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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	<div> <div>2011</div> <div>Open to Public Inspection</div> </div>

<b>A For the 2011 calendar year, or tax year beginning 04-01-2011 and ending 03-31-2012</b>		<b>D Employer identification number</b>	
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		23-7426300 <b>E Telephone number</b> (503) 415-5600	
<b>C Name of organization</b> LEGACY HEALTH Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 1919 NW LOVEJOY STREET City or town, state or country, and ZIP + 4 PORTLAND, OR 97209		<b>G Gross receipts \$</b> 209,600,408	
<b>F Name and address of principal officer</b> GEORGE J BROWN MD C/O 1919 NW LOVEJOY STREET PORTLAND, OR 97209		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶	
<b>I Tax-exempt status</b> <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
<b>J Website:</b> ▶ WWW.LEGACYHEALTH.ORG			

<b>Part I</b>	<b>Summary</b>
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Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities Legacy Health (Legacy), formed in 1970, is a unique health care system founded on the tradition and values of community health care organizations, the healing ministries of the Lutheran and Episcopal Churches and community physicians. This system of health care providers is dedicated to caring, compassion and excellence. The individual strengths and traditions that each provider brings enable Legacy, as a system, to be of greater benefit to the communities Legacy serves in its common mission. Legacy is the largest Oregon-based, nonprofit health care system in the State of Oregon and is one of the largest employers in the Portland metropolitan area. Legacy provides an integrated network of health care services, including acute and critical care, inpatient and outpatient treatment, primary and specialty physician services, hospice, laboratory, research, education and a variety of specialty services. Facilities within the System include five hospitals, inpatient and home hospice programs,		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	16
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	14
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .	<b>5</b>	11,586
<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>		
<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	-224	
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	-574	
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	661,810	423,245
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	143,152,824	158,706,514
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	26,829,387	24,755,244
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	-85,586	1,726,210
		170,558,435	185,611,213
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . . . .	703,319	655,058
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	94,237,304	86,541,783
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	77,611,572	93,444,167
	<b>18</b> Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	172,552,195	180,641,008
	<b>19</b> Revenue less expenses. Subtract line 18 from line 12 . . . . .	-1,993,760	4,970,205
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	<b>20</b> Total assets (Part X, line 16) . . . . .	1,085,624,590	848,376,935
	<b>21</b> Total liabilities (Part X, line 26) . . . . .	995,565,374	761,894,258
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20 . . . . .	90,059,216	86,482,677

<b>Part II</b>	<b>Signature Block</b>
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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	***** Signature of officer			2013-02-15 Date
	DAVID E EAGER CFO & TREASURER Type or print name and title			
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4			EIN
				Phone no

May the IRS discuss this return with the preparer shown above? (see instructions) . . . . . ☐ Yes ☐ No

Check if Schedule O contains a response to any question in this Part III ☐

Legacy Health (Legacy), formed in 1970, is a unique health care system founded on the tradition and values of community health care organizations, the healing ministries of the Lutheran and Episcopal Churches and community physicians. This system of health care providers is dedicated to caring, compassion and excellence. The individual strengths and traditions that each provider brings enable Legacy, as a system, to be of greater benefit to the communities Legacy serves in its common mission. Legacy is the largest Oregon-based, nonprofit health care system in the State of Oregon and is one of the largest employers in the Portland metropolitan area. Legacy provides an integrated network of health care services, including acute and critical care, inpatient and outpatient treatment, primary and specialty physician services, hospice, laboratory, research, education and a variety of specialty services. Facilities within the System include five hospitals, inpatient and home hospice programs,

If "Yes," describe these new services on Schedule O

If "Yes," describe these changes on Schedule O

<b>4a</b>	(Code	) (Expenses \$	171,609,071	including grants of \$	655,058	) (Revenue \$	168,016,488
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**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )






















**4c** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )

Expenses \$ including grants of \$ ) (Revenue \$ )

Form **990** (2011)

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	Yes
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	14a	Yes
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i> 	14b	Yes
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i> 	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i> 	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> . . . . .	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . . . .	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> . . . . .	20a	No
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> All Form 990 filers that operated one or more hospitals must attach audited financial statements . . . . .	20b	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b		No
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		<b>Yes</b>	<b>No</b>			
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	<b>1a</b>	1,020			
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0			
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes			
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	<b>2a</b>	11,586			
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>				No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>				No
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	<b>4a</b>	Yes			
<b>b</b>	If "Yes," enter the name of the foreign country: <u>CJ</u> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>				No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>				No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>				No
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	<b>6a</b>				No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>				No
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>					
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>				No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>				No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>				No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	0			
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>				No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>				No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>				No
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>				No
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>				No
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>					
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>				No
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>				No
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter					
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>				
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>				
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter					
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>				
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>				
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>				No
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>				
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>					
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	<b>13a</b>				No
<b>b</b>	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	<b>13b</b>				
<b>c</b>	Enter the aggregate amount of reserves on hand.	<b>13c</b>				
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>				No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>				No

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.  
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies

(This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		No
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	Yes	
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	Yes	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	OR
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. DAVID E EAGER 1919 NW LOVEJOY STREET PORTLAND, OR 97209 (503) 415-5600	

Check if Schedule O contains a response to any question in this Part VII . . . . .

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

Form **990** (2011)



## Part VII

<b>1b</b>	<b>Sub-Total</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A</b>			
<b>d</b>	<b>Total (add lines 1b and 1c)</b>	13,919,998	651,380	1,277,035

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 163

		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	3 Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	4 Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	5	No

## Section B. Independent Contractors

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
PHILIPS MEDICAL SYSTEMS PO BOX 100355 ATLANTA, GA 30384	INFORMATION SYSTEMS	2,711,479
MICROSOFT LICENSING GP 1950 STEMMONS FWY 5010 DALLAS, TX 75207	IMFORMATION SYSTEMS	2,467,524
MAXIT HEALTHCARE LLC PO BOX 2589 FORT WAYNE, IN 46801	CONSULTANTS	2,263,344
EPIC SYSTEMS CORPORATION 1979 MILKY WAY VERONA, WI 53593	CONSULTANTS	2,844,989
CERNER CORPORATION PO BOX 412702 KANSAS CITY, MO 64141	INFORMATION SYSTEMS	4,324,061
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization <b>109</b>		

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . .	1d	423,245			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f . . . . .		423,245			
Program Service Revenue			Business Code				
	2a	PARTNERSHIP INCOME		751,473	751,697	-224	
	b	MANAGEMENT FEES		182,637,161	182,637,161		
	c	INV INC ALLOC TO AFFIL		-24,822,016	-24,822,016		
	d	CONVENIENCE OF MEMBERS		139,896			139,896
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		158,706,514			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		15,264,072			15,264,072
	4	Income from investment of tax-exempt bond proceeds . .		0			
	5	Royalties . . . . .		0			
	6a	(i) Real					
		(ii) Personal					
		Gross rents		15,659,896			
		Less rental expenses		13,933,686			
	c	Rental income or (loss)		1,726,210			
	d	Net rental income or (loss) . . . . .		1,726,210			1,726,210
	7a	(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory		19,449,646	97,035		
		Less cost or other basis and sales expenses		10,000,000	55,509		
	c	Gain or (loss)		9,449,646	41,526		
	d	Net gain or (loss) . . . . .		9,491,172	9,449,646		41,526
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
	b	Less direct expenses . . . . .					
	c	Net income or (loss) from fundraising events . .		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .					
	b	Less direct expenses . . . . .					
	c	Net income or (loss) from gaming activities . .		0			
	10a	Gross sales of inventory, less returns and allowances .					
	b	Less cost of goods sold . . . . .					
c	Net income or (loss) from sales of inventory . .		0				
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .		0				
12	Total revenue. See Instructions . . . . .		185,611,213	168,016,488	-224	17,171,704	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	655,058	655,058		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees . . . . .	6,615,084	6,615,084		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	7,799,894		7,799,894	
7	Other salaries and wages	51,190,602	50,888,040	302,562	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	3,539,326	3,539,326		
9	Other employee benefits . . . . .	11,630,747	11,539,978	90,769	
10	Payroll taxes . . . . .	5,766,130	5,766,130		
11	Fees for services (non-employees)				
a	Management . . . . .	0			
b	Legal . . . . .	700,722	700,722		
c	Accounting . . . . .	0			
d	Lobbying . . . . .	0			
e	Professional fundraising See Part IV, line 17 . . . . .	0			
f	Investment management fees . . . . .	0			
g	Other . . . . .	0			
12	Advertising and promotion . . . . .	0			
13	Office expenses . . . . .	8,345,332	8,335,542	9,790	
14	Information technology . . . . .	0			
15	Royalties . . . . .	0			
16	Occupancy . . . . .	654,408	654,408		
17	Travel . . . . .	868,969	867,785	1,184	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19	Conferences, conventions, and meetings . . . . .	0			
20	Interest . . . . .	3,511,644	3,511,644		
21	Payments to affiliates . . . . .	0			
22	Depreciation, depletion, and amortization . . . . .	25,254,322	25,252,764	1,558	
23	Insurance . . . . .	148,126	148,126		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	CONSULTING & AUDIT	2,250,604	2,250,604		
b	OTHER EXPENSES	4,636,025	4,113,432	522,593	
c	CONTRACT SERVICES	47,074,015	46,770,428	303,587	
d					
e					
f	All other expenses	0			
25	Total functional expenses. Add lines 1 through 24f	180,641,008	171,609,071	9,031,937	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .				1	0
	2	Savings and temporary cash investments . . . . .			119,299,329	2	91,006,738
	3	Pledges and grants receivable, net . . . . .				3	0
	4	Accounts receivable, net . . . . .			637,741	4	1,107,282
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .				6	0
	7	Notes and loans receivable, net . . . . .			389,956	7	259,971
	8	Inventories for sale or use . . . . .				8	0
	9	Prepaid expenses and deferred charges . . . . .			5,698,812	9	8,251,972
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .	10a	482,078,057	158,993,161	10c	153,100,104
	b	Less: accumulated depreciation . . . . .	10b	328,977,953			
	11	Investments—publicly traded securities . . . . .			237,488,006	11	236,973,651
	12	Investments—other securities. See Part IV, line 11 . . . . .			75,163,990	12	101,142,576
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	0
	14	Intangible assets . . . . .			638,967	14	537,747
	15	Other assets. See Part IV, line 11 . . . . .			487,314,628	15	255,996,894
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			1,085,624,590	16	848,376,935	
Liabilities	17	Accounts payable and accrued expenses . . . . .			60,416,937	17	65,975,093
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			525,733,960	20	506,214,127
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .			4,213,316	23	2,989,591
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .			405,201,161	25	186,715,447
26	Total liabilities. Add lines 17 through 25 . . . . .			995,565,374	26	761,894,258	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			90,059,216	27	86,482,677
	28	Temporarily restricted net assets . . . . .				28	
	29	Permanently restricted net assets . . . . .				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			90,059,216	33	86,482,677
34	Total liabilities and net assets/fund balances . . . . .			1,085,624,590	34	848,376,935	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	185,611,213
2	Total expenses (must equal Part IX, column (A), line 25)	2	180,641,008
3	Revenue less expenses Subtract line 2 from line 1	3	4,970,205
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	90,059,216
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-8,546,744
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	86,482,677

