2012 CSCE Annual Planning Meeting Minutes – 7/2/12 – 9:00 a.m. – Seasons at the Tradition Golf Club in Wallingford

CSCE Members in Attendance: *Note: CSCE Board Members
Gary Fuerstenberg*  Tom Loto*  Jim Sime
Bob Gomez*  Sara Ramsbottom*  Randy States
Ron Hill  Mario Ricozzi  Jason Waterbury*

Administrative Staff:
Amy Petrone

1. President - Bob Gomez

1.1 5th Annual Achievement in Civil Engineering (ACE) Awards - While attendance at the event was lower than in past years, the event went well. Some suggestions offered today to improve next year’s event include:
• Accept paperless submittals (email or posted online) up to 5-6 MB in size
• Applications should be submitted as PDF files
• Add a sustainability criteria to the application
• Notify the winners of the awards beforehand (but not which award was won) so that the winners would be able to attend with clients and guests to celebrate their achievement. CSCE needs to update the Operations Manual accordingly.
• Rework the application to reduce number of pages (maybe make it an 11”x17” double sided flyer (could reduce copying costs)
• Distribute student awards at ACE Awards in April and if the students can’t make it in April, then they can attend the ACE Awards to accept their awards.
• Open up ACE Awards to smaller companies (awards for smaller projects, subconsultants and planning projects)
• Rework the application review process
• Improve management and review of scholarship awards and student awards - CSCE could send a list of student award winners from the past 3 years to the faculty advisors and include the student award winners from past years in the ACE dinner pamphlet.

1.2 Goals for upcoming year
1.2.1 Services for members - Provide good quality, low-cost continuing education seminars (i.e., host an ASCE webinar at the MDC, ACEC or the DOT Training Facility for CSCE members)
1.2.2 Media/Public Outreach (public relations) - CSCE would like to run the billboard campaign again with funding from a SPAG grant.
1.3 Operations Manual - Update the Manual (include ACE information, Legislator of the Year Award, change in month for distributing student awards)
1.4 Programs Committee (Jeff Benoit) - Dinner Meetings – Proposed Schools, Committees, Dates

Government Engineers
Place = University of New Haven
Date = 9/19/12

Fairfield County Branch Dinner Meeting
Place = TBD
Date = Late September/Early October

Geotechnical Technical Group
Place = CCSU
Date = 10/16/12

Water Resources Committee
Place = UConn*
Date = 11/14/12

Fairfield County Branch Dinner Meeting
Place = TBD
Date = Week of January 14, 2013

Joint Meeting - Engineers Week
Place = TBD
Date = February 2013

Construction Technical Group
Place = University of Hartford
Date = 3/12/13

Structures Technical Group
Place = U.S.C.G.A.
Date = 4/17/13

6th Annual ACE Awards
Place = Aqua Turf Club
Date = 5/14/13

*Organize with the Moles for the UConn Meeting as they present their award at our meeting. (contact Tom Gelormino)

1.4.1 Postcard of 2012-2013 meeting schedule to members – CSCE will send a postcard with the 2012-2013 meeting schedule via USPS mail in August 2012. Amy Petrone will add a note that makes it clear that there are 2 sides to the postcard.

1.5 History & Heritage Committee - CSCE would like to submit an application to ASCE to obtain Historic Civil Engineering Landmark Status for the New Haven-Northampton Railroad. Amy Petrone will work with Randy States to submit the application.

1.6 Fairfield County Branch (Ron Hill) – The Branch’s summer social is scheduled for August 7, 2012. Ron Hill will provide more details so CSCE can promote this activity. Ron Hill will be coordinating a dinner meeting in September/October 2012 and in January 2013 and hopes to offer CEUs to meeting attendees at both events. To simplify accounting tasks for CSCE, Ron Hill will close the checking account for the Branch before the Branch’s summer social and provide a check to Bob Gomez at the social. Also, Amy Petrone will send a CSCE polo shirt to Ron Hill.

