

April 13, 2011 CSCE Board Meeting Minutes - Page 2 of 2

- 4.2 Newsletter – There will be an April newsletter, which can include a list of ACE Award nominees. A new ad pricing structure will be developed for discussion at this summer’s CSCE Board’s Planning Meeting.

5. Treasurer – Bob Gomez

- 5.1 Scholarship Fund Committee – Jim Sime provided the Board with an update on CSCE’s Scholarship Fund (see attached). Previously, the CSCE Board approved reducing CSCE’s weighting in the GNMA bond fund to no more than \$10,000. Although GNMA funds are secure against losses from default, they are subject to interest-rate risk. Therefore, reducing CSCE’s exposure to \$10,000 in GNMA will protect the fixed income allocation.

Additions to a ladder of FDIC-insured Certificates of Deposits (CDs) are planned to keep fixed income funds intact during the anticipated period when interest rates will be increasing back to historically normal levels. In the future, once somewhat stable higher mortgage interest rates are reached, it is anticipated that as investments in CDs mature, the funds can be reinvested back into the GNMA fund (and possibly other bond funds as well), which should be at lower price levels associated with higher (normal) market interest rates.

6. Secretary/Administrative Assistant – Greg Holness/Amy Petrone

- 6.1 Administrative - Review/Discuss/Accept Meeting Minutes from previous meeting – Jason Waterbury made a motion to accept the minutes from the March 8, 2011 Board meeting. Bob Gomez seconded the motion and it passed unanimously.

7. Past/Upcoming Meetings/Conferences

- 7.1 Transportation Construction Coalition (TCC) Fly-In in Washington, DC on May 23-25, 2011– It would be good if at least two CSCE members (one member with less experience with CSCE and one member with more experience with CSCE) could attend this event.
- 7.2 ASCE’s Legislative Fly-In – March 29-31, 2011 in Washington, DC – Rob Barakat attended this event on behalf of CSCE. Every state was represented at this event.
- 7.3 Reinforced Walls and Slopes Workshop – May 6, 2011 at the University of New Haven – Together with Deep Foundations Institute (DFI), the Geotechnical Technical Group is coordinating this upcoming workshop. The speaker will be Barry Christopher, P.E., Ph.D.

8. **Adjournment** – The meeting adjourned at 5:45 p.m.

**Connecticut Society of Civil Engineers Section
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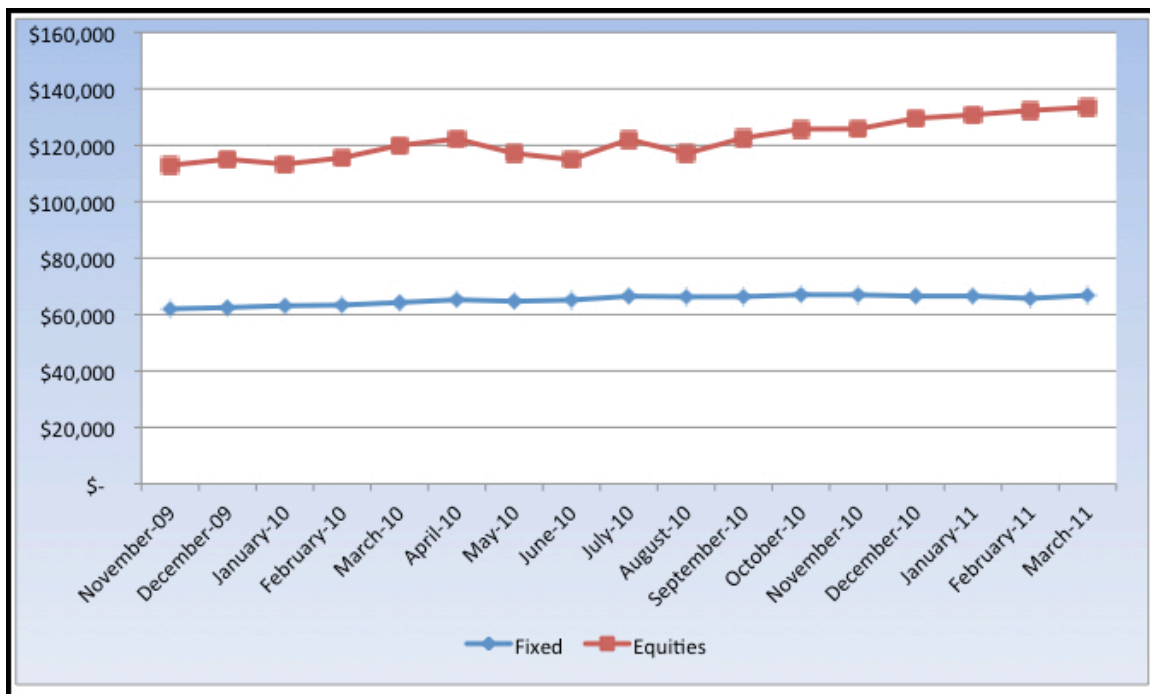
SITUATION: S&P 500 was 1,312 today, nearly unchanged from one month ago. In the April 5, 2011 issue of Marketimer, Bob Brinker describes the type of stock market we have been in since March 2000. He characterizes the market as a secular bear market. In this type of stock market environment, we see large declines followed by large increases. Presently, we are in the upward “bull market” period of the second down-up cycle since March 2000. The down and up cycles are shown in the table below.

