

DWP BOARD OF ADMINISTRATION Retirement Board

Ex-Officio/Appointed Members



Marcie L. Edwards
General Manager



Mel Levine
Commissioner



Mario C. Ignacio
Chief Accounting
Employee



Robert K. Rozanski
Appointed
Retired Member

Elected Members



Javier Romero
President



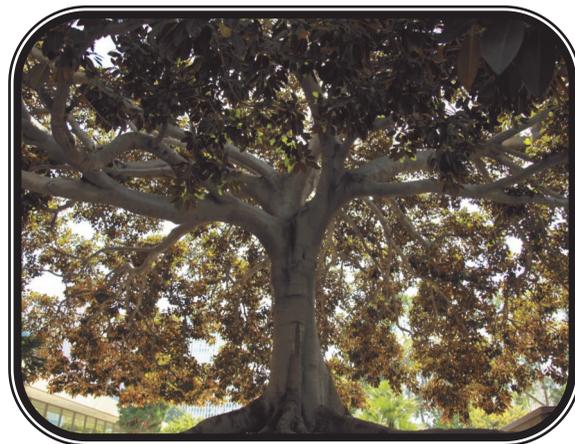
Barry Poole
Vice-President



LaTanya Bogin
Member

Published 04/2015

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



SUMMARY ANNUAL REPORT JUNE 30, 2014

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, 2014 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 were strong during fiscal year 2013-14. The investment returns were 17.32% for the Retirement Fund and 17.25% for the Retiree Health Benefits Fund. Market values were \$9.65 billion and \$1.61 billion for the Retirement Fund, and Retiree Health Benefits Fund, respectively.

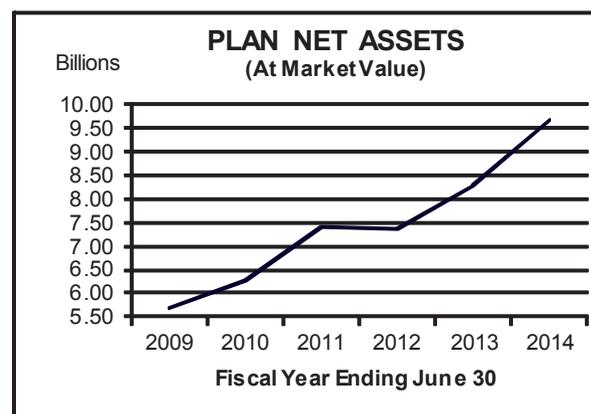
Pension plan assets are professionally managed and invested in well-diversified asset classes to manage risk while seeking to achieve long-term investment goals.

The Department's contribution to the Retirement Plan will increase to 50.62% of payroll from the previous rate of 47.30% in accordance with the annual Actuarial Valuation, as of July 1, 2014.

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

Mary C. Higgins
Retirement Plan Manager
(Interim)



RETIREMENT PLAN OFFICE STAFF

Mary C. Higgins
Retirement Plan Manager (Interim)
Monette Carranceja
Assistant Retirement Plan Manager

Jeremy Wolfson
Chief Investment Officer

Senior Investment Officers

Carlo Manjikian **Scott Vargas**

William Feng
Chief Accountant

Veronica Salumbides
Utility Administrator (Retirement/Death Benefits)

Bradley Moe
Utility Administrator (Disability/Membership)

Benefits Supervisors

Narina Davtyan **Loryn Lam** **Valerie Taylor-Ragler**

Veronica Mendez
Utility Administrator (Administration)

Mary Alvarez
Utility Executive Secretary

Management Analysts

Natasha Gameroz **Mark Rubin**
Kendrick Mah **Mellie Yip**
Christina Munoz

Management Assistant

Randyn Calvo

LEGAL COUNSEL - City Attorney's Office

Alan Manning
Marie McTeague

SERVICE PROVIDERS

As of June 30, 2014

ACTUARY
The Segal Consulting

PROXY SERVICE PROVIDER
Glass, Lewis & Co., LLC

AUDITOR
Simpson & Simpson, CPAs

INVESTMENT CONSULTANTS
Courtland Partners
Pension Consulting Alliance, Inc.