1.7 Region 1 Governor - In the past, Rob Barakat and Chris Holden have been interested in serving in this position.

1.8 2012-2013 Executive Board meetings - The Board will plan on holding Board meetings at night in a restaurant in or near Middletown that has a separate meeting room.

1.9 CSCE needs to host an ASCE Region 1 Regional Assembly in either the spring of 2013 or 2014. Sara Ramsbottom will obtain the estimated costs of hosting such an assembly from the Syracuse section.

2. President-Elect – Sara Ramsbottom
2.1 SPAG Grant - CSCE would like to run the billboard campaign again with funding from a SPAG grant. Sara Ramsbottom and Jason Waterbury will meet to develop this application.

2.2 Structures Technical Group - This Group needs a new chair. Sara Ramsbottom will help find a chair for this Group.

2.3 Geotechnical Technical Group - The fall CSCE-DFI Seminar is scheduled for September 21, 2012 and the Group has discussed the possibility of forming a Geo-Institute.

2.4 Legislative Affairs Committee (Roy Merritt) - Roy Merritt has requested a budget of $2,000 to work with ACEC to promote ASCE’s Raise the Bar Initiative. CSCE will ask Roy Merritt to speak about this initiative at the September dinner meeting.

2.5 Construction Technical Group - This Group requests $500 as a budget this year.

3. Vice-President – Open - Two people are interested in serving as the Vice President. Bob Gomez and another Board member will meet with each of the individuals to learn more about them and their interest in serving CSCE as Vice President.

3.1 Guest speaker at USCGA and other student chapter schools – Bob Gomez gave a commencement speech at a Connecticut Magnet School earlier this spring.

3.2 Continuing Education Committee - Sara Ramsbottom and Billy Cunningham will determine how CSCE can offer a post-disaster training for its members.

3.3 Career Guidance Committee - See item 1.2.1 above and 5.2 below.

4. Secretary/Administrative Assistant – Tom Loto/Amy Petrone - Amy Petrone will distribute new letterhead (electronic version) and a revised CSCE directory to the Board and Committee/Group chairs later this month.

5. Treasurer – Gary Fuerstenberg

5.1 Draft Budget - Proposed budget – Gary Fuerstenberg reviewed the draft budget with the Board. Sara Ramsbottom suggested that CSCE provide sufficient funding to send 3-4 Younger Members Committee members to the 2013 ERYMC (Eastern Regional Younger Members Conference) in Rhode Island on February 8-9, 2013. Gary Fuerstenberg will forward a budget to the Board members for their review and comments. The Board intends to vote on the budget at the next Board meeting.

5.2 Younger Members Committee - Jen Buchanon will be heading up the Younger Members Committee and the Committee is planning on becoming a Younger Members Board. The proposed budget for the Younger Members Committee in 2012-2013 is $2,000. This committee could also be interested in becoming more involved with the Career Guidance Committee.

5.2.1 Younger Member Board Bylaws - The Younger Members Committee developed bylaws to establish itself as a Younger Members Board with a president, a vice president, a secretary and a treasurer. The Committee also suggests that a Younger Member Board member serve as a non-voting member of the CSCE Executive Board. ASCE has commented on the bylaws and the Younger Members Committee is drafting responses to ASCE comments.

5.2.2 Golf Tournament - CSCE needs to increase the number of sponsorships for the tournament and reach out to companies and ask them to donate to the scholarship fund. Amy Petrone will send 4-5 CSCE polo shirts to Sara Ramsbottom or Ray Janeiro to use as prizes in the tournament.

5.3 Scholarship Committee - Jim Sime distributed copies of a scholarship fund report (see pages 3-4 of these minutes). Jason Waterbury made a motion to follow the recommendations in the scholarship fund report dated June 30, 2012. Tom Loto seconded the motion and it passed unanimously.

