

DWP BOARD OF ADMINISTRATION Retirement Board

Ex-Officio/Appointed Members



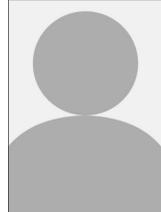
Martin L. Adams
General Manager &
Chief Engineer



Cynthia McClain-Hill
Commissioner



Mario C. Ignacio
Chief Accounting
Employee



Vacant
Appointed
Retired Member

Elected Members



LaTanya Bogin
President



Barry Poole
Vice-President



Adolfo Felix
Member

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



SUMMARY ANNUAL REPORT JUNE 30, 2020

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, 2020 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 total fiduciary net position for the Retirement Fund increased to \$13.4 billion from \$13.0 billion. The addition of \$366.6 million to the Retirement Fund's fiduciary net position is due mainly to investment income. The funded ratio of the Retirement Fund (fiduciary net position as a percentage of total pension liability) decreased to 92.32% from 94.03%.

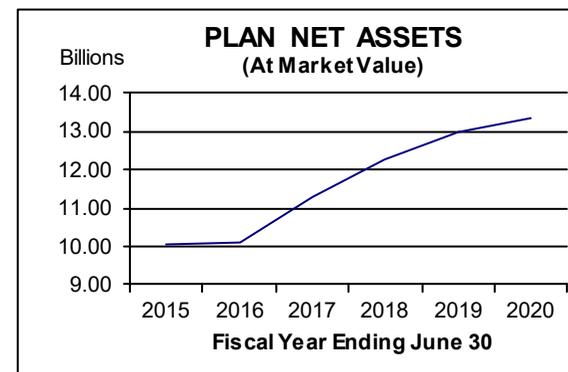
The Department's net pension liability under the Retirement Fund increased to \$1.1 billion from \$824.9 million. The Department's contribution to the Retirement Plan for Fiscal Year 2020-2021 will decrease to 33.55% of payroll from the previous rate of 37.97% in accordance with the annual Actuarial Valuation as of July 1, 2020 prepared by Segal Consulting, also posted on the Retirement Plan Office website at retirement.ladwp.com.

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 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.

LaTanya Bogin
President
Retirement Board

Linda P. Le
Interim Retirement
Plan Manager



RETIREMENT PLAN OFFICE STAFF

Linda P. Le
Interim Retirement Plan Manager

Monette Carranceja
Assistant Retirement Plan Manager

William Feng
Interim Assistant Retirement Plan Manager

Jeremy Wolfson
Chief Investment Officer

William Feng
Chief Accountant

LEGAL COUNSEL City Attorney's Office

Joshua M. Geller

SERVICE PROVIDERS As of June 30, 2020

ACTUARY The Segal Company	PROXY SERVICE PROVIDER Glass, Lewis & Co., LLC
AUDITOR Simpson & Simpson, CPAs	TRANSACTION COST ANALYSIS PROVIDER Zeno AN Solutions
CUSTODIAN BANK Northern Trust	COMMISSION RECAPTURE Russell Investments Implementations Services, LLC
INVESTMENT CONSULTANTS StepStone Group Real Estate, L.P. StepStone Group, L.P. RVK, Inc.	PORTFOLIO TRANSITION PROVIDERS Blackrock Institutional Trust Company, N.A. Citigroup Global Markets, Inc. Northern Trust Investments, Inc. Russell Implementation Services, Inc.
COUNSEL Ice Miller, LLP Nossaman, LLP	

INVESTMENT MANAGERS

Adams Street Partners	Jamestown
Almanac Realty Investors, LLC	Jennison Associates, LLC
Angelo Gordon & Co.	Landmark Partners, Inc.
Apollo Global Management, LLC	LaSalle Investment Management
Ares Management, LLC	Lexington Partners, Inc.
Audax Group	Lone Star Funds
BlackRock	Los Angeles Capital Management & Equity Research, Inc.
The Blackstone Group	Macquarie Investment Management
Bristol Group, Inc.	Mesa West Capital
Brookfield Asset Management Inc.	MFS Institutional Advisors, Inc.
Capital Dynamics	Molpus Woodlands Group
Clayton, Dubilier & Rice, Inc.	Neuberger Berman
Crestview Partners	Oaktree Capital Management, LLC
Dimensional Fund Advisors	Pacific Asset Management
DRA Advisors, LLC	PGIM Real Estate
Earnest Partners, LLC	Platinum Equity Advisors, LLC
Emerald Advisors, Inc.	Prologis, Inc.
EnCap Investments	Providence Strategic Growth Capital Partners, LLC
FIAM, LLC	Searchlight Capital Partners, LLC
Fisher Lynch Capital	Silver Lake Partners
FPA Multifamily, LLC	Torchlight Investors, LLC
Genstar Capital Partners	T. Rowe Price Associates
Hancock Timber Resource Group	USAA Real Estate Company
Harrison Street	Vista Equity Partners
Harvest Partners	Wellington Management Company
Heitman	Wells Capital Management
Industry Ventures, LLC	Westbrook Partners
Invesco Real Estate	Western Asset Management Company
Invesco National Trust Company	
J.P. Morgan	

**STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION**

Retirement Fund	2020	2019
Net Position- Beginning of Year	\$12,987,087,001	12,277,085,263
Members' Contribution	120,299,327	104,741,925
Department Contribution Towards		
Benefits (Net of Reversions)	422,017,394	410,165,124
Administration Expenses	5,637,874	6,015,073
Total Contributions	\$547,954,595	520,922,122
Total Investment Income ¹	519,656,002	855,087,318
(Less Securities Lending Expenses)	(6,277,219)	(14,610,056)
(Less Investment Expenses)	(55,280,179)	(49,249,999)
Net Investment Income	\$458,098,604	791,227,263
Other Income	925,495	604,850
Total Additions	\$1,006,978,694	1,312,754,235
Retirement Benefits Paid	628,852,137	591,461,776
Refund of Members' Contribution	6,800,458	6,101,790
Administrative Expenses	4,705,004	5,188,931
Total Deductions	\$640,357,599	602,752,497
Net Increase in Plan Net Position	366,621,095	710,001,738
Net Position - End of Year	\$13,353,708,096	12,987,087,001

<u>Disability Fund</u>		
Members' Contribution	\$540,574	504,399
Department Contribution	17,451,555	16,503,635
Total Contributions	\$17,992,129	17,008,034

<u>Benefits Provided</u>		
Temporary Disability	14,631,271	13,353,351
Extended Temporary Disability	356,057	320,631
Permanent Total Disability	1,990,431	1,901,678
Supplemental Disability	1,510,621	1,304,880
Total Benefits Paid	\$18,488,380	16,880,540

<u>Death Benefit Fund</u>		
Members' Contribution	\$384,893	358,073
Department Contribution	14,908,884	8,777,581
Total Contributions	\$15,293,777	9,135,654

<u>Benefits Paid</u>		
Death Benefit	\$7,368,268	7,685,403
Family Allowances	554,424	546,650
Total Benefits Paid	\$7,922,692	8,232,053

<u>Retiree Health Benefits Fund</u>		
Department Contributions	\$110,444,724	102,631,460
Net Investment/Other Income ²	83,021,344	134,706,591
Total Additions	\$193,466,068	237,338,051
Retiree Health Benefits Paid (Insurance Premiums)	\$109,401,181	101,594,970

¹ Includes Fair Market Value Net Appreciation of \$270,192,182 for 2020 and \$583,142,901 for 2019.
² Includes Fair Market Value Net Appreciation of \$51,494,194 for 2020 and \$100,632,276 for 2019.

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

**SUMMARY ANNUAL REPORT
JUNE 30, 2020**

ANNUAL ACTIVITY

<u>Active Membership</u>	2020	2019
Number of Contributing Members	10,778	10,362
Tier 1	6,394	6,801
Tier 2	4,384	3,561
Number of New Members	928	776
Average Age	46.7	47.2
Average Years of Service	13.9	14.6

<u>Disability Related</u>		
Number of Temporary Disability Claims	1,040	1,122
Number Paid Worker's Compensation Supplement	185	227
Number on PTD	54	55

<u>Retirees</u>		
Number of Retirees	7,472	7,355
Tier 1	7,464	7,352
Tier 2	8	3
Number of Beneficiaries	1,971	1,960
Tier 1	1,970	1,960
Tier 2	1	0
Number Who Retired During the Fiscal Year	399	398
Average Monthly Benefit	\$6,303	\$6,008
Average Age	72.9	72.9

<u>Death Benefit Related</u>		
Number of Deaths		
Active members	12	28
Retirees	309	242
Number Receiving Monthly Survivorship	271	276
Number of Family Allowances	57	62
Number of Children on Family Death Benefit Roll	73	78

