

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



Cynthia M. Coffin
Vice-President



Barry Poole

Published 1/2013

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



**SUMMARY
ANNUAL
REPORT
JUNE 30, 2012**

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, 2012 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 challenging market environment was reflected in the investment returns of 0.43% for the Retirement Fund and 1.39% for the Retiree Health Benefits Fund. Market values were \$7.34 billion and \$1.23 billion for the Retirement Fund, and Retiree Health Benefits Fund, respectively.

The Retirement Board has adopted a relatively conservative investment discipline. Periodic asset liability and asset allocation studies are reviewed to make informed decisions regarding adjustments needed to the Plan's strategic investment plan.

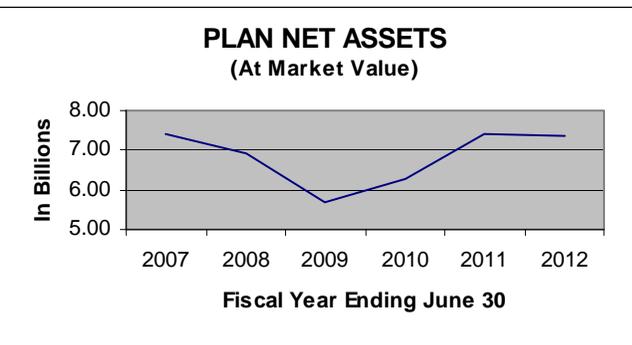
Pension plan assets are professionally managed and invested in well-diversified asset classes to manage risk while seeking to achieve long-term investment goals.

The Department's contribution to the Retirement Plan increased to 46.08% of payroll from the previous rate of 41.82% in accordance with the annual Actuarial Valuation, as of July 1, 2012.

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)
- Vacant
Retirement Supervisor
- Valerie Taylor-Ragler
Disability Supervisor
- Vacant
Membership Supervisor
- Julie Escudero
Utility Executive Secretary
- Veronica Mendez
Utility Administrator (Administration)
- Terri Lopez
Management Analyst
- Kendrick Mah
Management Analyst
- Christina Munoz
Management Analyst
- Mark Rubin
Management Analyst
- Conney Williams
Management Analyst

LEGAL COUNSEL - City Attorney's Office

Alan Manning
Marie McTeague

SERVICE PROVIDERS

As of June 30, 2012

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

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

SUMMARY ANNUAL REPORT
JUNE 30, 2012

STATEMENT OF CHANGES IN PLAN NET ASSETS

<u>Retirement Fund</u>	2012	2011
Net Assets- Beginning of Year	\$7,410,336,922	6,266,275,369
Members' Contribution	60,088,614	65,954,329
Department Contribution Towards Benefits (Net of Reversions)	321,688,919	286,699,384
Administration	4,308,437	4,569,027
Total Contributions	\$386,085,970	357,222,740
Total Investment Income (Loss) ¹	28,150,616	1,211,009,120
(Less Securities Lending Expenses)	(575,204)	(1,385,889)
(Less Investment Expenses)	(20,488,839)	(21,252,715)
Net Income & Appreciation	\$7,086,573	1,188,370,516
Other Income	633,611	868,154
Total Additions	\$393,806,154	1,546,461,410
Retirement Benefits Paid	410,814,067	396,124,862
Refund of Members' Contribution	5,526,896	2,381,657
Administrative Expenses	3,658,237	3,893,338
Total Deductions	\$419,999,200	402,399,857
Net Increase (Decrease)	(26,193,046)	1,144,061,553
Net Assets - End of Year	\$7,384,143,876	7,410,336,922

<u>Disability Fund</u>		
Members' Contribution	\$453,245	465,624
Department Contribution	13,583,517	12,195,591
Total Contributions	\$14,036,762	12,661,215
Benefits Paid		
Temporary Disability	12,106,184	11,291,929
Extended Disability	363,648	428,496
Permanent Total Disability	1,837,781	2,012,392
Supplemental Disability	1,697,355	1,065,120
Total Benefits Paid	\$16,004,968	14,797,937

<u>Death Benefit Fund</u>		
Members' Contribution	\$322,511	327,600
Department Contribution	8,044,718	8,003,050
Total Contributions	\$8,367,229	8,330,650
Benefits Paid		
Death Benefit	\$6,647,365	7,146,080
Family Allowances	587,470	688,064
Total Benefits Paid	\$7,234,835	7,834,144

<u>Retiree Health Benefits Fund</u>		
Department Contributions	\$102,325,851	140,746,036
Net Investment Income ²	13,341,023	172,299,444
Total Additions	\$115,666,874	313,045,480
Retiree Health Benefits Paid	\$64,220,586	65,132,520

ANNUAL ACTIVITY

<u>Active Membership</u>	2012	2011
Number of Contributing Members	9,096	9,032
Number of Contracts		
to Purchase Service Credit	1,290	1,260
Number of New Members	370	449
Number of Withdrawals of Funds	31	16
Average Age	48.9	48.4
Average Years of Service	18.2	17.7

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,181	1,102
Number of Temporary Disability Claims per 1000 Employees	129.8	122.0
Number Paid Worker's Compensation Supplement	283	210
Number on PTD	61	68

