
CSCE Members in Attendance:  
*Note: CSCE Board Members
Chris Beaulieu*  Hudson Jackson*  Sara Ramsbottom*  
Gary Fuerstenberg*  Omkar Jambotkar*  Kassim Tarhini*  
Ron Hill  Tom Loto  Randy States

Administrative Assistant:  
Amy Petrone

1. **President** – Gary Fuerstenberg opened the meeting at 9:25 a.m. and led a discussion on the following topics:

1.1 ACE Awards - The 2015 ACE Awards went well. For the 2016 ACE Awards, CSCE will explore the following possibilities:

- CSCE should check the calendar of CT AWWA before choosing a date for the 2016 ACE Awards since its Annual Joint CT AWWA conference is in May.
- The CSCE President could recognize Board members and other people who helped at the event.
- Life Members could be contacted for information about their employment experience, which could be compiled into a book.
- The deadline for applications could be set as March 1st, which is the same as the deadline for the student awards. This could be promoted earlier in e-blasts.
- The application could be updated to request flash drives of the applications instead of cds or dvds.
- Amy Petrone will contact the Boston section and the Rhode Island sections of ASCE for their input on a date for the 2016 event.

1.2 Nearby Sections/Branches – CSCE is interested in setting up a joint meeting with the Rhode Island section of ASCE.

1.3 Related Organizations – CSCE could coordinate an event with ACEC during Engineers Week.

1.4 Dinner Meetings:

- To decrease costs, CSCE could hold meetings at local community colleges that have culinary programs.
- To increase attendance, CSCE could offer PDHs at dinner meetings and use Facebook to promote meetings.
- The costs of dinner meetings are not covered by the payments for the dinner meetings. This occurs for many reasons, including the rising costs charged by the meeting venues and the reduced rates that full-time students and unemployed CSCE members pay to attend the meetings. Following a discussion about ways to cover the costs associated with the dinner meetings, Sara Ramsbottom made a motion to increase the rates charged for dinner meetings as follows:

  - $40 for CSCE Members
  - $45 for ASCE Members who are not CSCE Members
  - $50 for Non-Members
  - $10 for Full-Time Students

Kassim Tarhini seconded the motion and it passed unanimously.

In addition, the RSVP deadline for each meeting will be set for a week before the meeting and a $10 fee will be incurred for registrations received after that deadline.

1.5 Critical Infrastructure Workshop – Amy Petrone offered to contact ASCE to see if CSCE can host this workshop sometime in 2015-2016. Kassim Tarhini offered to help with this effort and suggested that the workshop may be able to be held at the U.S. Coast Guard Academy.
1.6 CCIA Fly-In – CSCE should attend this trip that is coordinated by the local engineering organizations to meet with local legislators in Washington, DC, in 2016.

1.7 CSCE’s Report Card on Connecticut’s Infrastructure – Kassim Tarhini, Hudson Jackson, Sara Ramsbottom, Rob Barakat and Omkar Jambotkar would like to work together to generate this type of report card. Omkar Jambotkar will chair this committee. The Report Card could be coordinated with the Critical Infrastructure Workshop.

1.8 Annual ASCE Conference attendance – October 11-14, 2015 – New York, NY – Kassim Tarhini made a motion to send 1-2 CSCE representatives to this conference. Hudson Jackson seconded the motion and it passed unanimously.

1.9 Multi-Region Leadership Conference (MRLC) – February 12-13, 2016 - Pittsburgh, PA – CSCE needs to determine who will attend this conference.

1.10 State Public Affairs Grant (SPAG) Program – If CSCE applies for this type of grant, it should try to fund the Report Card effort.