6. Director-II - Rabih Barakat

6.1 Audit Committee - No date to audit CSCE’s accounts has been set yet.

6.2 Updating CSCE’s governing documents

6.2.1 Operations Manual – Add one sentence regarding number of Executive Board members needed to constitute a quorum. Also, proposed updates in item 1.3 above.

6.2.2 Updates to the CSCE Constitution and Bylaws - Mario Ricozzi reviewed possible updates to the Constitution and Bylaws with the members.

7. Director-I – Jason Waterbury

7.1 Past President Council - The Council would be interested in meeting with the President and President-Elect over the year in an advisory capacity. Jason Waterbury is interested in producing an infrastructure report card for Connecticut with other members of this Council. Bob Gomez will look into what is involved in producing such a report.

7.2 Awards - In 2012, ASCE’s Board of Direction elected eleven Society members to receive the esteemed honor of Distinguished Membership, including Robert E. Alger, P.E., Dist.M.ASCE, President/CEO of Lane Construction Corporation. CE. The class of 2012 will be inducted formally at ASCE’s 142nd Annual Civil Engineering Conference this October in Montreal, Canada. Since he could not attend the 2012 ACE Awards, CSCE will invite Mr. Alger to attend the September dinner meeting as a guest of CSCE.

8. Adjournment - The meeting adjourned at 12:54 p.m.
SITUATION: As reported in the annual report, at the end of April 2011, the S&P 500 Index was 1,363.61. Last year, the stock market declined from there by about 12% and since September 2011 has climbed back up to the same general market valuation level. As reported in the annual report, on April 24, 2012 the S&P 500 Index was at 1,372. On Friday, June 30, 2012 the S&P 500 was at 1,362.16, which is a minor decline of 0.72% from April 24.

At the Board's direction, $3,500 was withdrawn in April for disbursement as part of the $12,500 in scholarship disbursements this spring, leaving a fund total on April 24 at $135,540.

Today, the Scholarship fund valuation is $135,062, 0.35% lower that its April 24 valuation.

Historical performance of the Scholarship fund, based on the annual reporting period (April to April), was a 2.1% gain, preceded by 11.6% and 25.3% gains in the previous two years.

Last year, in the fixed-income component of the portfolio (30%), we completed purchases of a ladder of FDIC-insured Certificates of Deposits (CDs) to protect against capital loss associated with future increases in interest rates to historically normal levels. After interest rates have returned to historically normal levels and as CDs mature, it is anticipated that bond funds will be repurchased. In the equity component of the portfolio (70%), the Board approved a major change in investment strategy to a Swensen-style diversified portfolio of ultra-low-cost, no-transaction-fee Exchange Traded Funds (ETFs) that track major indices in U.S. domestic markets (30%), developed country markets (15%), emerging markets (5%), and real estate (20%).

ASSET ALLOCATION: U.S. domestic markets, at 30% of total portfolio, are represented by the broad U.S. market fund, SCHB. SCHB contains approximately 1,799 companies. These are the largest companies, based on market capitalization. The mid-cap ETF, SCHM, has 502 companies. The small-cap ETF, SCH, has 1,354 companies. The portfolios of companies in each ETF appear to be mutually exclusive. It might be beneficial to split the 30% allocation between these three ETFs, insofar as smaller companies historically have grown faster than larger companies, although they are more volatile in market value.

Portfolio rebalancing is planned throughout the next year (April to April), which at a minimum is anticipated to be done prior to periodic (usually monthly) reports to the Board. In Swensen reported in his book that frequent portfolio rebalancing has been shown to add approximately 1.1% to the annual return of a portfolio.