<u>Retirees</u>		
Number of Retirees	6,448	6,553
Number of Surviving Spouses & Beneficiaries	1,755	1,775
Number Who Retired During the Fiscal Year	284	278
Average Age	73.3	73.3

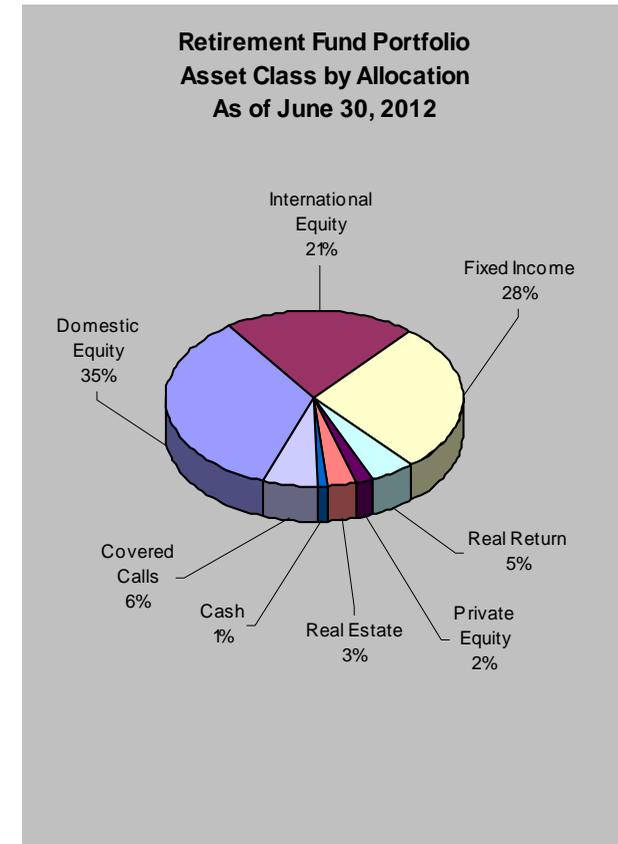
<u>Death Benefit Related</u>		
Number of Deaths		
Active members	24	22
Retirees	238	284
Number Receiving Monthly Survivorship	289	292
Number of Family Allowances	66	68
Number of Children on Family Death Benefit Roll	82	99

ACTUARIAL BALANCE SHEET

<u>Assets</u>	June 30, 2012	June 30, 2011
Total Actuarial Value of Assets	\$7,573,885,754	7,465,183,643
Present Value of Future Contributions by Members	521,560,577	520,419,413
Present Value of Future Department Contributions for		
a. Normal Cost	1,232,323,441	1,241,953,209
b. Unfunded Actuarial Accrued Liability	2,118,717,098	1,832,020,675
Total Current and Future Assets	\$11,446,486,870	11,059,576,940
<u>Liabilities</u>		
Present Value of Benefits Already Granted	\$4,808,390,309	4,634,291,818
Present Value of Benefits to be Granted	6,638,096,561	6,425,285,122
Total Liabilities	\$11,446,486,870	11,059,576,940

RETIREMENT FUND
PORTFOLIO PERFORMANCE
(Fiscal Year Ended June 30, 2012)

<u>Asset Class vs. Benchmarks</u>	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund</i>	0.43	10.43	1.84
<i>Policy Benchmark</i>	2.43	10.98	1.94
<i>Domestic Equity</i>	1.49	15.50	0.19
<i>Russell 3000</i>	3.84	16.73	0.39
<i>International Equity</i>	-16.46	5.53	-4.66
<i>MSCI ACWI ex-US IMI (Blend)</i>	-14.79	7.36	-4.46
<i>Fixed Income</i>	8.14	9.35	7.39
<i>BC Universal</i>	7.36	7.55	6.76
<i>Real Estate¹</i>	15.18	5.52	-0.67
<i>NCREIF¹</i>	13.41	5.96	2.89
<i>Real Return¹</i>	8.13	8.77	2.90
<i>Tbill + 3%¹</i>	3.04	3.10	3.87
<i>Private Equity¹</i>	11.27	14.41	6.25
<i>Private Equity Blend¹</i>	19.99	20.41	8.42
<i>Covered Calls</i>	N/A	N/A	N/A
<i>BXM</i>	N/A	N/A	N/A
<i>Cash</i>	0.49	0.53	1.34
<i>Citigroup T-Bills</i>	0.04	0.10	0.87



RETIREMENT FUND PORTFOLIO
ASSET ALLOCATION¹
(As of June 30, 2012)

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)²</u>	<u>Target Allocation (%)</u>
Domestic Equity	2,554	35	34
Fixed Income	2,038	28	25
International Equity	1,552	21	21
Real Return	369	5	6
Covered Calls	406	6	5
Real Estate	200	3	4
Private Equity	123	2	4
Cash	102	1	1
Total Retirement Fund	\$7,344	100	100

¹ Source: The Bank of New York Mellon Corporation
² Differences due to rounding

¹ Includes Fair Market Value Net Depreciation of \$166,352,568 for 2012 and Appreciation of \$1,077,966,088 for 2011.
² Includes Fair Market Value Net Depreciation of \$15,807,543 for 2012 and Appreciation of \$144,130,600 for 2011.

¹ Returns are lagged one quarter
² Inception date 6/1/2012