



FOR ACTIVE MEMBERS

THE PLAN

Water and Power Employees' Retirement Plan

Fall 2015



EMPLOYEES' RETIREMENT PLAN

WATER AND POWER



FIRST CLASS
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A Message from Board President Javier Romero



I would like to begin by welcoming Linda Le and Tim Hemming to the Retirement family. Linda returns to the Retirement Office as the Plan Manager after a couple of years in the Water System. Tim was recently appointed by the DWP Board to serve as the Retired Member of the Board in the seat vacated by Mr. Robert Rozanski. They both bring dedication and valuable experience to their positions.

In addition, I would like to thank you on behalf of LaTanya Bogin, Barry Poole and myself, for the opportunity to continue to represent your interests on the Retirement Board. On May 1st, we began serving a new three-year term as the Active Members of the Retirement Board. We take the responsibility you have entrusted to us very seriously and hope our reelection is a vote of confidence that our robust, consistent efforts to safeguard our retirement, disability and death benefits have been wise and effective.

The Retirement Board has the sole and exclusive fiduciary responsibility over the Plan's assets. The Retirement Board Members are required to diversify the investments of the Plan's assets and, in so doing, use the care, skill, prudence, and diligences that a person with knowledge of these types of financial matters would exhibit under similar circumstances. To do this, the Board Members spend hours of their personal time not only preparing for each meeting, but also becoming familiar with the

fundamentals of portfolio management and the specifics of the different asset classes.

To that end, on May 28th, the Retirement Board held an all-day educational session. We heard detailed presentations from our general consultant, actuary and legal counsel on various topics including capital markets, valuation of the Plans assets and liabilities, and the application of our fiduciary responsibility. After each presentation, we were able to spend quality time with the presenter digging down into the specifics of their topics and how they directly relate to our Plan.

An added benefit of these discussions was to prepare us to embark on an Asset/Liability study this summer. Conducting the Asset/Liability study is one of the Retirement Board's most important tasks. In fact, we conducted these studies in 2002, 2007, and 2011. Each asset/liability review culminated in the Retirement Board defining its overall investment risk tolerance, and ultimately establishing a new long-term asset allocation framework for investment of the Plan's assets. Because of the 2011 study, the Plan adjusted its asset allocation structure by introducing exposure to covered calls, and slightly reducing exposure to domestic equity, international equity, and real return asset classes. The 2014 study is likely to result in more refinement of our target allocation.

I encourage you to follow the activities of the Retirement Board by going to our website, which is available through MyDWP or at retirement.ladwp.com. In addition, feel free to pass along your questions about Retirement Board proceedings by e-mail to retireboard@ladwp.com.

Election of Active Employee Members to the Retirement Board

The Water and Power Employees' Retirement Plan, in conjunction with the Office of the City Clerk – Election Division, held elections for the employee representatives of the Retirement Board in April 2015. Mr. Javier Romero (representative for the Water System), Mr. Barry Poole (representative for the Power System), and Ms. LaTanya Bogin (representative for the Joint System) were all re-elected. Board meetings are held twice a month and all overall policy matters concerning Retirement Plan operations are discussed and authorized.



Retirement Information at Your Fingertips

The Retirement Information System (RIS) was implemented in January 2015 by the Retirement Plan Office (RPO).

RIS provides Plan members individualized retirement information, such as service credit and total contribution balances. In addition, members can calculate an estimate of their retirement allowance. New features were added this July, which include an Additional Annuity calculator and the ability to have an Option D amount computed when using the retirement calculator. RIS is accessible on the retirement website at <http://retirement.ladwp.com> to all active Plan members with network access to the Department's intranet. We plan to have representatives of the RPO present at future Department events to answer questions and demonstrate RIS. At these events those without network access will also be provided an opportunity to use RIS.

Investments

The Retirement Board and Investment Staff continuously strive to stay well informed of the changes in the financial markets and global macroeconomics to achieve optimal results for the Plan's portfolio. As part of this effort, the Retirement Board and Investment staff will seek advice and expertise with respect to the investment and management of assets for the Plan. The Plan has three consultants, RV Kuhns & Associates (RVK), Pension Consulting Alliance (PCA), and Courtland Partners (Courtland).

RVK was hired by the Retirement Board on December 1, 2014, replacing PCA as general fund consultant. RVK will advise on portfolio structure including the development, implementation and revision of investment policies and guidelines plan wide. RVK will also analyze and advise on the capabilities of investment managers, including the analysis of an investment manager's personnel, investment philosophies and processes, internal risk controls, risk-adjusted performance and performance relative to benchmarks and peers. In conjunction with the Staff, the consultant will periodically review the performance of investment managers.

PCA, the plan's private equity consultant assists the Retirement Board in developing its private equity program through education and strategic analysis. The scope of work performed by PCA includes the review of the Board's private equity policies, guidelines, and private equity portfolio on an ongoing basis and make recommendations for modifications as required, prepare quarterly investment performance reports and analysis of the Plan's private equity portfolio and present this material to the Board as requested. In addition, provide an annual performance report to the Board analyzing the Plan's aggregate private equity investment portfolio asset mix, risk and return.

Courtland, the Plan's real estate consultant assists the Retirement Board in developing its real estate investment program through education and strategic analysis. The scope

of work performed by Courtland includes reviewing the Board's real estate investment policies, guidelines, and real estate investment portfolio on an ongoing basis and make recommendations for modifications as required, prepare quarterly investment performance reports and analysis of the Board's real estate portfolio and present this material to the Board as requested. In addition, review and make recommendations on real estate strategy and investments, while maintaining compliance with the Board's Real Estate investment policy, as requested by the Board.

