

**SAN DIEGO OPERA ASSOCIATION**  
**CHARTER OF THE FINANCE, INVESTMENT AND**  
**COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**I. STATEMENT OF POLICY**

The Finance, Investment and Compensation 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, including the San Diego Opera Association Endowment Trust, and (iii) evaluate and recommend to the Board the compensation and benefits offered to the Association’s executive officers.

**II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS**

The Committee shall be appointed annually by the Board, upon the recommendation of the Nominating Committee, 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.

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. Unless a chairman is elected by the full Board, the members of the Committee may designate a chairman by majority vote of the full Committee membership. The Chair shall preside at all regular meetings of the Committee and set the agenda for each Committee meeting.

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. 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**

1. The Committee will 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.

2. Review with the Association's executive management the Association's "three year plan" and identify any needs or challenges which require special planning, preparation, or Board assistance.

3. Monitor the Association's financial results against its Annual Operating Budget.

4. Compare the Association's financial performance on a micro level to selected "peers."

5. 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.

6. Review any nonstandard contribution as that term is defined by the Internal Revenue Service to ensure that acceptance of the contribution furthers the purposes of and does not negatively affect the Association.

6. Review and approve (or recommend for approval) all providers of financial services for the Association.

## **B. Investment Authority and Responsibilities**

1. Unless determined otherwise by the Board, the Committee shall serve as the Advisory Counsel of the San Diego Opera Association Endowment Trust, in accordance with Article VI of the San Diego Opera Association Endowment Trust. In such capacity, the Committee shall oversee and monitor the San Diego Opera Association Endowment Trust on behalf of the Board.

2. Monitoring and analyze the financial soundness and proper liquidity levels of the Association and oversee, on a periodic basis, the Association's treasury functions and policies, including but not limited to cash management, loan agreements and capital investment policy.

3. Review annually all investment policies and recommend changes as appropriate. Assure that investment policies are followed.

4. Monitor regularly the performance of all investment managers, financial advisors and report the results to the Board. Should performance fall below "benchmarks" (which shall be reviewed and approved by the Committee), recommend appropriate actions to the San Diego Opera Board.

5. In conjunction with the Audit Committee, assure that the Association maintains proper records, accurate financial reports and proper financial controls.

6. Monitor the Association's financial risk management policies regarding: cash investment; liquidity management., financing arrangements, and investment portfolio.

## **C. Compensation 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 Director of Finance, evaluate the performance of the General Director and the Director of Finance in light of those goals and objectives, and determine and approve the General Director's and the Director of Finance's compensation (including but not limited to salary, incentive compensation, benefits and perquisites) based on this evaluation.

3. Review and approve corporate and personal performance goals and objectives relevant to the compensation of the other executive officers, and approve all executive compensation (including but not limited to salary, incentive compensation, benefits and perquisites).

4. 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.

5. 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.

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

Approved: May 23, 2011