

Draft Minutes for the CSCE Board Meeting – 5:45 p.m. – December 8, 2011 – Tuscany Grill, Middletown, CT

CSCE Members in Attendance:

Rob Barakat*	Greg Holness*	Jim Sime
Jen Buchanon*	Tom Loto*	Randy States
Gary Fuerstenberg	Sara Ramsbottom*	Jason Waterbury*
Chris Holden		

Administrative Staff:
Amy Petrone

*Note: CSCE Board Members

1. President - Jason Waterbury

- 1.1 ACE Awards – Appetizers will begin at 5:00 and the dinner will begin at 6:00 p.m.
- 1.2 Goals for Upcoming Year - Town Hall-style Meeting – This meeting may be held at the Aqua Turf as a joint meeting with the Connecticut Society of Professional Engineers (CSPE), possibly during the week of February 13, 2012.
- 1.3 History & Heritage Committee – Randy States is making progress with the Committee’s nomination of the New Haven Northampton Alignment for ASCE’s Historic Civil Engineering Landmark Status.
- 1.4 Programs Committee
 - 1.4.1 Randy States suggested that CSCE offer a free dinner at an upcoming CSCE dinner meeting to any CSCE member who recently passed the P.E. exam. The Board members discussed this idea. Following that discussion, Sara Ramsbottom made a motion to have CSCE offer a free dinner at an upcoming CSCE dinner meeting to any CSCE member who recently passed the P.E. exam. Tom Loto seconded the motion and it passed unanimously.
 - 1.4.2 Food Drive at March CSCE Dinner Meeting – The Younger Members Committee will coordinate a food drive at the March 14, 2012 dinner meeting at CCSU.
 - 1.4.3 Meeting attendance at past CSCE dinner meetings – Greg Holness was curious about monthly dinner meeting attendance over the past couple of years. Amy Petrone will provide the Board with the number of people who signed up for monthly dinner meetings over the past couple of years.

2. President-Elect – Robert Gomez

- 2.1 Geotechnical Technical Group – The profit from the fall CSCE-DFI seminar has not been released yet. The second annual CSCE-DFI Geotechnical Workshop is scheduled for Friday, April 13, 2012, at the University of New Haven. W. Allen Marr, P.E., PhD., President and CEO of Geocomp Corporation will discuss the Monitoring and Instrumentation of Structures and Construction. Six (6) to 8 PDHs will be offered.
- 2.2 Legislative Affairs Committee – Stormwater Professional Certification – Chris Holden may be able to attend the DEEP public hearing on this topic to share CSCE’s opinion about the certification.

3. Vice-President –Sara Ramsbottom

- 3.1 Continuing Education Committee
 - 3.1.1 Construction Law Seminar Update – Greg Holness will coordinate this half-day seminar at the MDC Training Facility, possibly during the week of March 19, 2012. This seminar will include presentations by 4 attorneys on topics including errors and omissions and disputes. Greg Holness will develop a flyer for this seminar for use in publicizing it through the CSCE newsletter, e-blasts and the CSCE website.
 - 3.1.2 P.E. Review Class – Chris Holden will determine if CSCE can charge members for this type of class.
- 3.2 Government Engineers – Rob Barakat spoke with a representative of the Construction Institute regarding its activities and how they could relate to the activities of this committee.

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

- 4.1 Administrative - Meeting Minutes from Previous Meeting – Greg Holness made a motion to accept the meeting minutes from the October 11, 2011 CSCE Board meeting. Rob Barakat seconded the motion and it passed unanimously.

5. Treasurer – Tom Loto

- 5.1 Younger Members Committee (Sara Ramsbottom)
 - 5.1.1 A member of this Committee may give a talk about careers in civil engineering to an Introduction to Engineering class at Berlin High School in the winter/spring of 2012.
 - 5.1.2 Joint activities with AWWA – The CSCE Younger Members Committee and the AWWA (American Water Works Association) Younger Members Committee may schedule a joint meeting in early 2012.
 - 5.1.3 Golf Tournament – The tentative date for the 2012 golf tournament is Friday, June 29, 2012, at the Stanley Golf Course in New Britain, CT.
 - 5.1.4 Whales Game – The Younger Members Committee will coordinate a trip to attend the February 3, 2012 game of the Connecticut Whales.

Draft Minutes for the CSCE Board Meeting on 12/8/11 - Page 2 of 2

- 5.2 Scholarship Committee – Jim Sime provided the Board with an update on the CSCE Scholarship Fund (see attached). He suggested that the Board review the handout and discuss the suggestions made in it at the January Board meeting. He also suggested that CSCE purchase the book recommended in his report (Unconventional Success: A Fundamental Approach to Personal Investment by Prof. David F. Swensen (Yale University) for the Board members so that they could become more familiar with this type of investment strategy since CSCE could be utilizing this strategy for its scholarship fund in the near future.

- 6. Newsletter Editor – Jen Buchanon**

 - 6.1 Member Achievements – This will be a new section in the newsletter to highlight recent achievements by CSCE members.