1.11 Annual Report – CSCE should complete an annual report by September 1, 2015.

1.12 Operations Manual – Sara Ramsbottom will follow-up on the updating of the manual.

1.13 Programs Committee - Dinner Meetings – The following schools, committees, and dates were scheduled for the 2015-2016 program year:

- September 9th – Wednesday - UNH – Government Engineers Topic – Amy Petrone will ask Rabih Barakat to determine if the DOT Commissioner or a designee from his office can give the presentation at this meeting. The American Water Works Association, CT Section (AWWA) will hold its Water for People golf tournament on September 15, 2015. CSCE should try not to schedule the meeting during that day to avoid a conflict.
- October 6th or 7th – Tuesday or Wednesday – UConn – Structures Topic – Amy Petrone will check with UConn to see if either of these dates work.
- November 10th – Tuesday – UHA – Water Resources Topic
- January 20th or last Tuesday or Wednesday in January – Construction Topic – The New England Water Environment Association (NEWEA) conference is scheduled to be in Boston on January 24-27, 2016. CSCE should try not to schedule the meeting during those days to avoid a conflict.
- Last week in February 2016 – Joint Meeting during Engineers Week – This event is not organized by CSCE. Chris Beaulieu will try to coordinate an event on behalf of CSCE during this week.
- March 2016 – TBD - Fairfield County – Ron Hill will coordinate this dinner meeting.
- April 5th, 6th or 12th - USCGA – Geotechnical Topic
- May 2016 - ACE Awards at the Aqua Turf Club in Plantsville – Amy Petrone will contact the Aqua Turf to request Wagon Wheel Room for the event. CSCE will invite the ASCE President-Elect, the Region 1 Director and the Region 1 Governor to the ACE Awards.
Amy Petrone will mail a postcard of the 2015-2016 CSCE meeting schedule to CSCE members in August.

1.14 History & Heritage Committee – Randy States will work on an ASCE Landmark Status application this year. He would also like to scan past proceedings from CSCE and post them on the CSCE website.

1.15 Fairfield County Branch – Ron Hill will coordinate the monthly meeting in March and can plan a summer social as well.

2. President-Elect – Hudson Jackson
2.1 Public Relations Committee – SPAG application – Hudson Jackson will look into the details of the application.
2.2 Structures Technical Group (Omkar Jambotkar)
2.2.1 2015 Continuing Education – A tentative date for the 2015 workshop is November 17, 2015.
2.2.2 SEI Local Chapter – Hudson Jackson and Omkar Jambotkar will look into upgrading from a Technical Group to an Institute.
2.3 Water Resources Committee (Tom Loto) – This committee is in need of members.

3. Vice-President – Chris Beaulieu
3.1 Student Chapters – Amy Petrone will send contact information for CSCE’s faculty advisors to Chris Beaulieu. It was suggested that a student chapter could invite DOT Commissioner Redeker to one of its events.

4. Secretary – David Semnoski
4.1 Administrative - Business cards – Amy Petrone will order CSCE business cards for Ron Hill.

5. Treasurer – David Chapman
5.1 Scholarship Committee: Jim Sime provided a report on CSCE’s Scholarship Fund (see next page). Kassim Tarhini made a motion to implement the motions from the report at a time determined by Jim Sime. Hudson Jackson seconded the motion and it passed unanimously.

6. Director-II – Sara Ramsbottom
6.1 Website Committee – Amy Petrone will post press releases to the website.

The meeting adjourned at 1:00 p.m.
Connecticut Society of Civil Engineers Section of the American Society of Civil Engineers Scholarship Committee Report for June 2015

CURRENT SITUATION: For more than ten (10) months, we have remained at a market top, where the S&P 500 has been fluctuating and trending slightly upward, with a couple of very small and brief mini corrections that have provided favorable entry points for new investible funds. We know from reading Marketimer for over twenty years that Brinker developed a stock market timing model with a short-term predictive capability.

As Brinker has explained many times, market corrections of up to 10% can happen at any time (unpredictable), and because the reasons for market corrections don’t tend to be driven by fundamental underpinnings of market valuation, the corrections work themselves out over time and the stock market returns to its previous price levels and continues upward as rational investors respond to improving fundamental underpinnings of market valuation, such as corporate profitability, inflation, consumer spending, government and monetary policy, etc.

MARKET OUTLOOK:
In his March and May 2015 newsletters, Bob Brinker reduced his estimate for S&P 500 operating earnings for 2015 from $131 to $128 and then to $122, reflecting his slightly reduced expectation of low, steady economic growth (GDP) of 2.0% to 3.0% with a midpoint estimate of 2.5%, which is about two tenths of a percent lower than his estimate when the February 2015 CSCE Scholarship Fund Committee Report-to-the-Board was written.