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization LEGACY HEALTH	Employer identification number 23-7426300
---	--

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )

3

☐

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )

6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )

8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )

9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )

10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**

11

☒

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☒

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☒

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		No
11g(ii)		No
11g(iii)		No

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
See Additional Data Table									
Total									

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)  
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income (Explain in Part IV ) Do not include gain or loss from the sale of capital assets						
11	Total support (Add lines 7 through 10)						
12	Gross receipts from related activities, etc (See instructions )					12	
13	First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15
16a	<b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	<b>33 1/3% support test—2010.</b> If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization	<input type="checkbox"/>
17a	<b>10%-facts-and-circumstances test—2011.</b> If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	<b>10%-facts-and-circumstances test—2010.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
18	<b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	<input type="checkbox"/>

Part IIIPart III

Support Schedule for Organizations Described in IRC 509(a)(2)  
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6 )						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15		
16 Public support percentage from 2010 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization			
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization			
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions			



**Part IV**   **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation
Legacy provides administrative services supporting the hospitals, in the areas of general administration, finance, legal services, human resources, information management, patient billing, quality and patient safety, and marketing and also oversees and supports health education and community wellness programs throughout the Legacy's service area

SCHEDULE C  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.**  
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization LEGACY HEALTH	Employer identification number 23-7426300
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1	Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b	If "Yes," describe in Part IV	

**Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).**

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

**Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

- A** Check ☒ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)															
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)		140,933	147,086												
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)		140,933	147,086												
<b>d</b> Other exempt purpose expenditures		180,500,075	1,176,975,562												
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)		180,641,008	1,177,122,648												
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000	1,000,000												
<table><tr><td><b>If the amount on line 1e, column (a) or (b) is:</b></td><td><b>The lobbying nontaxable amount is:</b></td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)		250,000	250,000												
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-															
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-															
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No													

**4-Year Averaging Period Under Section 501(h)**  
**(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)**

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
<b>2a</b> Lobbying non-taxable amount	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					12,000,000
<b>c</b> Total lobbying expenditures	59,359	263,925	349,418	288,019	960,721
<b>d</b> Grassroots non-taxable amount	500,000	500,000	500,000	500,000	2,000,000
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					3,000,000
<b>f</b> Grassroots lobbying expenditures					

Part II-B

Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE D  
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b  
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
LEGACY HEALTH

Employer identification number  
23-7426300

Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area  
☐ Protection of natural habitat ☐ Preservation of a certified historic structure  
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year  
▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .				
b	Contributions . . . . .				
c	Investment earnings or losses . . . . .				
d	Grants or scholarships . . . . .				
e	Other expenditures for facilities and programs . . . . .				
f	Administrative expenses . . . . .				
g	End of year balance . . . . .				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i)

unrelated organizations . . . . .

3a(i)

Yes

No

(ii)

related organizations . . . . .

3a(ii)

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .

3b

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		5,420,552		5,420,552
b Buildings . . . . .		173,118,899	128,217,479	44,901,420
c Leasehold improvements . . . . .		823,744	527,871	295,873
d Equipment . . . . .		299,887,032	200,232,603	99,654,429
e Other . . . . .		2,827,830		2,827,830
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				153,100,104



Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1185,611,213
2	Total expenses (Form 990, Part IX, column (A), line 25)	2180,641,008
3	Excess or (deficit) for the year Subtract line 2 from line 1	34,970,205
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-8,546,744
9	Total adjustments (net) Add lines 4 - 8	9-8,546,744
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10-3,576,539

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements . . . . .	1181,160,000
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments . . . . .2a	
b	Donated services and use of facilities . . . . .2b	
c	Recoveries of prior year grants . . . . .2c	
d	Other (Describe in Part XIV) . . . . .2d	
e	Add lines 2a through 2d . . . . .	2e
3	Subtract line 2e from line 1 . . . . .	3181,160,000
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .4a	
b	Other (Describe in Part XIV) . . . . .4b4,451,213	
c	Add lines 4a and 4b . . . . .	4c4,451,213
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5185,611,213

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements . . . . .	1176,198,000
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities . . . . .2a	
b	Prior year adjustments . . . . .2b	
c	Other losses . . . . .2c	
d	Other (Describe in Part XIV) . . . . .2d	
e	Add lines 2a through 2d . . . . .	2e
3	Subtract line 2e from line 1 . . . . .	3176,198,000
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .4a	
b	Other (Describe in Part XIV) . . . . .4b4,443,008	
c	Add lines 4a and 4b . . . . .	4c4,443,008
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5180,641,008

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
Part XIII, Line 4b	Part XIII, Line 4b Other revenue amounts included on 990 but not included in F/S	FOUNDATION CONTRIBUTION \$423245 FOUNDATION SALARY EXPENSE \$2560708 COMMUNITY FUNDS \$172189 OTHER RECLASS OF REV/EXP FOR TAX PURPOSE \$1244454 ROUNDING \$886 GAIN/LOSS OF SALE OF ASSETS \$41526
Part XII, Line 4b	Part XII, Line 4b Other revenue amounts included on 990 but not included in F/S	FOUNDATION CONTRIBUTION \$423245 ROUNDING \$212 FOUNDATION SALARY EXPENSE \$2560708 COMMUNITY FUND \$172189 OTHER RECLASS OF REV/EXP FOR TAX PURPOSE \$1253333 GAIN/LOSS OF SALE OF ASSETS \$41526
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	ROUNDING \$ -9890 CHANGE IN ADDITIONAL MINIMUM PENSION LIABILITY \$ -8536854



Additional Data

Software ID: 11000144  
Software Version: 2011v1.5  
EIN: 23-7426300  
Name: LEGACY HEALTH

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	(b) Book value
OTHER NONCURRENT	53,373
LONG TERM INVESTMENT HELD FOR CAPITAL	350,779
LONG TERM INTERCOMPANY RECEIVABLE	
LEGACY REAL ESTATE ASSETS	600,363
LAND & BUILDING HELD FOR DEVELOPMENT	11,144,712
I/C AFFILIATE - INVESTMENT POOL	227,017,278
DEFERRED FINANCING COSTS	1,450,855
CASH SURRENDER VALUE & OTHER	282,415



**1**

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ► \_\_\_\_\_

3 Enter total number of other organizations or entities . . . . . ► \_\_\_\_\_

## Part III

**(a) Type of grant or assistance**

**(b) Region**

(c) Number of recipients

**(d)** Amount of cash grant

**(e) Manner of cash disbursement**

(f) Amount of non-cash assistance

**(g) Description  
of non-cash  
assistance**

**(h)** Method of valuation (book, FMV, appraisal, other)

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes ☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☒ Yes ☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☒ Yes ☐ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes ☒ No

Part V

**Supplemental Information**  
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

Identifier	Return Reference	Explanation
Additional Supplemental Information		Legacy Health System Insurance Company (LHSIC) provides excess healthcare and general liability insurance to Legacy and its affiliates. LHSIC was formed in 2004 under the laws of the Cayman Islands and obtained an Unrestricted Class "B" Insurer's license under the provisions of the Cayman Islands Insurance Law and is a wholly owned subsidiary of Legacy. LHSIC's financial information is included in the Legacy consolidated financial statements and is reported on form 5471, Information of US Persons With Respect to Certain Foreign Corporations.

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
LEGACY HEALTH

Grants and Other Assistance to Organizations,  
Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public  
Inspection

Employer identification number  
23-7426300

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

18

3

Enter total number of other organizations listed in the line 1 table . . . . . ▶

0

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Use Schedule I-1 (Form 990) if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Grantmaker's Description of How Grants are Used		Legacy provides grants to the community through the Community Health Fund which was established in 1999 by the Legacy Board of Directors. The Legacy Board oversees a \$10 million Community Health Fund helping to address major community health issues. The majority of the grants are for three years. The Legacy Board reviews applications providing grants only to 501(c)(3) organizations. Follow up occurs annually regarding the use of the funds. In addition Legacy donates to charitable organizations to support health and human services, civic and community causes, and business development. Legacy's Community Affairs Department administers these grants, assuring the organizations meet the 501(c)(3) qualifications and the money is used for its intended purpose.



