

Hawaii Pacific Health Finance Committee Charter

I. PURPOSE

The primary purpose of the Finance Committee is to assist the Board of Directors of Hawaii Pacific Health ("HPH") with respect to the oversight by the Board of the financial affairs of Hawaii Pacific Health and all of its Affiliates (collectively, the "Health System").

II. COMPOSITION

The composition of the Finance Committee shall be as set forth in the HPH bylaws, which provides that the composition of the Finance Committee shall be not less than three (3) members of the Board, at least one (1) of whom but less than a majority of whom shall be a physician director on the Board.

The HPH Board shall appoint the members of the Finance Committee and designate the Finance Committee Chair. The HPH Board may remove any member of the Finance Committee at any time with or without cause. As used in this Charter, the term "Independent Director" means an individual who (a) does not have an economic relationship with the Health System which would create a conflict of interest or the appearance of a conflict of interest in serving as a member of the Finance Committee; and (b) is not an employee of the Health System. The Finance Committee Chair and a majority of voting members of the Finance Committee shall be Independent Directors. The Finance Committee may include other advisory, nonvoting members appointed as described above.

III. MEETINGS

The Finance Committee shall meet at least quarterly, and may meet more frequently as necessary. The Finance Committee may meet in executive session of its members only as desired. The Finance Committee shall keep minutes of its meetings and make regular reports of its activities to the HPH Board of Directors. The Chair of the Finance Committee shall establish such rules as may from time to time be necessary or appropriate for the conduct of the business of the Finance Committee.

IV. RESPONSIBILITIES

The principal responsibilities and functions of the Finance Committee shall be the annual review of the operational, cash flow and capital expenditure budgets of the Health System, specifically including all of its Affiliates, and present its recommendations to the Board. The responsibilities of the Committee shall further include:

- *Monitor Financial Performance.* Monitor and evaluate the financial performance and condition of the Health System and its Affiliates.
- *Budgets.* Review and approve the annual budgets of the Health System and its Affiliates and monitor the financial performance of the Health System to approved budgets.

- *Capital Structure.* Review and monitor the capital structure and strategies of the Health System, including review of existing debt obligations, capital financing, and other financing transactions.
- *Long Range Financial Planning.* Periodically develop, review and make recommendations to the HPH Board regarding long range strategic financial planning.
- *Significant Transactions.* Review and make recommendations to the HPH Board regarding significant financial transactions and management proposals regarding operational and capital expenditures that exceed pre-approved authorization limits.
- *Investment Policy and Performance.* Receive reports on matters of financial investment policy development and direction as well as investment performance.
- *Insurance Programs.* Review and make recommendations to the HPH Board regarding insurance coverage.
- *Charter Review.* Periodically review and make recommendations to the HPH Board regarding the adequacy of this Charter.
- *Other Tasks.* Perform such other tasks related to the financial health of the Health System as the HPH Board deems necessary or appropriate.

V. GENERAL

The Committee may establish and delegate authority to subcommittees consisting of two or more of its members, when the Committee in its sole discretion deems it appropriate to do so in order to carry out its responsibilities. Each such delegation shall be reflected in the Committee's minutes. In addition, the Committee shall make regular reports to the Board concerning areas of the Committee's responsibility.

In carrying out its responsibilities, the Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Committee may consult. The Committee shall have the authority to request that any officer or employee of the Health System, the Health System's outside legal counsel, the Health System's independent auditor or any other professional retained by the Health System to render advice to the Health System, attend a meeting of the Committee or meet with any members of or advisors to the Committee. The Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities. The Committee may perform such other functions as may be requested by the Board from time to time.