

- Report on 401(k) and 457 Plans

## Summary

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This report summarizes the activities related to the 401(k) and 457 plans for the period April 1, 2006 through December 31, 2006.

## Attachments

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None.

## Detailed Report

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Metropolitan employees may participate in both 457 and 401(k) deferred compensation plans. Metropolitan has offered the 457 plan since February 1977 and the 401(k) plan since May 1985. The board has requested semi-annual reports on the plans, including activities and status of the plan.

Pursuant to the Administrative Code, the General Manager is responsible for administering the plans. The General Manager has delegated the Benefits and Employee Services Manager as the Plan Administrator. The Treasurer serves as Trustee for the plans. In addition, a Deferred Compensation Advisory Committee provides oversight of the plans and advises the General Manager on plan activities.

### Deferred Compensation Advisory Committee

The Deferred Compensation Advisory Committee is responsible for meeting on a quarterly basis to discuss administrative issues concerning the plans, including plan regulations, recommendations and amendments to plan documents. The Committee is chaired by the Chief Financial Officer and includes:

- AFSCME Local 1902 representative
- Management and Professional Employees' Association representative
- Supervisors' Association representative
- Association of Confidential Employees representative
- General Counsel representative
- Plan Trustee (Treasurer)
- Plan Administrator (Benefits and Employee Services Manager)

The Deferred Compensation Advisory Committee met three times since April 1, 2006. The following summarizes major actions of the Deferred Compensation Advisory Committee:

- a. Recommended adding BGI Mid Cap Index Fund F as an investment option.
- b. Discussed revenue sharing strategies and fee reductions to plan participants.
- c. Continued the evaluation of replacing current portfolio advisory service and inclusion of managed accounts.
- d. Monitored investment performance, as well as plan fees to ensure appropriateness.
- e. Hosted Great-West's fiduciary seminar for Committee Members and discussed implications of the Pension Protection Act of 2006 to MWD's 401(k) and 457 Plans with possible plan enhancements.
- f. Provided input and monitored Great-West's and CalPERS' education programs.

## Board Report (Report on 401(k) and 457 Plans)

### Plan Amendment

On October 10, 2006 a Board Letter was submitted and the Board approved amending the 457 Plan Document to allow participants to defer compensation for accrued sick leave, annual leave and other income received within 2 ½ months after retirement into their 457 plan accounts, as now permitted under federal tax rules.

### Asset/Activity Summary

The following summarizes investment and transfer activities in the plans.

As of December 31, 2006	401(k) Plan	457 Plan
Current Number of Participants (includes retiree accounts)	1954	1334
Active Employees Eligible to Participate	1857	1946
Active Employees Contributing	1611	846
Percentage of Contributing Participants	87%	44%
New Enrollments since April 1, 2006	71	80 (includes mandatory Social Security alternative enrollees)
Plan Assets as of December 31, 2006	\$155,180,528	\$53,517,579
Employee Contributions from April 1, 2006 to December 31, 2006	\$10,674,653	\$4,895,604
Employer Matching Contributions from April 1, 2006 to December 31, 2006	\$5,250,414	N/A
Number of loans processed	118	41
Employee payroll loan payments from April 1, 2006 to December 31, 2006	\$1,224,928	\$186,953
Total disbursements from April 1, 2006 to December 31, 2006	\$7,979,237	\$2,947,929
Service Credit Transfers from Plan Disbursed amounts	53 \$3,310,864	10 \$391,429