**Software ID:** 11000144  
**Software Version:** 2011v1.5  
**EIN:** 23-7426300  
**Name:** LEGACY HEALTH

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
URBAN LEAGUE OF PORTLAND10 N RUSSEL PORTLAND,OR 97227	93-0395590	501(c)(3)	6,000	0			SPONSOR BENEFIT DINNER
THE WALLACE MEDICAL COPO BOX 6972 PORTLAND,OR 97228	93-0853709	501(c)(3)	65,732	0			GENERAL OPERATING DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
THE SKANNER FDTN 415 N KILLINGSWORTH ST PO BOX 5455 PORTLAND,OR 97228	93-1109980	501(c)(3)	10,000	0			ANNUAL MLK BREAKFAST
THE FDTN FOR MEDICAL EXCELLENCEONE SW COLMBIA ST SUITE 860 PORTLAND,OR 97258	93-0632522	501(c)(3)	18,000	0			SCHOLARSHIPS, LECTURES

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SW COMMUNITY HEALTH CENTER 7754 SW CAPITOL HWY PORTLAND,OR 97219	74-3050497	501(c)(3)	7,500	0			HEALTHCARE ACCESS
SELF ENHANCEMENT INC 3920 N KERBY AVE PORTLAND,OR 97227	93-1086629	501(c)(3)	43,860	0			SPONSOR ART & SOUL EVENT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
PROJECT ACCESS NOWPO BOX 10953 PORTLAND, OR 97296	20- 8928388	501(c)(3)	70,000	0			HEALTHCARE ACCESS
OTHERS - LESS THAN 5001C/O 1919 NW LOVEJOY ST PORTLAND, OR 97209		501(c)(3)	308,366	0			

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
OREGON CENTER FOR NURS5000 N WILLAMETTE BLVD PORTLAND, OR 97203	74-3052430	501(c)(3)	13,500	0			FUNDRAISER BREAKFAST
OR ASSOCIATION OF MINORITY ENTREPRENEURS 4134 N VANCOUVER AVE PORTLAND, OR 97217	94-3058546	501(c)(3)	11,000	0			SPONSOR CONFERENCE, PROGRAM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
OR & SW WA SUSAN G KOMEN 1500 SW FIRST AVE 270 PORTLAND,OR 97201	93- 1068897	501(c)(3)	18,600	0			RACE FOR THE CURE
NEW AVENUES FOR YOUTH1120 SW COLUMBIA ST PORTLAND,OR 97201	93- 0910213	501(c)(3)	10,000	0			YOUTH COMEDY NIGHT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HISPANIC METROPOLITAN CHAMBER2402 NE OREGON ST PORTLAND,OR 97232	93-1156358	501(c)(3)	12,500	0			SCHOLARSHIPS
FREE CLINIC OF SW WASHINGTON4100 PLOMONDON ST VANCOUVER,WA 98661	91-1707542	501(c)(3)	20,000	0			SPONSOR CLINIC

**Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

<b>(a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
DONATE LIFE NORTHWEST2525 SW 1ST AVE SUITE 175 PORTLAND,OR 97201	93- 0867552	501(c)(3)	8,000	0			LIFE SAVER, COMM
COMMUNITY ACTION FOR WA COUNTY1001 SW BASELINE STREET HILLSBORO,OR 97123	93- 0554941	501(c)(3)	16,000	0			OPENING DOORS PROGRAM



Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CHILDRENS CANCER ASSOCIATION7524 SW MACADAM SUITE B PORTLAND,OR 97219	93- 1181662	501(c)(3)	6,000	0			SPONSOR CELEBRATION OF COURAGE
CENTRAL CITY CONCERN232 NW SIXTH AVE PORTLAND,OR 97209	93- 0728816	501(c)(3)	10,000	0			WORKING OUR WAY HOME - LUNCHEON

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization LEGACY HEALTH	Employer identification number  23-7426300
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Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<input type="checkbox"/> First-class or charter travel		
	<input type="checkbox"/> Travel for companions		
	<input type="checkbox"/> Tax idemnification and gross-up payments		
	<input type="checkbox"/> Discretionary spending account		
	<input type="checkbox"/> Housing allowance or residence for personal use		
	<input type="checkbox"/> Payments for business use of personal residence		
	<input checked="" type="checkbox"/> Health or social club dues or initiation fees		
	<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	Yes
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<input checked="" type="checkbox"/> Compensation committee		
	<input checked="" type="checkbox"/> Independent compensation consultant		
	<input type="checkbox"/> Form 990 of other organizations		
	<input checked="" type="checkbox"/> Written employment contract		
	<input checked="" type="checkbox"/> Compensation survey or study		
	<input checked="" type="checkbox"/> Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	Yes
b	Any related organization?	5b	Yes
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	Yes
b	Any related organization?	6b	Yes
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	Yes
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	Yes

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

[illegible]

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Sch J, Part III, Additional Information	Part III, Additional Information	Sch J, Part 1, Question 3 Regarding Compensation Practices: Directors for Legacy are not compensated, but receive expense reimbursements related to their duties. Any expense reimbursements to board members require review and approval by the Director of Management Audit. Compensation received by Dr. Newberry during 2011 related to his responsibilities as Past President of the Medical Staff at Legacy Meridian Park Hospital. Dr. Root received compensation relating to her duties as President of the Legacy Emanuel Medical Staff & compensation for medical services provided to Legacy Emanuel Hospital. Executive compensation for Legacy is designed to recruit, retain and motivate qualified senior management personnel. The comprehensive compensation plan is designed for positions that have a significant impact on the high-level strategic and policy direction of Legacy and its affiliates. Base pay and total compensation (including incentive compensation) for similar positions is established at a level comparable to market compensation for healthcare organizations. External consultants are regularly used to review published compensation surveys of comparable organizations and comparable benchmark positions in the market. The Compensation Committee of the Board of Directors, none of whom is a Legacy employee, reviews the compensation for executive positions. The Committee oversees the system's governance procedures with respect to intermediate sanctions legislation and the evaluation of reasonableness of compensation. The Committee reports to the Board in sufficient detail to enable the entire Board to take such actions as are required to obtain the rebuttable presumption of reasonableness. The Compensation Committee also reviews tax-reporting disclosures. Sch J, Part II, Column Breakdown Of W-2 Or Misc-1099: Column B(i) - Base compensation consists of regular base pay including employee elected deferrals for retirement plans (403(b) and 457(b) plans). Column B(ii) - The incentive compensation program for Legacy is based on predetermined criteria and reviewed and approved by the Board. Bonuses are paid to key employees for interim duties outside their primary responsibilities (e.g., Acting in Capacity). Column B(iii) - Other compensation consists of deferred compensation amounts paid to executives during the current year and were reported on prior form 990 returns. These amounts include arrangements that contain elements of a substantial risk of forfeiture conditioned on continued employment, vesting and/or a noncompete provision upon termination of employment. In addition, imputed income for insurance, cell phone and other benefits is included in other compensation as well as any severance related payments. Column C - Deferred compensation includes the value of defined benefit plans, contributions to defined contribution plans, amounts deferred under the 457(f) plan including earnings, earnings in the 457(b) plan, and the value of the pension restoration plan. Earnings on the 457(f) and 457(b) include gains and losses on the underlying investments. The defined contribution and benefit plans are available to all employees as they become qualified to participate. The pension restoration plan provides executive pension benefits in excess of IRS mandated limits on eligible compensation to key executives. The benefits are unfunded and subject to forfeiture. Executive pension benefits are intended to make the executive's retirement benefit, as a proportion of their final average salary, comparable to all other employees, and are treated as income when paid. Column D - Nontaxable benefits include company paid health and welfare and long term care and disability benefits under group plans. Column F - Current year compensation reported as deferred in prior years.
Sch J, Part I, Line 8	Part I, Line 8: Amounts reported on 990 VII pursuant to initial contract exemption described in Regs.	Legacy enters into initial employment agreements with Executives that qualify under the initial contract exception. The Compensation Committee of the Board of Directors, none of whom is a Legacy employee, reviews the compensation for key executive positions. The Committee relies on comparable market data and all decisions are documented.
Sch J, Part I, Line 6b	Part I, Line 6b: Explanation of organization compensation contingent on net earnings from related or	Legacy has an at-risk incentive compensation plan for management. The plan is based on meeting goals related to employee engagement, work processes, customer service, clinical quality, financial management, and certain key strategic tactics. In order to payout any at-risk incentive compensation, Legacy must exceed operating margin targets.
Sch J, Part I, Line 5b	Part I, Line 5b: Explanation of organization compensation based on revenues of related organization	Physicians employed by Legacy affiliates are paid a bonus contingent upon their revenue generated during the year measured by industry standard relative value units (RVU).
Sch J, Part I, Line 1a	Part I, Line 1a: Relevant information in regards to selections on 1a	Some executives belong to business clubs. Any expenses relating to the personal use of the club are paid directly to the club by the executive. Only business related use is paid to the business club or reimbursed to the executive by Legacy. An allocation of personal use of dues is completed annually and added to the compensation of the executive.

**Software ID:** 11000144  
**Software Version:** 2011v1.5  
**EIN:** 23-7426300  
**Name:** LEGACY HEALTH

## Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WAYNE L CLARK	(i) (ii)	196,887	14,126	16,602	24,291	14,967	266,873	13,655
TRENT S GREEN	(i) (ii)	317,755	18,629	45,052	44,464	29,927	455,827	47,142
TODD N GUENZBURGER MD	(i) (ii)	153,526	32,657	26,278	8,214	13,146	233,821	
THOMAS W BICKETT	(i) (ii)	158,367	5,048	-979	10,393	16,055	188,884	
SONJA O STEVES	(i) (ii)	282,395	16,556	40,495	55,319	27,535	422,300	40,092
SCOTT H JOHNSON	(i) (ii)	271,244	13,216	16,584	22,178	18,302	341,524	16,029
ROBERT J PALLARI	(i) (ii)			6,320,533		28,576	6,349,109	2,085,123
RICO B CAYETANO	(i) (ii)	220,741	10,590	17,455	20,541	23,426	292,753	
PATRICK DOOLING III	(i) (ii)	160,724	5,841	-2,310	12,344	23,862	200,461	
PATRICIA M GIANELLI	(i) (ii)	191,894	6,301	7,409	27,238	25,830	258,672	12,688
PAMELA VUKOVICH	(i) (ii)	50,944		1,380,572	-18,321	9,345	1,422,540	977,138
P CAMPBELL GRONER III	(i) (ii)	348,132	20,541	101,156	53,296	35,780	558,905	92,738
MAUREEN A BRADLEY	(i) (ii)	231,005	16,597	2,991	17,226	17,920	285,739	
MARY KJEMPERUD	(i) (ii)	188,823	11,080	22,443	32,097	19,191	273,634	12,565
MARY ANN HOLBERT	(i) (ii)	178,854	6,210	2,525	18,244	4,027	209,860	
MARIE A PROPOTNIK	(i) (ii)	152,112	4,613	4,640	12,385	23,570	197,320	
LARRY HILL	(i) (ii)	200,366	8,217	19,738	30,658	16,971	275,950	
JODI S JOYCE	(i) (ii)	176,198	12,175	10,917	21,360	25,120	245,770	10,072