The Plan's portfolio is invested in a variety of asset classes, including domestic and international equity, fixed income, real estate, private equity, and alternative investments. The Retirement Board is in the final stages of adding new fixed income strategies to the portfolio such as the global credit and bank loans to further diversity the portfolio. Adding new strategies to the portfolio takes time to implement, therefore, there are often differences between the actual and target allocation.

The Board's adopted long-term asset allocation targets and the portfolio's current allocation are as follows:

Asset Class	Target Percent	As of 6/30/15
Domestic Equity	33.0%	39.2%
International Equity	21.0%	21.4%
Fixed Income	24.0%	19.6%
Covered Calls	5.0%	7.0%
Real Estate	5.0%	3.9%
Private Equity	5.0%	2.5%
Real Return	6.0%	5.3%
Cash	1.0%	1.1%

The Retirement Board has adopted this diversified asset allocation structure to maximize investment returns while incurring a prudent level of risk in those returns. Careful attention is given not only to how the various classes perform during different market cycles, but also how they perform relative to each other. By having strategic classes that perform differently, the chance of significant losses is reduced.

As of June 30, 2015, the Retirement Plan had an aggregate market value of assets of \$11.7 billion. The Plan's portfolio has outperformed more than half the public sector plans of similar size by 0.98% for the one-year period ending June 30, 2015.

The next important review of the portfolio will be done this winter using returns from September 30, 2015.

Retirement Application Dates for 2015

The following is the retirement application dates and deadlines to apply for calendar year 2015:

Retirement Date	Last Day to Apply
October 1, 2015	September 1, 2015
November 1, 2015	October 2, 2015
December 1, 2015	October 30, 2015
January 1, 2016	December 2, 2015

If you are interested in applying for retirement, please contact the Retirement Office at (213) 978-1712.

Retirement Plan Manager Linda P. Le's First Message

October will mark the completion of my first nine months as the Retirement Plan Manager. It has been a truly exciting time filled with accomplishments and new challenges.

- Our Disability Section successfully implemented Electronic Direct Deposit.
- Our Membership Section signed up 312 new employees.
- Our Retirement Section sent 199 employees happily into retirement.
- Our Death Benefits Section processed 230 claims.

I am proud of the hard work, dedication, and customer service that staff has embraced in their daily interactions with our members and their loved ones.

I encourage you to reach out to our knowledgeable staff for any questions and concerns you have regarding your Plan benefits. Your co-workers may have some of the answers, but I am sure you will agree that it is much better to get the complete picture directly from our Plan experts. We can be reached at (213) 367-1692, or in Room 357 of the John Ferraro Building.

As I look forward to the following months, I want to make you all aware of some important changes to the Plan. Through the collective efforts of union representatives, board members, staff and management, several Plan amendments have been adopted, which may impact your benefits:

- The list of medical professionals, who can certify your medical certificates for temporary disability benefits, has been expanded to include midwives, nurse practitioners, physician assistants, and psychologists, effective June 24, 2015.
- The Regular Interest Rate has been changed to 7.5%, effective July 1, 2015.
- The mortality assumptions have been changed to the RP-2000 Combined Healthy Mortality Table, effective May 1, 2016.

If you are eligible to retire, or considering retirement within the next year, I strongly encourage you to visit our retirement website and use our retirement calculator at <https://wp03vmipsprodb.joint.ladwp.com:8443/WPERP/> to see how these amendments may affect you. (Intranet and network access are required.)

Be sure to stop by the Retirement Plan Office table at Department sponsored events or come by our office. I look forward to meeting each and every one of you, and encourage staff to continue to provide you with the highest level of customer service.

Farewell to Carl W. Taylor



On February 1, 2015, the Retirement Plan Office (RPO) staff sent one of its own, a dear friend and co-worker, Carl W. Taylor off to his retirement. Carl is a special person who will be missed by all for his professionalism, integrity and personal qualities. As receptionist, Carl touched many Plan members with his keen ability to listen and identify customer needs quickly. He was always willing to share his own knowledge or direct members to one of our Plan specialists.

On January 14, 2015, the Board of Administration (Retirement Board) and RPO staff presented Carl with a certificate and extended their appreciation for his conscientious and professional service to the Water and Power Employees' Retirement Plan. Carl served as a messenger clerk, receptionist and a recognized representative of the RPO for the last 15 of his 39.8-year career with the City of Los Angeles. In that capacity, he assisted thousands of active and retired members, the public and City officials with enthusiasm, a great sense of humor and a resolute dedication to care for Plan members and co-workers from 1999 to 2015.

The Retirement Board and Retirement Office staff will truly miss Carl and wish him all the best in retirement!



Contact Us

TELEPHONE

DWP Retirement Toll Free:
(800) 367-7164
(213) 367-1715
(Retirement Applications,
Beneficiary Changes, Report the
Death of Retiree/Eligible Spouse)

DWP Disability:
(213) 367-1680

DWP Health Plan and Medicare:
(800) 831-4778

DWP Credit Union:
(800) 300-9728

DWP Employee's Association:
(213) 367-3146

DWP INTAKE Magazine:
(213) 367-1361

LACEA (City Club):
(213) 620-0388

EAP (Horizon Health):
(888) 439-7327

I.D. Badges:
(213) 367-3303

INTERNET

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MAIL

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We welcome your suggestions and comments regarding this newsletter. Please email us at retire@ladwp.com.