

CHARTER OF THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO OPERA ASSOCIATION

I. STATEMENT OF POLICY

The Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of the San Diego Opera Association (the “Association”) has the responsibility and authority to (i) evaluate and recommend to the Board the Association’s annual operating budget, (ii) oversee the Association’s financing arrangements and capital investment policy, (iii) through a duly appointed subcommittee, monitor, analyze and review the Association’s investments, including the Association’s Endowment Trust and reserve funds, and (iv) oversee such other matters, including human resources, compensation and benefits to the extent that such matters have impact on the Association’s financial health.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be appointed annually by the President of the Board, and shall be comprised of at least three Board members, each of whom must be determined by the Board to be “independent” under the Association’s Corporate Governance Guidelines. The President may appoint outside members to the Committee so long as Board members comprise a majority of the Committee. Each person appointed to the Committee must have legal, accounting, financial or business experience.

Each member of the Committee shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation, removal or death. Any member of the Committee may be removed or replaced by the Board. The Chair of the Committee will be appointed by the President of the Board. The President of the Board and the Chair of the Audit Committee shall serve on the Committee *ex officio*.

In fulfilling its responsibilities, the Committee shall, to the extent permitted by law, be entitled to establish and to delegate any or all of its responsibilities to one or more subcommittees of the Committee.

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements.

III. MEETINGS

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder, and may meet with management or individual directors at such time as it deems appropriate to discuss any matters before the Committee. The Committee may request that any employee of the Association attend any of its meetings or meet with any Committee member. The

Committee shall meet at least annually with the Association's General Director and such other executive officers of the Association as the Committee deems appropriate; provided, however, that no executive officer of the Association may be present during deliberations or voting regarding his or her compensation, benefits or any other matter affecting the terms of his or her employment. The Committee shall meet periodically in executive session without the presence of management.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of a majority of the Committee members present (in person or by telephone conference call) at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee. Any actions taken by the Committee during any period in which one or more of the members fail for any reason to meet the membership requirements set forth above shall still constitute duly authorized actions of the Committee for all corporate purposes.

The Committee shall maintain written minutes of its meetings, which minutes shall be filed with the minutes of the meetings of the Board.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall have the following authority and responsibilities, subject to such modification and additional authority as the Board may approve from time to time:

A. Finance Authority and Responsibilities

The Committee shall have the following authority and responsibilities:

1. Review and comment upon the Association's Annual Operating Budget, including the material assumptions contained therein, and make a recommendation to the Board with respect to the Annual Operating Budget prior to its approval.
2. Review with the Association's executive management the Association's "Strategic Plan" and identify any needs or challenges that require special planning, preparation, or Board assistance.
3. Monitor the Association's financial results against its Annual Operating Budget.
4. Review proposed financial transactions that rise to the level of materiality and are not in the ordinary course of business, and make appropriate recommendations to the Board.
5. Review and approve (or recommend for approval) all providers of banking and investment services for the Association.
6. In conjunction with the Audit Committee, assure that the Association maintains proper records, accurate financial reports and proper financial controls.

B. Investment Authority and Responsibilities

Unless determined otherwise by the Board, the Committee shall create an Investment Subcommittee to serve as the Advisory Council of the San Diego Opera Endowment Trust, in accordance with Article VI of the San Diego Opera Association Endowment Trust. In such capacity, the Sub-Committee shall oversee and monitor the San Diego Opera Association Endowment Trust on behalf of the Board. Among the Sub-Committee's responsibilities are:

1. Monitoring and analyzing the financial soundness and proper liquidity level of the Association and overseeing, on a periodic basis, the Association's treasury functions and policies, including but not limited to cash management, loan agreements and capital investment policy.
2. Reviewing annually all investment policies and recommend changes as appropriate. Assuring that investment policies are followed.
3. Monitoring regularly the performance of all investment managers, financial advisors and reporting the results to the Board. Should performance fall below "benchmarks" (which shall be reviewed by the Sub-Committee and approved by the Committee), recommending appropriate actions to the Board.
4. Monitoring the Association's financial risk management policies concerning cash investment, liquidity management, financing arrangements and investment portfolio.

C. Compensation, Benefits and Human Resources Authority and Responsibilities

1. Periodically review and advise the Board concerning the Association's overall compensation philosophy, policies and plans.
2. Review and approve corporate and personal performance goals and objectives relevant to the compensation of the General Director and the Chief Financial Officer, evaluate the performance of the General Director and the Chief Financial Officer in light of those goals and objectives, and determine and approve the General Director's and the Chief Financial Officer's compensation (including but not limited to salary, incentive compensation, benefits and perquisites) based on this evaluation.
3. Review and approve compensation-related matters outside the ordinary course, including but not limited to employment contracts, change-in-control provisions, severance arrangements and material amendments thereto.
4. Oversee the administration of and assist the Board in the discharge of its fiduciary duties for the Association's retirement and employee welfare plans as defined by the Employee Retirement Income Security Act of 1974 ("ERISA"), including the Association's 403b plan.

5. Undertake an annual review and update, if necessary, of the Employee Handbook to ensure that it is current with respect to federal, state and local law, and best practices in the human resources area.

6. Review and discuss with management the risks associated with the Association's compensation policies.

7. Review key strategic human resource activities, including those relating to diversity, training and recruitment.

D. General Authority and Responsibilities

1. Regularly report to the Board on the Committee's activities, recommendations and conclusions.

2. Review and reassess this Charter's adequacy at least annually and recommend any proposed changes to the Board for approval.