Table 1 Megatrend Cycles in Stock Market

Megatrend Cycles	Time Periods	S&P 500 Index	\$100
Down	3/2000-10/2002	Down 49%	\$51
Up	10/2002-10/2007	Up 101%	\$103
Down	10/2007-3/2009	Down 57%	\$44
Up	3/2009-2/18/2011	Up 98.6%	\$88

Why do we bother to pay attention to megatrend cycles? If we “buy and hold”, we follow the down and up share-price movements and the value of our equity investments tend to match what happens to the \$100 in the table above. In this example, over the eleven-year period the value of the equity investment went from \$100 to \$88, for an overall loss of 12%. If we can identify top and bottom time periods of the market, it is possible to “sell high and buy low.” In our case, we are using the market timing models of Bob Brinker. His record is that he identified the first down cycle, and both up cycles. That has been good enough to grow the scholarship fund.

Table 2 CSCE Scholarship Fund performance since 2009



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Table 3 Scholarship asset allocation amounts for graph

	Fixed	Equities	End-of-Mo. Total
November-09	\$ 62,007	\$ 50,914	\$ 112,921
December-09	\$ 62,466	\$ 52,610	\$ 115,076
January-10	\$ 63,106	\$ 50,218	\$ 113,324
February-10	\$ 63,351	\$ 52,170	\$ 115,521
March-10	\$ 64,274	\$ 55,731	\$ 120,005
April-10	\$ 65,225	\$ 57,040	\$ 122,265
May-10	\$ 64,707	\$ 52,430	\$ 117,137
June-10	\$ 65,134	\$ 49,773	\$ 114,907
July-10	\$ 66,483	\$ 55,580	\$ 122,063
August-10	\$ 66,280	\$ 50,791	\$ 117,071
September-10	\$ 66,336	\$ 56,264	\$ 122,600
October-10	\$ 67,007	\$ 58,716	\$ 125,723
November-10	\$ 66,963	\$ 58,880	\$ 125,843
December-10	\$ 66,559	\$ 62,970	\$ 129,530
January-11	\$ 66,544	\$ 64,252	\$ 130,796
February-11	\$ 65,714	\$ 66,608	\$ 132,322
March-11	\$ 66,814	\$ 66,636	\$ 133,450

Brinker's analysis has maintained its forecast of GDP growth of 2.5% to 3.5% in 2011, sufficient to lower unemployment somewhat and generate S&P 500 operating earnings of about \$93.50. At price/earnings ratios of 15 to 15.5, Brinker forecasts the market will go to the 1400 to 1450 range by the end of 2011.

FIXED INCOME: Previously, the Board approved reducing our weighting in the GNMA bond fund to no more than \$10,000. Although GNMA funds are secure against losses from default, they are subject to interest-rate risk. Therefore, reducing our exposure to \$10,000 in GNMA will protect the fixed income allocation.

Additions to a ladder of FDIC-insured Certificates of Deposits (CDs) are planned to keep fixed-income funds intact during the anticipated period when interest rates will be increasing back to historically normal levels. In the future, once we reach somewhat stable higher mortgage-interest rates, it is anticipated that as investments in CDs mature, the funds can be reinvested back into the GNMA fund (and possibly other bond funds as well), which should be at lower price levels associated with higher (normal) market interest rates.