Brinker continues to see no risk of recession. He increased slightly his estimate of the Price/Earnings ratio range by half a point to 16.5 to 17.0; therefore, his projection for the market (S&P 500) in 2015 is about where the market is presently priced; with the S&P 500 projected to be in the range of 2013 to 2074 by the end of the year, or about where it is presently valued.

There have been considerable stock market gains since market lows of March 2009. Since January 1, 2013, our Scholarship portfolio has risen 26.5% in value from $143,655 to $181,672. Brinker continues to urge investors to remain fully invested. He sees little possibility of deterioration in stock market indicators that would lead to a change in his market outlook, but in his June newsletter he wrote about the possibility of a 2015 summer market correction of 10-15%, and advocated that investors purchase additional equities, should a market-correction opportunity present itself.

By the fall of 2015, Brinker anticipates that the Federal Funds Rate will see economic data that will justify action to increase the rate by a small fraction of one percent. Over time, Brinker anticipates the Federal Reserve will cautiously and gradually return interest rates to historic norms, but each future small incremental rate increase will put downward pressure on both the stock and bond markets.
Figure 1 Present Asset Allocation

**ASSET ALLOCATION:** The present allocation within this portfolio is 68% to equities and 32% to fixed income investments.

**EQUITIES:** In the equity component of the portfolio (68%), the Board-approved investment strategy is based on a Swensen-style (Yale) diversified portfolio of ultra-low-cost, no-transaction-fee Exchange Traded Funds (ETFs) that track major indices in U.S. domestic markets (33%), developed country markets (15%), emerging markets (5%), and real estate (15%). Portfolio rebalancing continues throughout the year (April to April), which at a minimum is done prior to periodic (usually monthly) reports to the Board.

**NECESSITY OF THREE DOMESTIC INDEX ETFs:** As discussed in the February report to the Board, our portfolio has three U.S. Domestic Equity Index ETFs (SCHB, SCHM, SCHA). Due to the compositions of these three indices, the portfolios hold stock in many of the same companies and it is possible to both satisfy our objectives with allocations to just two of these funds (SCHB and SCHA) as well as simplify the portfolio.

**FIXED INCOME:** In the fixed income component of the portfolio (32%), the greatest part of the Scholarship fund’s fixed income portfolio is invested in a ladder of eleven (11) FDIC-insured Certificates of Deposit (CDs = 30.7%) with maturity dates that keep fixed-income funds intact in the future, as interest rates are projected to increase gradually from record lows back to historically normal levels likely in the 4 to 6% range for a 10-year U.S. Treasury Note. The next CD to mature in our current ladder will be on July 17, 2017.

**REBALANCING:** We continue to follow Yale Professor David Swensen’s advice, as reported in his book, to frequently rebalance the portfolio, which studies have shown can add

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June 15, 2015
Connecticut Society of Civil Engineers Section of the American Society of Civil Engineers
Scholarship Committee Report for June 2015

approximately 1.1% to the annual return of a portfolio.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Due Date</th>
<th>Face Amount</th>
<th>Coupon Rate</th>
<th>Frequency</th>
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<tbody>
<tr>
<td>Synchrony Bank</td>
<td>07/17/2017</td>
<td>$10,000</td>
<td>3.0%</td>
<td>Semi-annual</td>
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<tr>
<td>Natl bank (Wisconsin)</td>
<td>02/14/2018</td>
<td>$10,000</td>
<td>2.15%</td>
<td>Monthly</td>
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<td>Goldman Sachs Bank</td>
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<td>$1,000</td>
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<td>1st Fini Bank USA</td>
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<td>$4,000</td>
<td>2.4%</td>
<td>Monthly</td>
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<td>CIT Bank</td>
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<td>2.75%</td>
<td>Semi-annual</td>
</tr>
<tr>
<td>CIT Bank</td>
<td>09/18/2020</td>
<td>$4,000</td>
<td>2.75%</td>
<td>Semi-annual</td>
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<td>GE Capital Bank</td>
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<td>Goldman Sachs Bank</td>
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<td>CIT Bank</td>
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<tr>
<td>Goldman Sachs Bank</td>
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<td>Synchrony Bank</td>
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<td>$7,000</td>
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Certificates of Deposit do not offer a degree of flexibility in access to cash; however, beginning in 2017 we have a CD maturing each year and available if needed for scholarship payouts. In the interim, we have a 1.3% allocation to a floating rate bank loan fund (SAMBX), a type of fund recommended by Brinker, which currently provides a 30- day SEC yield of approximately 4.62%.