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
GLEN LUTZ	(i) (ii)	307,008	7,500	2,754	17,237	27,281	361,780	
GEORGE J BROWN MD	(i) (ii)	827,692	71,740	122,722	166,329	59,587	1,248,070	106,707
GEORGE A CIOFFI MD	(i) (ii)	354,917	20,807	5,104	33,930	28,768	443,526	
EVERETT NEWCOMB III	(i) (ii)	451,380 59,922	31,045	12,578 1,855	65,673	26,364 3,819	587,040 65,596	
DAVID E EAGER	(i) (ii)	143,310	25,000	-21		9,895	178,184	
CAROL A BRADLEY	(i) (ii)	312,686	17,118	15,583	41,198	31,477	418,062	10,154

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2011
		Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization LEGACY HEALTH	Employer identification number 23-7426300
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Part I

Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	OR FACILITIES AUTHORITY	23-7426300	68608JNP2	05-05-2011	111,470,000	FINANCING REFUNDING REV BONDS		X		X		X
B	OR FACILITIES AUTHORITY	23-7426300	68608JKC4	01-13-2010	123,745,000	FINANCING CURRENT REFUNDING REVENUE BONDS		X		X		X
C	CLACKAMAS COUNTY OREGON	23-7426300	179027WC7	05-21-2009	163,860,000	FINANCING CAPITAL CONSTRUCTION, REMODELLING, AND ETC		X		X		X
D	CLACKAMAS COUNTY OREGON	23-7426300	179027VJ3	11-13-2008	150,000,000	FINANCING CAPITAL CONSTRUCTION, REMODELLING, AND ETC		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired			24,695,000		5,280,000			
2	Amount of bonds defeased								
3	Total proceeds of issue	115,691,620		126,570,447		164,131,727		150,000,000	
4	Gross proceeds in reserve funds					11,910,062			
5	Capitalized interest from proceeds					16,284,425			
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	1,071,770		1,633,485		2,221,648		1,672,180	
8	Credit enhancement from proceeds							228,625	
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds					133,715,592		148,099,195	
11	Other spent proceeds	114,619,850		124,936,962					
12	Other unspent proceeds								
13	Year of substantial completion	2011					2010		
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X			X		X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X		X		X	
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X		X	
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government			0 210 %					
6	Total of lines 4 and 5			0 210 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?		X		X		X	X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X		X	X	
b	Name of provider							CALYON TRINITY	
c	Term of GIC							1 5000	
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?							X	
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X	X	

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☒ Yes ☐ No

Part VI

Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public  
Inspection

Name of the organization LEGACY HEALTH	Employer identification number 23-7426300
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Identifier	Return Reference	Explanation
	Part IX, line 20	Total interest expense relating to tax exempt bonds for Legacy & its affiliates was \$15,075,413 Entity AmountLHS 3,511,644LEHHC 6,163,438 LGSMC 2,118,869LMPH 1,908,491LMHMC 1,372,971LSCH 0
	Part 1, Line 5 & Part V question 2a	The number of employees reported on the W-3 is for all Legacy Health Affiliates. Legacy Health is a common pay agent for all of the affiliates and reports all employees under its EIN.
	990 Part X	Legacy manages the investments for all affiliates through pooled funds which include professionally managed equity and fixed income securities in both separately managed portfolios and commingled investment accounts. Investment returns are prorated according to each affiliate's share of the pool. Legacy reports the gains or losses on the investment portfolio.
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Legacy Health's audited and interim consolidated financial statements are publicly available on the Electronic Municipal Market Access(EMMA) (www.emma.msrb.org) and DAC Bond (www.dacbond.com) websites. When changes are made to the Legacy Articles or Bylaws, Legacy discloses and attaches copies to the IRS Form 990, which are publicly available by request or on various public websites such as Guidestar (www.guidestar.org). Other governing documents are not available to the public.
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	The following describes the compensation practices of Legacy and its affiliates. Executive compensation for Legacy is designed to recruit, retain and motivate qualified senior management personnel. The comprehensive compensation plan is designed for positions that have a significant impact on the high-level strategic and policy direction of Legacy and its affiliates. Base pay and total compensation (including incentive compensation) for similar positions is established at a level comparable to market compensation for healthcare organizations. External consultants are regularly used to review published compensation surveys of comparable organizations and comparable benchmark positions in the market. The Compensation Committee of the Board of Directors, none of whom is a Legacy employee, reviews the compensation for key executive positions. The Committee oversees the system's governance procedures with respect to the evaluation of reasonableness of compensation. The Committee reports to the Board in sufficient detail to enable the entire Board to take such actions as are required to obtain the rebuttable presumption of reasonableness. The Compensation Committee also reviews tax-reporting disclosures.
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	The following is a summary of Legacy's policy and procedures for conflict of interest disclosure, monitoring and resolution. All Legacy employees and non-employees in leadership positions (e.g., Board members, Foundation Trustees, Medical Directors) are required to disclose potential conflicts of interest as the conflict arises. Certain groups have annual formal disclosure requirements, Executives and non-employees in leadership positions complete the Conflict Disclosure Statement from the Standards of Conduct policy annually. Officers, Directors, Trustees, Key and Highly Compensated employees are also required to complete a questionnaire covering business relationships, business transactions with interested parties, loans and grants. Conflict Disclosure Statements and questionnaires are returned to Legacy Management Audit for review of the disclosures. If a conflict is disclosed, or identified through any other means, Management Audit ensures that management mitigates the risk (e.g., discontinues relationship with vendor, segregates responsibilities, recuses Board member from voting in area of conflict) and that the conflict and mitigation steps are reported to the appropriate level (e.g., Compliance Committee, Audit Committee of the Board).
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	The Legacy Board received a copy of the 990 return prior to filing. At the direction of the entire Board, the Board Compensation Committee reviewed the compensation disclosures and the Board Audit Committee reviewed the 990 return with Management prior to filing.
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	The appointed persons by the Oregon Synod Council and the Convention of the Episcopal Diocese may not be removed from the Board without written consent of their respective organizations.
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	The Board of Directors includes the following members: (a) The Bishop of the Oregon Synod of the Evangelical Lutheran Church in America (the "Oregon Synod") or the Bishop's designee, who shall serve ex officio, (b) The Bishop of the Episcopal Diocese of Oregon (the "Episcopal Diocese") or the Bishop's designee, who shall serve ex officio, (c) One (1) person appointed by election of the Oregon Synod Council, (d) One (1) person appointed by election of the Convention of the Episcopal Diocese.
Form 990, Part VI, Line 4	Form 990, Part VI, Line 4 Description of Significant Changes to Organizational Documents	Legacy's bylaws were amended and restated to reflect a change from a maximum of 15 voting members of the Board to 16. The Medical Quality & Credentialing Committee representation was changed to include a physician member from the Legacy Clinics.

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization  
LEGACY HEALTH

Employer identification number  
23-7426300

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) LEGACY EPIC FOR AFFILIATED PHYSICIANS 1919 NW LOVEJOY ST PORTLAND, OR 97209	ELECTRONIC MEDICAL RECORDS FOR PHYSICIANS	OR	-200,970		N/A
(2) LEGACY SINGLE DEPOSITORY ENTITY LLC 1919 NW LOVEJOY ST PORTLAND, OR 97209 23-7426300	COMMON DEPOSITORY COMPANY	OR			NA
(3) LEGACY HEALTH SYSTEM CPC LLC 1919 NW LOVEJOY ST PORTLAND, OR 97209 23-7426300	Common Pay Company	OR			N/A

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) NORTHWEST HOSPITAL PARTNERSHIP INC  1919 NW LOVEJOY ST PORTLAND, OR 97209 93-0973009	Investment	OR	LGSHMC	INVESTMENT	40,000	13,652		No			No	
(2) OPTION CARE AT LEGACY LLC  104 WILMOT ROAD MS 1435 DEERFIELD, IL 60015 20-3161422	Infusion	OR	LVNA	Related	1,129,973	1,024,826		No			No	
(3) LIFE FLIGHT NETWORK LLC  22285 YELLOW GATE LANE SUITE 102 AURORA, OR 97002 20-5016802	Air Ambul	OR	LEHHC	Related	3,186,725	3,555,569		No			No	
(4) LEGACYUSP SURGERY CENTERS LLC  15305 DALLAS PKWY SUITE 1600 LB 2 ADDISON, TX 75001 26-1846866	MGMT SERV	OR	N/A	Related	751,697	12,053,163		No			No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) LEGACY HEALTH SYSTEM INSURANCE COMPANY 1919 NW LOVEJOY ST PORTLAND, OR 97209 03-0322342	INSURANCE		N/A	C	7,108	234,872	100 000 %
(2) MANAGED HEALTHCARE NORTHWEST 422 E BURNSIDE ST 215 PORTLAND, OR 97208 93-0914759	MEDICAL	OR	LEGACY MT HOOD MEDICAL CENTER	C	33,885	766,475	75 000 %

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

Yes

1e

Yes

1f

Yes

1g

Yes

1h

Yes

1i

No

1j

No

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

Yes

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			



Part VII

Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	
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Software ID: 11000144