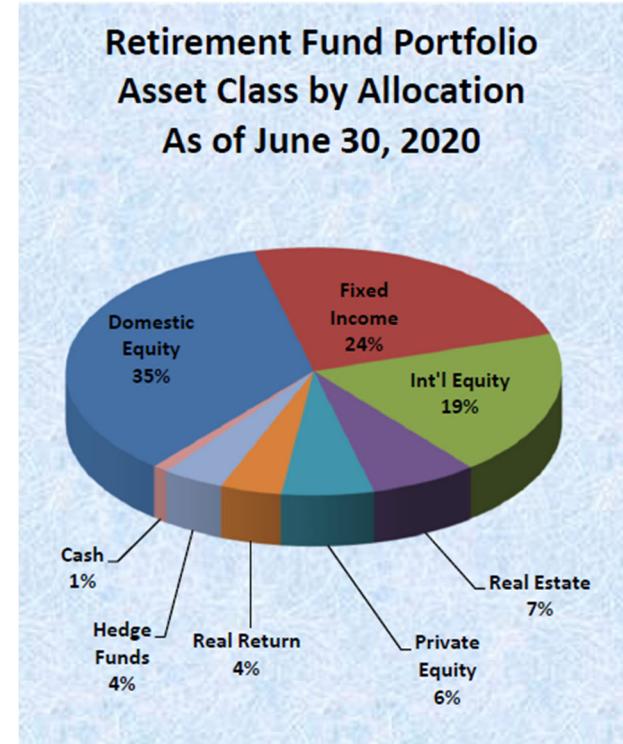
ACTUARIAL BALANCE SHEET

<u>Assets</u>	June 30, 2020	June 30, 2019
Total Actuarial Value of Assets	\$13,586,120,581	12,739,144,966
Present Value of Future Contributions by Members	1,128,462,495	996,034,620
Present Value of Future Department Contributions for		
a. Normal Cost	1,882,580,284	1,815,886,419
b. Unfunded Actuarial Accrued Liability	879,228,957	1,072,811,517
Total Current and Future Assets	\$17,476,392,317	16,623,877,522
<u>Liabilities</u>		
Present Value of Benefits Retirees & Beneficiaries	\$8,288,817,569	7,738,487,474
Present Value of Benefits Terminated Vested Members	239,490,619	224,906,012
Present Value of Benefits Active Members	8,948,084,129	8,660,484,036
Total Liabilities	\$17,476,392,317	16,623,877,522

**RETIREMENT FUND
PORTFOLIO PERFORMANCE**
(Fiscal Year Ended June 30, 2020)

Asset Class vs. Benchmarks	1YR (%)	3YR (%)	5YR (%)
<i>Total Retirement Fund</i>	3.71	6.48	6.64
Policy Benchmark	3.61	6.31	6.49
<i>Domestic Equity</i>	7.52	10.96	10.79
Russell 3000	6.53	10.04	10.03
<i>International Equity</i>	(0.44)	3.23	4.45
MSCI ACWI ex-US IMI ND Index	(4.74)	0.96	2.30
<i>Fixed Income</i>	4.92	4.37	4.19
Fixed Income Blend	4.96	4.26	4.15
<i>*Real Estate</i>	4.19	7.49	8.49
NCREIF + 50bps	5.80	6.93	8.17
<i>Real Return</i>	3.60	3.36	2.98
CPI + 3%	5.43	5.02	5.01
<i>*Private Equity</i>	(2.65)	7.31	7.56
Russell 3000 + 3%	(6.37)	7.12	8.93
<i>Hedge Funds (One Month Lag)</i>	(6.59)	(0.74)	(0.86)
T-Bills + 3%	4.89	4.84	4.22
<i>Cash</i>	1.61	2.15	1.74
ML 3 Month T-Bills	1.63	1.77	1.19

*Returns as of 12/31/2019



**RETIREMENT FUND PORTFOLIO
ASSET ALLOCATION¹**
(As of June 30, 2020)

Asset Class	Market Value (\$ Million)	Current Allocation (%)	Target Allocation (%)
Domestic Equity	4,571	35	33
Fixed Income	3,178	24	26
International Equity	2,461	19	19
Real Estate	998	7	6
Private Equity	741	6	5
Real Return	583	4	5
Hedge Funds	572	4	5
Cash	150	1	1
Total Retirement Fund	\$13,254	100	100

¹ Source: The Northern Trust Company