CUSTODIAN BANK
Bank of New York Mellon

COUNSEL
Nossaman, LLP

INVESTMENT MANAGERS

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

**STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION**

<u>Retirement Fund</u>	2014	2013
Net Position– Beginning of Year	\$8,304,011,429	7,384,143,876
Members' Contribution	72,299,526	69,633,449
Department Contribution Towards Benefits (Net of Reversions)	384,265,892	368,426,348
Administration Expenses	4,872,432	4,392,846
Total Contributions	\$461,437,850	442,452,643
Total Investment Income (Loss) ¹	1,433,270,573	940,768,548
(Less Securities Lending Expenses)	(560,646)	(282,446)
(Less Investment Expenses)	(28,006,541)	(23,496,492)
Net Investment Income	\$1,404,703,386	916,989,610
Other Income	982,812	2,689,537
Total Additions	\$1,867,124,048	1,362,131,790
Retirement Benefits Paid	457,558,214	432,708,113
Refund of Members' Contribution	6,038,726	5,819,253
Administrative Expenses	4,221,234	3,736,871
Total Deductions	\$467,818,174	442,264,237
Net Increase in Plan Net Position	1,399,305,874	919,867,553
Net Position - End of Year	\$9,703,317,303	8,304,011,429

<u>Disability Fund</u>		
Members' Contribution	\$441,670	446,689
Department Contribution	14,692,961	14,524,390
Total Contributions	\$15,134,631	14,971,079
Benefits Provided		
Temporary Disability	13,707,175	11,735,737
Extended Temporary Disability	463,946	394,778
Permanent Total Disability	1,883,397	1,853,493
Supplemental Disability	1,491,158	1,593,124
Total Benefits Paid	\$17,545,676	15,577,132

<u>Death Benefit Fund</u>		
Members' Contribution	\$317,687	318,849
Department Contribution	7,929,199	7,972,041
Total Contributions	\$8,246,886	8,290,890

<u>Benefits Paid</u>		
Death Benefit	\$7,141,427	6,643,747
Family Allowances	502,216	535,444
Total Benefits Paid	\$7,643,643	7,179,191

<u>Retiree Health Benefits Fund</u>		
Department Contributions	\$74,714,782	68,179,551
Net Investment Income ²	234,219,581	151,940,617
Total Additions	\$308,934,363	220,120,168
Retiree Health Benefits Paid (Insurance Premiums)	\$74,105,548	67,562,881

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

**SUMMARY ANNUAL REPORT
JUNE 30, 2014**

ANNUAL ACTIVITY

<u>Active Membership</u>	2014	2013
Number of Contributing Members	9,129	9,001
Number of Contracts to Purchase Service Credit	1,383	1,318
Number of New Members	808	583
Number of Withdrawals of Funds	26	58
Average Age	49.3	49.3
Average Years of Service	18.3	18.4

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,139	1,161
Number of Temporary Disability Claims per 1000 Employees	124.8	129.0
Number Paid Worker's Compensation Supplement	252	238
Number on PTD	60	63

<u>Retirees</u>		
Number of Retirees	6,670	6,540
Number of Surviving Spouses & Beneficiaries	1,706	1,743
Number Who Retired During the Fiscal Year	363	331
Average Age	73.2	73.3