Software Version: 2011v1.5

EIN: 23-7426300

Name: LEGACY HEALTH

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
LEGACY ADVENTIST VENTURE  1919 NW LOVEJOY ST PORTLAND, OR 97209 93-1121816	HEALTHCARE	OR	501(C)(3)	9	N/A		No
SALMON CREEK HOSPITAL FOUNDATION  PO BOX 4484 PORTLAND, OR 97208 83-0433165	CHARITABLE FOUNDATION	WA	501(C)(3)	7	N/A	Yes	
MT HOOD MEDICAL CENTER FOUNDATION  PO BOX 4484 PORTLAND, OR 97208 93-0794951	CHARITABLE FOUNDATION	OR	501(C)(3)	11a	N/A	Yes	
MERIDIAN PARK MEDICAL FOUNDATION  PO BOX 4484 PORTLAND, OR 97208 93-0773410	CHARITABLE FOUNDATION	OR	501(C)(3)	11a	N/A	Yes	
GOOD SAMARITAN FOUNDATION  PO BOX 4484 PORTLAND, OR 97208 23-7017276	CHARITABLE FOUNDATION	OR	501(C)(3)	11a	N/A	Yes	
THE CHILDRENS HOSPITAL FOUNDATION  PO BOX 4484 PORTLAND, OR 97208 93-1314469	CHARITABLE FOUNDATION	OR	501(C)(3)	7	N/A	Yes	
EMANUEL MEDICAL CENTER FOUNDATION  PO BOX 4484 PORTLAND, OR 97208 93-6095667	CHARITABLE FOUNDATION	OR	501(C)(3)	7	N/A	Yes	
LEGACY VISITING NURSE ASSOCIATION  815 NE DAVIS ST PORTLAND, OR 97210 93-0848530	HOSPICE	OR	501(C)(3)	9	N/A	Yes	
LEGACY SALMON CREEK HOSPITAL  2211 NE 139TH ST VANCOUVER, WA 98686 33-1065485	HOSPITAL	WA	501(C)(3)	3	N/A	Yes	
LEGACY MOUNT HOOD MEDICAL CENTER  24800 SE STARK AT GRESHAM, OR 97030 93-0591528	HOSPITAL	OR	501(C)(3)	3	N/A	Yes	
LEGACY MERIDIAN PARK HOSPITAL  19300 SW 65TH AVE TUALATIN, OR 97062 93-0618975	HOSPITAL	OR	501(C)(3)	3	N/A	Yes	
LEGACY GOOD SAMARITAN HOSPITAL & MEDICAL  1015 NW 22ND AVE PORTLAND, OR 97210 93-0386793	HOSPITAL	OR	501(C)(3)	3	N/A	Yes	
LEGACY EMANUEL HOSPITAL & HEALTH CENTER  2801 N GANTENBEIN AVE PORTLAND, OR 97227 93-0386823	HOSPITAL	OR	501(C)(3)	3	N/A	Yes	

**Form 990, Schedule R, Part V - Transactions With Related Organizations**

<b>(a)</b> Name of other organization		<b>(b)</b> Transaction type(a-r)	<b>(c)</b> Amount Involved (\$)	<b>(d)</b> Method of determining amount involved
<b>(1)</b>	SALMON CREEK HOSPITAL FOUNDATION	k	79,745	Actual Cost
<b>(2)</b>	MT HOOD MEDICAL CENTER FOUNDATION	k	84,133	Actual Cost
<b>(3)</b>	MERIDIAN PARK MEDICAL FOUNDATION	k	164,677	Actual Cost
<b>(4)</b>	GOOD SAMARITAN FOUNDATION	b	235,577	Cash
<b>(5)</b>	THE CHILDRENS HOSPITAL FOUNDATION	k	1,009,492	Actual Cost
<b>(6)</b>	THE CHILDRENS HOSPITAL FOUNDATION	b	83,367	Cash
<b>(7)</b>	EMANUEL MEDICAL CENTER FOUNDATION	k	206,853	Actual Cost
<b>(8)</b>	LEGACY MOUNT HOOD MEDICAL CENTER	a	155,124	Fair Value
<b>(9)</b>	LEGACY MERIDIAN PARK HOSPITAL	a	427,752	Fair Value
<b>(10)</b>	LEGACY GOOD SAMARITAN HOSPITAL & MEDICAL	g	77,573	Cash
<b>(11)</b>	LEGACY GOOD SAMARITAN HOSPITAL & MEDICAL	a	74,364	Fair Value
<b>(12)</b>	LEGACY EMANUEL HOSPITAL & HEALTH CENTER	a	4,749,723	Fair Value



**TY 2011 Itemized Other Current Liabilities Schedule****Name:** LEGACY HEALTH**EIN:** 23-7426300**Software ID:** 11000144**Software Version:** 2011v1.5

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		UNEARNED PREMIUMS	294,167	287,027
		LIABILITY FOR LOSSES & LOSS ADJ EXPENSES	1,646,000	1,561,000

**TY 2011 Itemized Other Current Assets  
Schedule****Name:** LEGACY HEALTH**EIN:** 23-7426300**Software ID:** 11000144**Software Version:** 2011v1.5

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		REINSURANCE RECOVERABLE	1,646,000	1,561,000
		PREPAID REINSURANCE PREMIUMS	280,861	274,694
		PREPAID EXPENSES	1,667	1,667
		INTEREST RECEIVABLE	172	159

**TY 2011 Other Deductions Schedule****Name:** LEGACY HEALTH**EIN:** 23-7426300**Software ID:** 11000144**Software Version:** 2011v1.5

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Total in Dollars		68,432
PROFESSIONAL FEES	25,363	
MISCELLANEOUS EXPENSES	1,016	
MEETING EXPENSES	1,673	
MANAGEMENT FEES	20,000	
GOVERNMENT FEES	11,402	
Foreign Currency Total	68,432	
ACTUARIAL FEES	8,978	

**TY 2011 Paid-In or Capital Surplus Reconciliation Statement****Name:** LEGACY HEALTH**EIN:** 23-7426300**Software ID:** 11000144**Software Version:** 2011v1.5

Description	Beginning Amount	Ending Amount
PAID IN CAPITAL	119,950	119,950

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**2012**

**AMENDED AND RESTATED**

**BYLAWS**

**OF**

**LEGACY HEALTH**

**Adopted April 12, 1989**

**Restated February 5, 1998**

**Amended June 4, 1998, June 3, 1999, June 1, 2000,**

**October 5, 2000, February 7, 2002, June 5, 2003,**

**December 2, 2004, February 22, 2006,**

**February 26, 2007, September 13, 2007, November 8, 2007**

**March 13, 2008, May 8, 2008, March 12, 2009**

**November 12, 2009, March 10, 2010, January 20, 2011,**

**May 11, 2011, July 21, 2011,**

**Last Amended March 22, 2012**

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**AMENDED AND RESTATED**  
**BYLAWS OF LEGACY HEALTH**  
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## **AMENDED AND RESTATED**

### **BYLAWS OF LEGACY HEALTH (2012)**

#### **ARTICLE 1**

##### **PURPOSES**

##### **SECTION 1.1 FOUNDATION**

Legacy Health is a unique healthcare system founded on the tradition and values of community healthcare organizations, the healing ministries of the Lutheran and Episcopal churches, and community physicians. This partnership of healthcare providers is dedicated to caring, compassion and excellence. The individual strengths and traditions that each bring enable Legacy, as a system, to be of greater benefit to the communities we serve in our common mission.

##### **SECTION 1.2 MISSION**

Legacy's Mission is good health for our people, our patients, our communities and our world.

##### **SECTION 1.3 VISION**

Legacy's Vision is to be essential to the health of our region.

#### **ARTICLE 2**

##### **NO MEMBERS; CORPORATE RIGHTS AND INTERESTS**

##### **SECTION 2.1 NO MEMBERS**

Legacy Health shall have no members.

##### **SECTION 2.2 CORPORATE RIGHTS AND INTERESTS**

All rights and interests of Legacy Health as a member, shareholder or otherwise in other corporations, partnerships, ventures, organizations and entities shall be exercisable solely by the Board of Directors of Legacy Health, except to the extent such authority is delegated by the Board of Directors to one or more of its officers either generally or with respect to specific matters.



## **ARTICLE 3**

### **BOARD OF DIRECTORS**

#### **SECTION 3.1 GOVERNANCE**

The affairs of Legacy Health shall be governed by a Board of Directors, and each member thereof individually shall be known as a Director.

#### **SECTION 3.2 NUMBER AND QUALIFICATIONS**

(a) The Board of Directors shall consist of not more than sixteen (16) voting Directors. The exact number of voting Directors shall be determined by the Board of Directors.

(b) A person, in order to be qualified to be elected as a Director, should support both the vision and mission statement of Legacy Health. Individuals selected to serve should be able to devote appropriate time and effort to carrying out such person's proposed role including time to prepare for meetings, to regularly attend meetings, and to obtain or maintain knowledge regarding healthcare policy in general and Legacy Health in particular. It is the intent of Legacy Health that such individuals will be representative of the community served by Legacy Health.

(c) Each individual nominated shall bring specialized expertise or other background necessary and appropriate to the functions of the Board of Directors. Nominations shall be proposed under the process described in Sections 3.3 and 5.4 below.

#### **SECTION 3.3 SELECTION, TERM AND REMOVAL**

(a) The Board of Directors shall consist of no more than sixteen (16) voting members who shall be appointed, elected, or serve ex officio as follows:

(1) The Bishop of the Oregon Synod of the Evangelical Lutheran Church in America (the "Oregon Synod") or the Bishop's designee, who shall serve ex officio;

(2) The Bishop of the Episcopal Diocese of Oregon (the "Episcopal Diocese") or the Bishop's designee, who shall serve ex officio;

(3) One (1) person appointed by election of the Oregon Synod Council;

(4) One (1) person appointed by election of the Convention of the Episcopal Diocese;

(5) Four (4) physicians, elected at large from physicians recommended by the active medical staffs of Legacy hospitals.

(6) Not more than seven (7) persons, elected at large by the Legacy Health Board of Directors; and

(7) The President of Legacy Health, who shall serve ex officio; provided, that when the office of President of Legacy Health is vacant, the Acting President or other officer who is designated to exercise the authority of the President until the office of President is filled shall serve ex officio.

(b) The Directors (other than ex officio Directors) shall be divided into three (3) classes of as nearly equal number as possible, and their terms shall be staggered by class. One such class of Directors shall be elected or appointed, as the case may be, each year.

(c) The term of office of each Director (other than ex officio Directors and as provided in the Articles of Incorporation) shall be three (3) years.

(d) Directors (other than ex officio Directors) may be removed from office pursuant to vote of the Board of Directors; provided, however, that (a) the Director referred to in paragraph 3.3(a)(3) may be removed only with the prior written consent of the Oregon Synod Council, and (b) the Director referred to in paragraph 3.3(a)(4) may be removed only with the prior written consent of the Diocesan Council or the Convention of the Episcopal Diocese.

(e) Successors to Directors whose terms have expired shall be selected as set forth in the Articles of Incorporation and these Bylaws.

(f) The Legacy Health Board of Directors may, from time-to-time, adopt, amend, modify or repeal policies or bylaws regarding the qualifications of elected Directors. Other than ex officio Directors and those appointed as provided in Section 3.3(a)(3) or (4), no Director shall serve more than three (3) consecutive full terms as a Director. Notwithstanding the foregoing, a Director who has been elected to the office of Chair of the Board of Directors may remain a Director past the expiration of his or her three (3) full terms for such period of time as he or she is elected to the office of Chair.