Table 1 CSCE Scholarship Fund performance since November 2009
Connecticut Society of Civil Engineers Section of the American Society of Civil Engineers
June 30, 2012

<table>
<thead>
<tr>
<th>Policy Portfolio recommended by David Swensen/Yale</th>
<th>Symbol</th>
<th>Fund Allocation</th>
<th>Goal Amounts</th>
<th>Actual Amounts</th>
<th>Buy [Sell] this $ amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity Index ETF</td>
<td>SCHB</td>
<td>30.0%</td>
<td>$40,518.72</td>
<td>$40,407.63</td>
<td>0.3% $111.09</td>
</tr>
<tr>
<td>Foreign developed equity Index ETF</td>
<td>SCHF</td>
<td>15.0%</td>
<td>$20,259.36</td>
<td>$19,529.36</td>
<td>3.6% $730.00</td>
</tr>
<tr>
<td>Emerging market equity Index ETF</td>
<td>SCHE</td>
<td>5.0%</td>
<td>$6,753.12</td>
<td>$6,370.24</td>
<td>5.7% $382.88</td>
</tr>
<tr>
<td>Real Estate Index ETF</td>
<td>SCHH</td>
<td>20.0%</td>
<td>$27,012.48</td>
<td>$27,841.38</td>
<td>-3.1% ($828.90)</td>
</tr>
<tr>
<td>U.S. Treasury bonds or FDIC-insured CDs</td>
<td>CDs</td>
<td>20.6%</td>
<td>$27,822.85</td>
<td>$27,880.73</td>
<td>-0.2% ($57.88)</td>
</tr>
<tr>
<td>U.S. Treasury Inflation-protected Securities</td>
<td>SCHP</td>
<td>0.3%</td>
<td>$405.19</td>
<td>$404.40</td>
<td>0.2% $0.79</td>
</tr>
<tr>
<td>GNMA MF (Schwab)</td>
<td>SWGSX</td>
<td>2.0%</td>
<td>$2,701.25</td>
<td>$2,638.82</td>
<td>2.3% $62.43</td>
</tr>
<tr>
<td>Doubleline Total Return Bond Fund</td>
<td>DLTXN</td>
<td>7.1%</td>
<td>$9,589.43</td>
<td>$9,844.16</td>
<td>-2.7% ($254.73)</td>
</tr>
<tr>
<td>Cash</td>
<td>cash</td>
<td>0.0%</td>
<td>$145.67</td>
<td>$145.67</td>
<td></td>
</tr>
<tr>
<td><strong>100.0%</strong></td>
<td><strong>135,062.39</strong></td>
<td><strong>135,062.39</strong></td>
<td><strong>135,062.39</strong></td>
<td><strong>135,062.39</strong></td>
<td><strong>$395.06</strong></td>
</tr>
<tr>
<td><strong>TOTAL (sum)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Figure 1: Periodic Rebalancing Plan for Asset Allocation on June 30, 2012

To rebalance, 28 shares of SCHH and 23 shares of DLTXN would be sold and 3 shares of SCHB, 29 shares of SCHF and 15 shares of SCHE need to be purchased. The cash ($145.67) plus sale of shares would fund the purchases. A perfect rebalance is not possible because the three CDs are fixed in value, so cannot be part of the rebalancing, but the effect is minor.

**FIXED INCOME:** Approximately 20% of the fixed income allocation of the Scholarship fund is invested in a ladder of three (3) FDIC-insured Certificates of Deposits (CDs) with maturity dates that keep fixed-income funds intact in the future when interest rates will be increasing from current record lows back to historically normal levels. The next CD to mature is on February 4, 2013.

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

The remaining 10% of the fixed income portfolio is invested in a combination of a GNMA fund, U.S. TIPS and a Brinker-recommended Bond Fund. These three investments are subject to interest-rate risk since there is no mechanism available in these types of investments for CSCE to hold the borrowing instruments to maturity, however the funds offer flexibility in the future when additional funds are needed for scholarships.

**RECOMMENDATION:** 1) At this time, it is recommended that we remain fully invested and maintain the Policy Portfolio percentages through periodic rebalancing. 2) Consideration should be given to inclusion of mid-cap and small-cap stocks through the use of other SCHWAB Index ETFs. Consider an allocation of SCHB=20%; SCHM=5%; SCHA=5%.