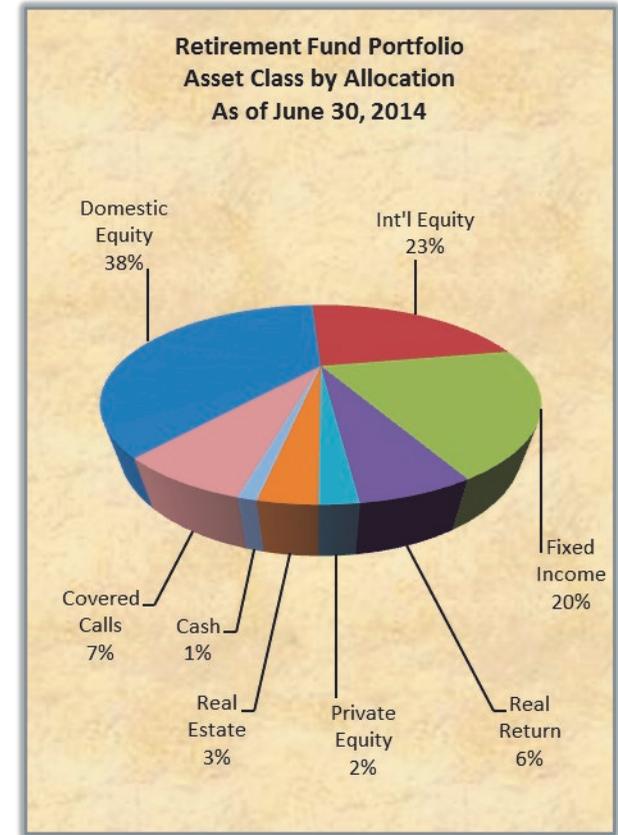
<u>Death Benefit Related</u>		
Number of Deaths		
Active members	24	22
Retirees	229	247
Number Receiving Monthly Survivorship	288	287
Number of Family Allowances	67	65
Number of Children on Family Death Benefit Roll	75	73

ACTUARIAL BALANCE SHEET

<u>Assets</u>	June 30, 2014	June 30, 2013
Total Actuarial Value of Assets	\$8,877,594,529	7,958,487,587
Present Value of Future Contributions by Members	552,188,620	525,926,011
Present Value of Future Department Contributions for a. Normal Cost	1,457,792,278	1,233,246,275
b. Unfunded Actuarial Accrued Liability	2,097,956,088	2,136,380,284
Total Current and Future Assets	\$12,985,531,515	11,854,040,157
<u>Liabilities</u>		
Present Value of Benefits Retirees & Beneficiaries	\$5,627,272,200	5,061,555,947
Present Value of Benefits Terminated Vested Members	202,818,491	178,376,190
Present Value of Benefits Active Members	7,155,440,824	6,614,108,020
Total Liabilities	\$12,985,531,515	11,854,040,157

**RETIREMENT FUND
PORTFOLIO PERFORMANCE
(Fiscal Year Ended June 30, 2014)**

<u>Asset Class vs. Benchmarks</u>	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund</i>	17.32	9.96	12.26
<i>Policy Benchmark</i>	17.08	10.24	12.32
<i>Domestic Equity</i>	26.89	16.58	19.19
<i>Russell 3000</i>	25.22	16.46	19.33
<i>International Equity</i>	20.56	5.92	10.82
<i>MSCI ACWI ex-US IMI (Blend)</i>	22.28	5.88	11.50
<i>Fixed Income</i>	5.53	5.04	6.98
<i>BC Universal</i>	5.20	4.22	5.58
<i>Real Estate</i>	15.64	15.90	7.87
<i>NCREIF + 50bps</i>	11.36	12.80	3.42
<i>Real Return</i>	2.64	3.29	5.57
<i>CPI + 3%</i>	5.07	3.73	3.49
<i>Private Equity</i>	19.16	14.29	16.83
<i>Private Equity Blend</i>	24.60	27.62	14.25
<i>Covered Calls</i>	13.85	N/A	N/A
<i>BXM</i>	14.12	N/A	N/A
<i>Cash</i>	0.40	0.41	0.46
<i>Citigroup T-Bills</i>	0.04	0.05	0.08



**RETIREMENT FUND PORTFOLIO
ASSET ALLOCATION¹
(As of June 30, 2014)**

<u>Asset Class</u>	<u>Market Value (\$ Million)</u>	<u>Current Allocation (%)</u>	<u>Target Allocation (%)</u>
Domestic Equity	3,657	38	33
Fixed Income	1,974	20	24
International Equity	2,198	23	21
Real Return	534	6	6
Covered Calls	688	7	5
Real Estate	326	3	5
Private Equity	185	2	5
Cash	86	1	1
Total Retirement Fund	\$9,648	100	100

¹ Source: The Bank of New York Mellon Corporation

¹ Includes Fair Market Value Net Appreciation of \$1,240,972,860 for 2014 and Appreciation of \$748,924,297 for 2013.
² Includes Fair Market Value Net Appreciation of \$208,396,566 for 2014 and Appreciation of \$123,583,536 for 2013.