#### **SECTION 3.4 VACANCIES**

A vacancy on the Board of Directors shall exist upon the death or resignation of a Director, upon removal of any Director or upon the creation of an additional directorship subject to the Articles of Incorporation. The Board of Directors, acting at any meeting, or any other designated person entitled to elect or appoint such Director as provided in Section 3.3 above may fill a vacancy on the Board of Directors for the unexpired portion of the term in the manner provided herein for the election or appointment of such Director.

#### **SECTION 3.5 ANNUAL MEETINGS**

An annual meeting of the Board of Directors shall be held each year during the month of May. At the annual meeting the Board of Directors shall elect or appoint Directors, officers and the Chair, and shall approve the Chair's appointments to Board and Management Committees. Notice of annual meetings shall be given not less than seven (7) and not more than fifty (50) days before the date of the meeting. Such notice may be given in any reasonable manner.

### **SECTION 3.6 REGULAR MEETINGS**

Regular meetings of the Board of Directors shall be held at such times as the Board of Directors may determine. The Secretary shall annually provide a schedule of regular meetings to all Directors, but no further notice of regular meetings need be given.

### **SECTION 3.7 SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called by the Chair or upon written request by at least one-fourth of the Directors in office setting forth the business they wish to have conducted at the special meeting. Notice of special meetings shall be given at least twenty-four (24) hours before the meeting if called by the Chair or at least seventy-two (72) hours before the meeting if called by the Directors. Such notice may be given in any reasonable manner.

### **SECTION 3.8 PLACE OF MEETINGS; OTHER MEANS OF COMMUNICATION**

All meetings of the Board of Directors shall be held at such place as is designated in the notice of meeting. Any or all Directors may participate in a regular or special meeting by, or conduct the meeting through, the use of any means of communication by which all Directors participating in the meeting may simultaneously hear each other during the meeting. A Director participating in a meeting by such means shall be deemed present in person at the meeting.

### **SECTION 3.9 QUORUM**

A majority of the Directors in office shall constitute a quorum for the transaction of business. A minority of the Directors in the absence of a quorum may adjourn the meeting but may not transact any business.

### **SECTION 3.10 ACTION**

The act of a majority of the Directors present at a meeting where there is a quorum shall be the act of the Board of Directors, unless otherwise provided in the Articles of Incorporation, these Bylaws, or by law. Except as specifically provided to the contrary in the Articles of Incorporation or these Bylaws, all Directors and committee members, including without limitation ex officio Directors and committee members, shall have voting rights in their respective capacities as members of the Board of Directors and the committees on which they serve.

### **SECTION 3.11 CONFLICTS OF INTEREST**

(a) A conflict of interest transaction for purposes of this section is a transaction with Legacy Health in which a Director has a direct or indirect interest. A conflict of interest transaction is not voidable by Legacy Health solely because of the Director's interest in the transaction if the transaction was (1) fair to Legacy Health, or (2) authorized, approved or ratified by the vote of the Board of Directors, or of a committee having and exercising the

authority of the Board of Directors over such transaction, after disclosure to the Board of Directors or the committee of the material facts of the transaction and the Director's interest.

(b) For the purposes of this section, a Director has an indirect interest in a transaction if (1) another entity in which the Director has a material interest or in which the Director is a general partner is a party to the transaction, or (2) the Director is a director, officer, or trustee of another entity which is not described in the last sentence of this paragraph and is a party to the transaction, and the transaction is or should be considered by the Board of Directors. A Director does not have a direct or indirect interest in a transaction solely by serving as the director, officer, or trustee of an entity which substantially controls, is under substantially common control with, is wholly owned by or is substantially controlled by Legacy Health.

(c) For purposes of this section, a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors, or on the committee, who have no direct or indirect interest in the transaction. A transaction may not be authorized, approved, or ratified under this section by a single Director. Notwithstanding any provision of these Bylaws to the contrary, if a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under this section if the transaction is otherwise authorized, approved or ratified as provided in this section.

### **SECTION 3.12 LOANS TO DIRECTORS AND OFFICERS**

Legacy Health will not make loans to Directors or officers except in conformity with the requirements and restrictions of ORS 65.364. Any such loan must be approved by members of the Board of Directors who have no direct or indirect interest in the transaction.

### **SECTION 3.13 STANDARDS OF CONDUCT**

Directors are subject to Legacy's Standards of Conduct policy, as it may be amended from time to time.

## **ARTICLE 4**

### **OFFICERS**

#### **SECTION 4.1 DESIGNATION AND QUALIFICATION**

The officers of Legacy Health shall be a Chair, a Vice Chair, a President, a Secretary and a Treasurer. Only Directors shall be eligible to serve as the Chair and Vice Chair. Directors serving as officers shall retain their right to vote as Directors on matters presented to the Board of Directors. The Chair may elect to be referred to as the "Chairman," "Chairwoman" or "Chairperson" and the Vice Chair may make a similar election.

## **SECTION 4.2 ELECTION AND VACANCY**

(a) Except as otherwise provided in this paragraph (a), the officers of Legacy Health shall be elected by the Board of Directors. At any time when the administrative office of Chief Legal Officer or its equivalent is filled, the individual so serving shall also serve as the Secretary of Legacy Health, and, at any time when the administrative office of Chief Financial Officer or its equivalent is filled, the individual so serving shall also serve as the Treasurer of Legacy Health.

(b) A vacancy in any office elected by the Board of Directors occurring because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors at any meeting for the unexpired portion of the term in the manner prescribed in these Bylaws for regular elections to such office.

## **SECTION 4.3 TERM**

Each elected officer of Legacy Health shall hold office for a term of one year commencing immediately following the annual meeting of the Board of Directors in the year of election, and continuing until his or her successor is elected. Each officer designated under Section 4.2(a) above shall serve for so long as such officer holds the Legacy Health administrative office described in Section 4.2(a) above.

## **SECTION 4.4 RESIGNATION AND REMOVAL**

Subject to the provisions of any employment contract, an officer of Legacy Health may be removed, either with or without cause, by the Board of Directors. Subject to the provisions of any employment contract, an officer of Legacy Health may resign at any time by giving written notice to the Board of Directors, the Chair or the Secretary.

## **SECTION 4.5 CHAIR**

(a) The Chair shall preside at all meetings of the Board of Directors and shall have such other powers and perform such other duties as the Board of Directors or these Bylaws may prescribe. The Chair, after consultation with the Governance Committee, shall appoint the chairs and members of Board and Management Committees, subject to the approval of the Board of Directors.

(b) Unless otherwise provided in these Bylaws, the Chair shall serve ex officio on all Board and Management Committees and, when in attendance at a meeting, shall be counted for purposes of a quorum and shall have the right to vote.

## **SECTION 4.6 VICE CHAIR**

In the absence of the Chair, the Vice Chair shall perform the duties of the Chair. The Vice Chair shall have such other powers and perform such other duties as the Board of Directors or these Bylaws may prescribe.

#### **SECTION 4.7 SECRETARY**

The Secretary shall cause minutes to be kept of all meetings of the Board of Directors. The Secretary shall cause appropriate notices to be given in accordance with these Bylaws, shall perform the customary duties pertaining to the office of Secretary and shall perform such other duties as the Board of Directors or these Bylaws may prescribe.

#### **SECTION 4.8 TREASURER**

The Treasurer shall be responsible for the financial affairs of Legacy Health. The Treasurer shall perform the customary duties pertaining to the office of Treasurer and shall perform such other duties as the Board of Directors or these Bylaws may prescribe.

#### **SECTION 4.9 ASSISTANTS**

The Board of Directors may appoint or authorize the appointment of assistants to the Secretary or Treasurer or both. Such assistants may exercise the power of the Secretary or Treasurer, as the case may be, and shall perform such duties as the Board of Directors may prescribe.

#### **SECTION 4.10 PRESIDENT**

(a) The Board of Directors shall elect a President, who shall be the Chief Executive Officer of Legacy Health and shall perform the customary duties and have the customary authority of a Chief Executive Officer.

(b) The President, subject to the authority and policies of the Board of Directors, shall have responsibility for the overall management of Legacy Health. The President shall provide executive liaison between Legacy's subsidiaries and affiliated entities and the Board of Directors of the corporation. In instances where the corporation is a member of a limited liability company, the President may exercise the powers of the corporation as a member of such company to appoint managers and take other actions consistent with Legacy's policies governing authorization of transactions.

(c) The President or his or her designee shall attend all meetings of the Board of Directors. The President shall cause reports on the activities of Legacy Health and on relevant events in the health care, business and political environment to be submitted to the Board of Directors.

(d) Unless otherwise provided in these Bylaws, the President shall serve ex officio on all Board and Management Committees except the Audit and Compensation Committees and, when in attendance at a meeting (except meetings of the Audit and Compensation Committees), shall be counted for purposes of a quorum and shall have the right to vote.

(e) The Board shall set the compensation of the President and review such compensation regularly.

(f) The Board may in its discretion terminate the employment of the President and/or remove him or her from the office of President upon ten days written notice to the President.

#### **SECTION 4.11 OTHER ADMINISTRATIVE OFFICERS**

The President shall appoint the Chief Financial Officer, the Chief Legal Officer and other administrative officers of Legacy Health. The compensation of administrative officers of Legacy Health shall be fixed by the President under a compensation program approved by the Compensation Committee. Any administrative officer of Legacy Health may be removed by the President following consultation with the Board of Directors.

#### **SECTION 4.12 OFFICER PARTICIPATION IN MEETINGS OF THE BOARD OF DIRECTORS**

The Chief Financial Officer/Treasurer and the Chief Legal Officer/Secretary shall each be authorized to attend meetings and participate in the deliberations of the Board of Directors of Legacy Health and such committees of the Board as the Chair of Legacy Health may designate. They shall not have the right to vote on matters coming before the Board of Directors or any such committee, and shall not be counted for purposes of a quorum.

### **ARTICLE 5**

#### **COMMITTEES**

##### **SECTION 5.1 BOARD COMMITTEES**

The Board of Directors may, by resolution adopted by a majority of Directors in office, designate Board Committees and Subcommittees ("Committees") each of which shall consist of two or more Directors. To the extent permitted by law, these Bylaws and provided in such resolution, Board Committees shall have and exercise the authority of the Board of Directors in the management of Legacy Health. The Board of Directors shall approve the Chair's appointment of the chair and the members of Board and Management Committees. Legacy Health shall have at least the following Board Committees: a Finance Committee, a Medical Quality & Credentialing Committee, an Audit Committee, a Governance Committee, and a Compensation Committee. The specific responsibilities and assignments for each Committee shall be determined by the Board of Directors, and shall be reflected in the Committee's charter. Each Committee member shall hold office at the pleasure of the Board of Directors.