- 7. Director-1 – Rabih Barakat**

 - 7.1 Past Presidents Council
 - 7.1.1 Rob Barakat plans to create a LinkedIn group for past CSCE presidents before the January Board meeting.
 - 7.1.2 Local/Section/Branch Report Card – This could be an activity for the Past Presidents Council.

- 8. Open Discussion**

 - 8.1 ASCE Conference Attendance - January 20-21, 2012 – Eastern Regional Younger Member Council & Region 1, 2, 4 & 5 Multi-Regional Leadership Conference (MRLC) – Nashville – CSCE would like to send at least 2 Board members and 2 Younger Member Committee members to this conference.

- 9. Adjournment** - The meeting adjourned at 7:00 p.m. The next Board meeting is scheduled for 4:30 p.m. at CCSU on March 14, 2012.

**Connecticut Society of Civil Engineers Section of the
American Society of Civil Engineers
December 8, 2011**

During the 2011-2012 CSCE program year, I have developing a proposal based on concepts described and explained by Prof. David F. Swensen (Yale University) in his 2005 book, "Unconventional Success: A Fundamental Approach to Personal Investment." Prof. Swensen manages the Yale Endowment and his book is on Bob Brinker's recommended reading list. Based on my studies, I anticipate developing a proposal for the Board based on low-cost, no-transaction-fee Exchange Traded Funds (Index ETFs) available from Schwab, out current brokerage firm. CDs purchased by the CSCE Scholarship fund are consistent with the concepts described by Prof. Swensen. In fact, the guidance provided by both Bob Brinker and Prof. Swensen are similar, however I believe that over the next 10+ years, embracing several concepts explained and strongly advocated by Prof. Swensen would provide greater Scholarship fund growth.

Some key points of Prof. Swensen:

- Provide equity orientation, mathematical diversification, and functional diversification.
- A well-diversified, equity-oriented portfolio will outperform a fixed-income-biased portfolio, which CSCE presently has in its Schwab account
- Construct the portfolio with no asset element comprising less than 5% of the total
- Construct the portfolio from five asset classes:
 - Domestic equity Index ETF for 30%
 - Foreign developed equity Index ETF for 15%
 - Emerging market equity Index ETF for 5%
 - Real estate (REIT) Index ETF for 20%
 - U.S. Treasury bonds/GNMA/CDs for 15%
 - U.S. Inflation-Protected Securities/CDs for 15%
- Over time, as the various asset elements will grow at different rates and different times, sell shares of fast growing elements to get that asset class back to its policy-portfolio percentage, and use the proceeds to purchase more of asset classes that are below their target policy-portfolio percentage. This is called rebalancing.
- Avoid transaction fees (Same as Brinker recommendation, which we achieve with Schwab.)
- Avoid actively managed funds for most of the equity portion of the portfolio because it's difficult to both beat the market and limit fund management expenses, due to higher transaction costs of active managers in a mutual fund (Brinker concurs. Brinker analyses actively managed funds with low fees and the potential to out perform index funds. We could consider using a Brinker- or Swensen-recommended actively managed Mutual Fund for 5-10% of the Domestic Equity asset class)
- Utilize alternative asset classes for about 20% of the portfolio, not equities and not fixed income, i.e., real estate investment trusts – Schwab offers a REIT-index ETF with low expenses that should work well
- THEREFORE, utilize Schwab Exchange Traded Funds because we can sell and purchase small numbers of ETF shares with no transaction costs, facilitating our need to rebalance the portfolio often. (Yale rebalances their endowment portfolio daily.)

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. Reducing our exposure to \$10,000 in GNMA made it possible to protect the fixed income allocation of the Scholarship fund

**Connecticut Society of Civil Engineers Section of the
American Society of Civil Engineers
December 8, 2011**

through FDIC-insured Bank CDs available through Schwab.

Four FDIC-insured Certificates of Deposits (CDs) were purchased in a ladder of maturity dates, to keep fixed-income funds intact during the anticipated time period when interest rates will be increasing from current record lows back to historically normal levels.

Bank	Due Date	Face Amount	Annual Rate	Coupon Frequency
Bank of China	11/09/2011	\$10,000	0.4%	At maturity
Safra Natl Bank	03/16/2012	\$10,000	0.4%	Semi-annual
Ally Bank	02/04/2013	\$7,000	0.8%	Semi-annual
Natl bank (Wisconsin)	02/14/2018	\$10,000	2.15%	Monthly
GE Money Bank	07/17/2017	\$10,000	3.0%	Semi-annual

The Bank of China CD came due and was paid to the Schwab account, where it remains as cash.

In the future, once the market again reaches higher "normalized" interest rates, it is anticipated that as investments in CDs mature, the funds can be reinvested back into a combination of new CDs, a GNMA fund (Govt.-insured mortgage-backed securities), a US Treasury bond index ETF, and a U.S. TIPS Index ETF, where US Govt.-backed securities provide an ultra safe fixed-income investment.

