The meeting was called to order by Roseanne Lopez (chairing for Mike Lee) at 3:04 p.m.

**Investment Environment:** Sand Hill’s key economic theme in 2013 was one of a "great race" between an accelerating private sector and the offsetting contraction in government spending and stimulus. They felt this race would largely end in a draw, and it looks like it will, with economic growth tracking an anemic sub 2% level this year. Despite this tentative backdrop, the private sector remained remarkably resilient. As consumption picks up slightly, housing continues to recover, business and consumer confidence strengthens and the fiscal drag fades, we expect the economy to move "over the hump" by year-end. Specifically, they expect GDP to reestablish itself in the 2-3% moderate economic recovery growth camp in 2014. Economic data in Europe and China improved with Europe reporting the first positive GDP quarter in 18 months.

**Market Environment:** Third quarter stock market performance was strong as investors came to terms with potential Fed "tapering" and were surprised by the lack of an announcement in September. Interest rates continued to rise through the middle part of the quarter, then pulled back following the Fed’s announcement that asset purchases will continue, resulting in modest interest rate expansion during the quarter.

**Portfolio Response:** In response to an improving global economic outlook, and following the sub-asset class’ significant underperformance on a 1-, 3- and 5-yr basis, a small position in Emerging
Market Equities was established and fixed income was reduced. Sand Hill has actively reduced the duration on the bond portfolio. UEI’s bond portfolio is positioned for a modestly rising interest rate environment, which Sand Hill sees as the most likely scenario moving forward from here, given the anticipation of a modest economic growth and modest inflationary environment.

**Portfolio Review:** Portfolios have modestly outperformed, returning 4.47% for the third quarter (UEI’s first fiscal quarter). Overall relative performance of 22bp was achieved. The mid-term liquidity accounts’ performance and allocation was reviewed. The short-term liquidity account is open but has not yet been funded. The committee received the student investment account appraisal.

**Student Investment Fund:** Four students from the Student Investment Fund attended the investment committee meeting. Anna Vygodina, Associate Professor of Finance and Faculty Advisor to SIF presented a review of history of SIF, sector allocation and performance. Dialogue will commence on how Sand Hill can support SIF through regular market access, educational presentations, and a summer internship program. Synergies will be sought.

**VEBA Account:** The retirement account balance was reviewed. Craig expects actuarial data within the next few weeks. Given the nature and magnitude of this off balance sheet liability, Sand Hill can work with UEI to assist with targeting levels for contributions needed to meet the expected draw rates over the next several decades.

**Other Business:** Sand Hill will attend the January Board Retreat to make their annual presentation to the board of directors. Sand Hill and the Faculty Advisors of SIF will collaborate on the presentation format and allotment of time.

Meeting adjourned at 3:50 PM.

Sara Craven  
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Sand Hill Global Advisors