##### **SECTION 5.2 FINANCE COMMITTEE**

(a) The Finance Committee shall consist of the President and at least four additional Directors. The Finance Committee may have members who are not Directors if appointed by the Chair and approved by the Board of Directors. The Chief Financial Officer of Legacy Health shall serve as an ex officio member of the Finance Committee without vote.

(b) Between meetings of the Board of Directors, the Finance Committee shall have and exercise all the authority of the Board of Directors in the management of the financial affairs of Legacy Health, including without limitation review and recommendation of the annual budget to the Board of Directors, development of financial policies, ways and means of raising funds, short-term borrowing limits for general operating purposes, and review and recommendation of proposals to incur debt or to make substantial expenditures of funds. Such authority shall be subject to the expenditure limits and other procedural requirements set forth in applicable policies of Legacy Health.

(c) For purposes of obtaining the rebuttable presumption of reasonableness under Section 4958 of the Internal Revenue Code, the Committee has been designated an authorized body for approval of transactions with disqualified persons where the following criteria are satisfied: the amount of money in question is less than the maximum amount which can be approved by the Committee without subsequent ratification by the full Board of Directors, the Committee relies on appropriate comparability data in establishing that the transaction is conducted for fair market value, no member of the Committee who has a conflict of interest with respect to the transaction as defined in Section 4958 of the Code is present during debate and voting on the issue, and the Committee promptly documents its decision in duly adopted minutes.

(d) The Finance Committee shall formulate and periodically review the investment policy of Legacy Health and monitor Legacy's investments.

### **SECTION 5.3 MEDICAL QUALITY & CREDENTIALING COMMITTEE**

(a) The Medical Quality & Credentialing Committee shall have no more than twenty-one (21) voting members selected in the manner provided in Sections 5.3(b) & (c).

(b) The persons holding the following offices shall serve as ex officio members of the Medical Quality & Credentialing Committee during the time such person holds the respective office:

- (1) The President of Legacy Health;
- (2) The Senior Vice President and Chief Medical Officer of Legacy Health (or its equivalent office); and
- (3) The Presidents of the organized Medical Staffs of:
  - (i) Legacy Emanuel Hospital & Health Center;
  - (ii) Legacy Good Samaritan Hospital and Medical Center;
  - (iii) Legacy Meridian Park Hospital;
  - (iv) Legacy Mount Hood Medical Center; and
  - (v) Legacy Salmon Creek Hospital.



(c) The Chair of the Board, after consultation with the Board Governance Committee, and subject to approval of the Board of Directors, shall appoint the remaining members of the Committee as set forth below:

(1) Two (2) to four (4) physicians who are Directors, one of whom shall serve as chair of the Medical Quality & Credentialing Committee;

(2) Two (2) Directors who are not physicians;

(3) Two (2) physicians, one from Randall Children's Hospital and one from the adult hospital, from among the physicians nominated by the Medical Executive Committee of the Medical Staff of Legacy Emanuel Hospital & Health Center;

(4) One (1) physician from among the physicians nominated by the Medical Executive Committee of the Medical Staff of Legacy Good Samaritan Hospital and Medical Center;

(5) One (1) physician from among the physicians nominated by the Medical Executive Committee of the Medical Staff of Legacy Meridian Park Hospital;

(6) One (1) physician from among the physicians nominated by the Medical Executive Committee of the Medical Staff of Legacy Mount Hood Medical Center;

(7) One (1) physician from among the physicians nominated by the Medical Executive Committee of the Medical Staff of Legacy Salmon Creek Hospital;

(8) One (1) physician from among the physicians nominated by Legacy Medical Group; and

(9) One (1) physician to serve at large, nominated by the other members of the Medical Quality & Credentialing Committee.

(d) Appointed members of the Medical Quality & Credentialing Committee shall serve for terms of three (3) years, staggered by class.

(e) The Medical Quality & Credentialing Committee shall have the responsibility to review recommendations made by the medical staffs at each of the Legacy Health facilities relating to medical staff credentialing. Its authority shall include taking actions and making recommendations to the Legacy Health Board of Directors concerning medical staff credentialing and privileges, and the organization and operation of medical staffs at Legacy Health facilities and programs. Such credentialing and privilege matters shall be carried out in conjunction with the medical staffs in accordance with their respective bylaws, rules and regulations. Delegation of responsibilities to the medical staffs, the Medical Quality & Credentialing Committee and the Credentials Subcommittee in the areas of credentialing, privileges, licensure, discipline and certification shall be determined by the Legacy Health Board of Directors following collaborative discussion with the Committee and medical staff representatives. The Medical Quality & Credentialing Committee shall also provide oversight and regular reports to the Board of Directors concerning quality assessment and clinical and

professional operational matters relating to Legacy Health facilities and programs in order to maintain consistency with the Mission and Vision of Legacy Health. Any physician Director who is personally or financially involved in any matter considered by the Committee shall not participate by discussion, vote or otherwise in the Committee's activities relating to such matter, and shall recuse him or herself from that portion of any meeting where such a matter is discussed or voted upon.

(1) The Medical Quality & Credentialing Committee shall have a Credentials Subcommittee, comprised of three (3) Directors who are members of the Medical Quality & Credentialing Committee. The chair of the Credentials Subcommittee shall be the chair of the Medical Quality & Credentialing Committee. The two (2) remaining members of the Credentials Subcommittee shall be a physician and a non-physician, who shall be appointed by the chair of the Medical Quality & Credentialing Committee. The Credentials Subcommittee members (excluding the chair) shall serve two (2) year terms of office.

(2) The Credentials Subcommittee shall have the authority to take action on such credentialing and privileging matters referred by the Medical Staffs as the Board of Directors may delegate from time to time.

(f) The Medical Quality & Credentialing Committee shall advise the Board of Directors and the President of Legacy Health on policy matters and matters of medical ethics. The Medical Quality & Credentialing Committee shall be the senior medical ethics advisory body of the Legacy medical staffs. Legacy Health shall provide staff support to the Medical Quality & Credentialing Committee. The Medical Quality & Credentialing Committee shall review proposals from Legacy Health and from individual medical staffs, shall review policies and make recommendations to the Legacy Health Board of Directors, and shall oversee Medical Staff implementation of system initiatives as directed by the Legacy Health Board of Directors.

#### **SECTION 5.4 GOVERNANCE COMMITTEE**

(a) The Governance Committee shall develop and monitor the effectiveness of the Board of Directors in the areas of governance and Board education. The Governance Committee shall periodically evaluate the tasks and responsibilities of each Board Committee. It shall develop and implement orientation, education and evaluation materials for the Board of Directors and Committee members. The Governance Committee shall recommend approval to the Board of Directors of Board policies and procedures, decision making processes, standards of conduct, and related operational matters. The Governance Committee shall recommend to the Board of Directors individuals to serve as Directors and Officers of Legacy Health and its affiliated corporations. The Governance Committee shall recommend changes to the Articles of Incorporation and Bylaws of Legacy Health and its affiliated corporations, and to the committee charters.

(b) The Governance Committee shall consist of at least three (3) voting Directors.

(c) The Governance Committee shall include at least one member of the Board of Directors who (i) is elected to his or her Director's position by either the Oregon Synod

Council or Episcopal Diocese, or (ii) is either the Bishop of the Oregon Synod or his or her designee or the Bishop of the Episcopal Diocese or his or her designee.

## **SECTION 5.5    AUDIT COMMITTEE**

(a)     The purpose of the Audit Committee (the “Committee”) of the Board of Directors of Legacy Health (the “Health System”) is to ensure appropriate policies and procedures are in place to safeguard and preserve the Health System’s assets, and to oversee the fair presentation of the Health System’s financial statements, the effectiveness of the system of internal controls, compliance with non-clinical legal and regulatory requirements, the determination of the independent auditor’s qualifications and independence, and the performance of the Health System’s internal audit function and independent auditors.

(b)     The Audit Committee shall consist of at least five (5) members, including at least three (3) voting directors. All members shall be fully independent. At least one (1) member must qualify as an “Audit Committee financial expert”, having knowledge and experience with complex financial statements, generally accepted accounting principles, especially as they relate to estimates, accruals and reserves, internal controls, and Committee functions. All other members of the Committee must have a basic knowledge of financial reporting at the time of appointment. The President and the Chief Financial Officer may attend meetings as guests but will not be members of the Committee.

## **[SECTION 5.6    COMMUNITY HEALTH COMMITTEE**

(a)     The Community Health Committee shall consist of at least three (3) members, including one member of the Legacy Health Board of Directors who (i) is elected to his or her Director’s position by either the Oregon Synod or the Episcopal Diocese, or (ii) is either the Bishop of the Oregon Synod or his or her designee or the Bishop of the Episcopal Diocese or his or her designee. To the greatest extent practicable, such person shall be selected in tandem with the Director selected to serve on the Governance Committee under Section 5.5(c), above, so that the Directors elected by the Oregon Synod and Episcopal Diocese, respectively, shall each serve on either the Community Health Committee or the Governance Committee. Additionally, the Bishop of the Episcopal Diocese and the Bishop of the Oregon Synod shall each appoint one Community Health Committee member who is not a Legacy Health Director. The respective Bishops shall have authority to make additional, co-equal appointments to the Committee, so that at all times, the persons appointed by the respective Bishops shall compose at least 50% of the Committee’s membership. The Directors of Pastoral Care at Legacy Emanuel Hospital & Health Center and at Legacy Good Samaritan Hospital and Medical Center shall be ex officio members of the Committee without vote, but full right of participation in the Committee’s affairs and discussions, serving the Committee as valued resources.