RECOMMENDATION: At this time, it is recommended that we transition to a Swensen-recommended Portfolio, utilizing primarily Schwab low-cost, no-transaction fee Exchange Traded Funds, where CSCE's portfolio will be rebalanced frequently to maintain investments in percentages close to the Policy Portfolio percentages.

Rebalancing has the effect of selling a little of what's high and buying a little of what's low, where we "like" everything in the portfolio and are just harvesting gains in a "sell high/buy low" approach.

Periodically, probably annually, the Board should review financial markets and when appropriate, change the Policy Portfolio percentages to reflect the Board's judgment of the future.

FREQUENCY OF REBALANCING: Initially, it is anticipated the portfolio will be evaluated periodically, probably monthly in preparation for Board Meetings, to identify changes in investment values; and when practical, shares will be sold and bought to rebalance the portfolio, bringing it back into alignment with the Policy Portfolio percentages.

BOB BRINKER: While the Swensen book was excellent and persuasive, it provides no ongoing commentary on the investment of money. The ongoing commentary of Bob Brinker is essential to understand investment markets, provide guidance on Policy Portfolio decisions, and to identify market tops when we should exit markets or market segments and later, re-enter those markets at lower prices.

	ETF	Expenses	S	CSCE's MMF with Similar Objectives	Expenses	Expense Difference (%)
SCHB	Schwab U.S. Broad Market Index	0.06%	✓	Schwab 1000	0.29%	0.23%
SCHX	Schwab U.S. Large-Cap Index	0.06%		Schwab S&P 500	0.09%	0.03%
				Gabelli Asset	1.38%	1.32%
				Barron Partners	1.37%	1.22%
SCHA	Schwab U.S. Small-Cap Index	0.15%	✓	QQQQ	0.20%	0.05%
SCHG	Schwab U.S. Large-Cap Growth Index	0.15%				
SCHV	Schwab U.S. Large-Cap Value Index	0.15%				
SCHF	Schwab International Equity Index	0.15%	✓	Harbor International	1.16%	1.01%
SCHC	Schwab International Small-Cap Equity Index	0.35%				
SCHE	Schwab International Emerging Markets Equity Index	0.35%	✓			
SCHH	Schwab Dow Jones US Select Real Estate Invest Trust (REIT) Index	0.13%	✓			
SCHP	Schwab US Treasury Inflation Protected Securities (TIPS) Index	0.14%	✓			
SCHR	Schwab Intermediate-Term US Treasuries	0.12%				
Mutual Fund & CDs						
	Schwab-held FDIC-insured Bank CDs	0.00%	✓	Schwab-held FDIC-insured Bank CDs	0.00%	0.00%
SWGSX	Schwab GNMA	0.55%	✓	BGNMXX Amer Century GNMA	0.56%	0.01%

	ETF	Expenses	S	Swensen Policy Portfolio	Starting Amounts	CSCE's MMF with Similar Objectives	Expenses	Current Amounts	Perent of Total (%)
SCHB	Schwab U.S. Broad Market Index	0.06%	✓	20%	\$26,309	Schwab 1000	0.29%	\$23,948	18.20%
SCHX	Schwab U.S. Large-Cap Index	0.06%				Schwab S&P 500	0.09%		
						Gabelli Asset	1.38%	\$9,724	7.39%
						Barron Partners	1.37%	\$9,834	7.48%
SCHA	Schwab U.S. Small-Cap Index	0.15%	✓	10%	\$13,155	QQQQ	0.20%	\$13,576	10.32%
SCHG	Schwab U.S. Large-Cap Growth Index	0.15%							
SCHV	Schwab U.S. Large-Cap Value Index	0.15%							
SCHF	Schwab International Equity Index	0.15%	✓	15%	\$19,732	Harbor International	1.16%	\$5,722	4.35%
SCHC	Schwab International Small-Cap Equity Index	0.35%							
SCHE	Schwab International Emerging Markets Equity Index	0.35%	✓	5%	\$6,577				
SCHH	Schwab Dow Jones US Select Real Estate Invest Trust (REIT) Index	0.13%	✓	20%	\$26,309				
	Fixed Income								
SCHP	Schwab US Treasury Inflation Protected Securities (TIPS) Index	0.14%	✓	15%	\$19,732				
SCHR	Schwab Intermediate-Term US Treasuries	0.12%							
	Mutual Fund, CDs & Cash								
	Schwab-held FDIC-insured Bank CDs	0.00%	✓	15%	\$19,732	Schwab-held FDIC-insured Bank CDs	0.00%	\$37,438	28.46%
SWGSX	Schwab GNMA	0.55%				BGNMX Amer Century GNMA Fund	0.56%	\$21,221	
	Cash				\$0	Cash	0.56%	\$10,084	7.67%

100% \$131,545

\$131,545 84%

Equities US	\$39,464
Equities Foreign	\$26,309
Real Estate	\$26,309
Fixed Income	\$39,464
Total	\$131,545

Equities US	\$57,081
Equities Foreign	\$5,722
Real Estate	\$0
Fixed Income	\$68,743
Total	\$131,545