RECOMMENDATION:

#1 Yale Professor Robert Shiller has observed that European equities are under valued while U.S. equities are nearly fully valued. The question asked in the February 2015 report for CSCE is do we continue with our 15% allocation to developed country markets, i.e., SCHF, which is largely European equities, or follow Professor Shiller’s advice and increase the allocation to 20% in an attempt to achieve a potentially higher growth rate? And if the Board decides to change to 20%, when do you make the change? Yale Professor Robert Shiller does not have a reputation as a market timer, so even if his long-term predictions of more rapid growth in European markets are correct, he claims no expertise in predicting the exact timing of a European stock market comeback, other than that is it overdue, and that on a historic valuation basis.
Connecticut Society of Civil Engineers Section of the American Society of Civil Engineers
Scholarship Committee Report for June 2015

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<thead>
<tr>
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<tbody>
<tr>
<td>Domestic Equity Index ETF, Large Cap</td>
<td>SCHB</td>
<td>21.0%</td>
<td>23.0%</td>
<td>25.0%</td>
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<td>Domestic Equity Index ETF, Mid Cap</td>
<td>SCHM</td>
<td>6.0%</td>
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<tr>
<td>Domestic Equity Index ETF, Small Cap</td>
<td>SCHA</td>
<td>6.0%</td>
<td>5.0%</td>
<td>5.0%</td>
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<td>Foreign developed equity Index ETF</td>
<td>SCHF</td>
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<td>Emerging market equity Index ETF</td>
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<td>5.0%</td>
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<tr>
<td>Real Estate Index ETF</td>
<td>SCHH</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
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<td>U.S. Treasury bonds or FDIC-insured CDs</td>
<td>CDs</td>
<td>30.7%</td>
<td>30.7%</td>
<td>30.0%</td>
</tr>
<tr>
<td>U.S. Treasury Inflation-protected Securities</td>
<td>SCHP</td>
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<td>0.0%</td>
<td>0.0%</td>
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<tr>
<td>DoubleLine Low Duration Bond Fund</td>
<td>DLSNX</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Fidelity Floating Rate High Income Fund</td>
<td>FFRHX</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Metropolitan West Low Duration Bond Fund</td>
<td>MWLDX</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Osterweis Strategic Income</td>
<td>OSTIX</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>RidgeWorth Srix Floating Rate High Income Fund (bank loan)</td>
<td>SAMBX</td>
<td>1.3%</td>
<td>1.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Cash</td>
<td>Cash</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Totals, above</strong></td>
<td></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Table 1 showing the recommended new asset allocations from the February 2015 and June 2015 reports to the CSCE Board

**MOTION 1:** To increase the allocation to SCHF from 15% to 20%, the developed-country market Index ETF, which is largely the European equity market.

**MOTION 2:** To simplify the USA equities investments by eliminating the holding in SCHM, the mid-cap market Index ETF, which overlaps holdings in SCHB and SCHA.

**MOTION 3:** To increase the allocation to SCHB from 21% to 25%, the large-cap market Index ETF.

**MOTION 4:** To decrease the allocation to SCHA from 6% to 5%, the small-cap market Index ETF.

**MOTION 5:** To reduce the fixed income allocation from 32% to 30%.

#2 It is recommended that we continue to remain fully invested and maintain the Policy Portfolio percentages through periodic re-balancing; including the purchase of additional CDs as the portfolio slowly grows in value. Further, it is recommended to follow Brinker’s market analyses as they may lead to a change in his market outlook, which is and has been positive for more than five years.

June 15, 2015