The meeting was called to order by Joni Zhou at 11:17a.m.

**Investment Environment:** Following a weather and inventory driven setback during the first quarter, U.S. economic growth accelerated throughout the second and third quarters and we expect this will continue throughout the remainder of the year, and into 2015. The divergence between economic growth and monetary policy in the U.S. when compared to the rest of the world, particularly the euro area, became clearer during the third quarter, leading to U.S. dollar strength. While we continue to forecast an acceleration of global growth, we now expect the U.S. to lead this charge in a more pronounced way. We anticipate growth will be propelled by stronger private sector demand, continued investment in housing and ongoing improvements in business and consumer confidence. Short-term interest rates will likely be anchored until mid-2015 while longer-term rates experience moderate gains. Revenue growth will drive gains in corporate earnings as cyclical momentum should allow earnings to advance as margins hold steady at current levels. Specifically, we expect GDP growth to accelerate into the 2-3% moderate economic recovery growth range over the intermediate-term, against a backdrop of average inflation and slowly rising interest rates.

**Market Environment:** Third quarter stock market performance was mixed as the S&P 500 moved modestly higher following a brief correction in late July, and riskier areas of the equity market, small cap and international equity specifically, were down. The bond market experienced a similar trend as high yield and emerging market debt were weak, while less risky sectors of the bond market were up slightly. Overall, the market was fairly resilient in the face of continued negative geopolitical news, the Ebola epidemic in West Africa showing no signs of abating and the looming Federal Reserve exit from QE in October. Fundamentals remain positive in the U.S. while Europe began to show signs of further weakening and trends in China were mixed. This, along with strength of the U.S. dollar, led to
commodity price weakness. REITs were weak following very strong performance during the first half of the year.

**Portfolio Response:** Exposure to international equity was reduced in response to slowing growth in Europe. Additionally, we expect the U.S. dollar will continue to strengthen and replaced a portion of the remaining international equity exposure with a passive currency-hedged vehicle.

**Portfolio Review:** The portfolio returned -1.45% during the third quarter, outperforming the benchmark by 0.72%. Outperformance during the third quarter was mainly attributed to an overweight to large cap domestic equities and due to security selection within commodities. For the year-to-date period, the account is outperforming the benchmark by 0.56%. The mid-term liquidity accounts’ performance and allocation were reviewed. The mid-term account has outperformed its benchmark for the quarter by 10 bps with a return of 0.11%. The committee received the student investment account performance and appraisal.

**Other Business:** Sand Hill revisited the topic of a tier two alternatives strategy and upgrading this sleeve of the portfolio from the current mutual fund strategy. There was a high level discussion about these offerings. Sand Hill will share more details about the offerings at the next meeting in March 2015.

Meeting adjourned at 12:15 PM.

Sara Craven
Senior Portfolio Manager
Sand Hill Global Advisors