21	21
Real Return	534	5	6
Covered Calls	701	7	5
Real Estate	393	4	5
Private Equity	248	3	5
Cash	109	1	1
Total Retirement Fund	\$10,025	100	100

¹ Source: Northern Trust

¹ Includes Fair Market Value Net Appreciation of \$264,809,481 for 2015 and Appreciation of \$1,240,972,860 for 2014.
² Includes Fair Market Value Net Appreciation of \$42,571,388 for 2015 and Appreciation of \$208,396,566 for 2014.