(b)     The Community Health Committee shall analyze and provide recommendations to the Board of Directors relating to community health needs and priorities in the area of community health. Additionally, the Committee shall provide review of pastoral care programs offered at Legacy Health facilities. The Committee’s work may be augmented by ad hoc Advisory Committees, whose members will be appointed by the Committee, subject to

confirmation by the Board of Directors. The ad hoc Advisory Committees can be assigned issues regarding clinical services delivery, community outreach, community wellness, and considerations relating to the specific geographical areas served (or to be served) by Legacy Health. Due regard in the appointment of Advisory Committee members shall be given to persons respectively recommended by the Bishops of the Oregon Synod and Episcopal Diocese.] **[Note: Section 5.6, Community Health Committee, was deleted by vote of the Board of Directors on November 12, 2009. The deletion of Section 5.6 will not be effective until approved pursuant to Section 9.3 of the Bylaws approved on March 12, 2009.]**

## **SECTION 5.6 COMPENSATION COMMITTEE**

(a) The Compensation Committee shall establish and maintain a competitive compensation program for executives of the Legacy Health. The Committee shall make recommendations to the Board of Directors with respect to the compensation of the President. The Committee shall approve salary ranges, guidelines, benefit plans and perquisites for vice presidents and senior vice presidents as recommended by the President.

(b) The Compensation Committee shall consist of five (5) or more Fully Independent Directors, as defined in Legacy's Director Independence Policy.

## **SECTION 5.7 MANAGEMENT COMMITTEES**

The Board of Directors may create, assign functions to and abolish Management Committees. Management Committees shall not have or exercise any authority of the Board of Directors over the operation and affairs of Legacy Health unless authorized by the Board of Directors to exercise such authority with respect to specific matters. The Chair shall appoint the chair and all members of Management Committees, subject to the approval of the Board of Directors.

## **SECTION 5.8 QUORUM**

A majority of the voting members of any Committee shall constitute a quorum for the conduct of business. The Chair shall serve ex officio on all Board and Management Committees and, when in attendance at a meeting, shall be counted for purposes of a quorum and shall have the right to vote. The President shall serve ex officio on all Board and Management Committees except the Audit and Compensation Committees and, when in attendance at a meeting (except meetings of the Audit and Compensation Committees), shall be counted for purposes of a quorum and shall have the right to vote. Nonvoting members of a Committee shall not be counted toward a quorum.

## **SECTION 5.9 MEETINGS**

(a) Meetings of Committees shall be called by the Chair, the chair of the Committee, or a majority of the Committee's voting members. Each Committee shall meet as often as necessary to perform its duties, and, unless required by these Bylaws to meet more frequently, shall meet not less than once each year.

(b) Notice of the time and place of a Management Committee meeting may be given in any reasonable manner.

(c) Board Committees may provide by resolution for the place, time and hour of regular meetings. Such resolution may provide that its adoption shall constitute notice of such meetings. If no such provision is made, notice of regular meetings shall be given in writing at least seven (7) days prior to the date of the meeting. Special meetings may be held on twenty-four (24) hours' notice given in any reasonable manner.

## **SECTION 5.10 MINUTES**

Each Committee shall keep written minutes of its meetings which shall be transmitted to the Board of Directors.

## **SECTION 5.11 TENURE, REMOVAL AND VACANCIES**

(a) Unless otherwise provided in these Bylaws, the chair and members of each Committee shall be appointed by the Chair and approved by the Board at the annual meeting of the Board of Directors, and they shall hold their positions until the next annual meeting of the Board of Directors and until their successors are appointed, unless they shall sooner resign, be removed from the Committee, or cease to hold the position which is the basis for their appointment.

(b) The Board of Directors may remove any appointed member of any Board Committee, and, unless otherwise provided in these Bylaws, the Chair may remove any appointed member of any Management Committee or the Credentials Subcommittee. Any person who is a member of a Committee because he or she holds a designated position shall cease to be a member of the Committee when he or she ceases to hold such position.

(c) Vacancies in any Committee may at any time be filled for the unexpired portion of the term in the manner prescribed in these Bylaws for regular appointments to such position.

## **ARTICLE 6**

### **RECORDS AND EXECUTION**

#### **SECTION 6.1 RECORDS**

Legacy Health shall maintain adequate and correct books, records and accounts of its business and properties. All of such books, records and accounts shall be kept at its place of business.

#### **SECTION 6.2 INSPECTION**

All books, records and accounts of Legacy Health, and the original or a certified copy of the Articles of Incorporation, the Bylaws and any amendments thereto, shall be open to inspection by the Directors in the manner and to the extent required by law.

### **SECTION 6.3 SIGNATURE AUTHORITY**

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to Legacy Health shall be signed or endorsed by such person or persons and in such manner as shall be determined by resolution of the Board of Directors.

### **SECTION 6.4 ANNUAL AUDIT**

An annual audit shall be made of the books and accounts of Legacy Health.

### **SECTION 6.5 FISCAL YEAR**

The fiscal year of Legacy Health shall be the annual period ending March 31.

### **SECTION 6.6 EXECUTION OF DOCUMENTS**

Except as otherwise provided in the Bylaws, the Board of Directors may authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of Legacy Health. Such authority may be general or confined to specific instances.

## **ARTICLE 7**

### **ASSOCIATED ORGANIZATIONS**

#### **SECTION 7.1 CREATION**

The Board of Directors may authorize the formation of an Auxiliary, a Foundation, Associates and other associated organizations. The purpose of such associated organizations shall be to render service to Legacy Health and persons served by Legacy Health. Such service may include fund raising activities and participation in programs designed to enhance the reputation of the facilities operated or supported by Legacy Health.

#### **SECTION 7.2 BYLAWS, RULES AND REGULATIONS**

Each such organization shall propose and adopt bylaws, rules and regulations for the management of its affairs which shall not be inconsistent with these Bylaws and the same shall become effective when approved by the Board of Directors.

## ARTICLE 8

### AMENDMENTS

#### SECTION 8.1 REVIEW

Each year, the Governance Committee shall review and evaluate the Articles of Incorporation and Bylaws of Legacy Health and make recommendations for revision to the Board of Directors.

#### SECTION 8.2 PROCEDURE

These Bylaws may be amended or repealed or new Bylaws adopted only at a meeting of the Board of Directors upon receiving the affirmative vote of a majority of the Directors in office.

#### SECTION 8.3 RESTRICTIONS ON AMENDMENTS

Any amendment of the provisions of Sections 3.3(a)(1) and (3) shall be effective only upon the written approval of such amendment by the Oregon Synod. Any amendment of the provisions of Sections 3.3(a)(2) and (4) shall be effective only upon the written approval of such amendment by the Diocesan Council or the Convention of the Episcopal Diocese. Any amendment of the provisions of Sections 5.4(c), **[5.6(a) or 5.6(b) of the Bylaws approved on March 12, 2009.]** shall be effective only upon the written approval of such amendment by the Diocesan Council or the Convention of the Episcopal Diocese and by the Oregon Synod Council. In any case where such written approval is required, and the amendment does not involve a significant substantive change with respect to the interest of either the Oregon Synod or the Episcopal Diocese in the judgment of the Bishop of the Oregon Synod or the Bishop of the Episcopal Diocese, respectively, then such written approval of the amendment may be given by the respective Bishop without action of the Diocesan Council or Convention of the Episcopal Diocese or the Oregon Synod Council.

## ARTICLE 9

### GENERAL PROVISIONS

#### SECTION 9.1 PARLIAMENTARY AUTHORITY

The parliamentary rules contained in Robert's Rules of Order, Newly Revised, shall govern in all cases where they do not conflict with any other rules of procedure adopted by Legacy Health.

#### SECTION 9.2 ACTION WITHOUT A MEETING

Any action required or permitted to be taken at any meeting of the Board of Directors or any committee may be taken without a meeting if a consent in writing, setting forth the action taken, shall be signed by all persons entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote.

### **SECTION 9.3     WAIVER OF NOTICE**

A written waiver of notice of any meeting of the Board of Directors or any of its committees, signed by the person entitled to notice, shall be equivalent to the giving of the notice. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Notice of the time and place of holding an adjourned meeting need not be given if such time and place is fixed at the meeting adjourned.



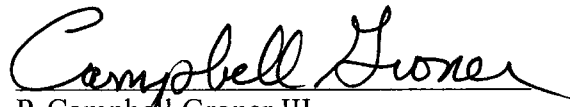
## **CERTIFICATE OF SECRETARY**

The undersigned hereby certifies that he is the duly elected and acting Secretary of Legacy Health, an Oregon nonprofit corporation. The within and foregoing Bylaws consisting of seventeen (17) pages were adopted by the Board of Directors of Legacy Health on April 12, 1989, were restated on November 1, 1996 to contain all of the amendments made to such Bylaws by the Board of Directors at meetings held on August 3, 1989, April 5, 1990, December 13, 1990, April 11, 1991, February 13, 1992, June 4, 1992, August 6, 1992, December 3, 1992, June 3, 1993, December 2, 1993, October 6, 1994, June 1, 1995, November 1, 1996, were amended and restated by consent on February 5, 1998, were amended and restated on June 4, 1998, were amended and restated on June 3, 1999, were amended and restated on June 1, 2000, were amended and restated on October 5, 2000, were amended and restated on February 7, 2002, were amended and restated on June 5, 2003, and were amended and restated on December 2, 2004, were amended and restated on February 22, 2006, February 26, 2007, September 13, 2007, November 8, 2007, March 13, 2008, May 8, 2008, March 12, 2009, November 12, 2009, March 10, 2010, January 20, 2011, May 11, 2011, July 21, 2011 and were further amended and restated on March 22, 2012. These Restated Bylaws and each amendment thereto were adopted and restated by the vote of a majority of number of Directors in office which votes were taken at meetings of the Board of Directors of Legacy Health at which a quorum was present and acting throughout following due notice of meeting or written waiver of such notice.

Certified this 22nd day of March, 2012.

### **LEGACY HEALTH**

By:

  
P. Campbell Groner III

Title: Secretary

Additional Data

Software ID: 11000144

Software Version: 2011v1.5

EIN: 23-7426300

Name: LEGACY HEALTH

Form 990, Special Condition Description:

Special Condition Description
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Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DAVID E EAGER CFO & TREASURER	40 00	X		X				168,289	0	9,895
SCOTT H JOHNSON INTERIM CFO	40 00	X		X				0	301,044	40,480
P CAMPBELL GRONER III SR VP & SEC	40 00	X		X				469,829	0	89,076
GEORGE J BROWN MD President & CEO	40 00	X		X				1,022,154	0	225,916
LESLIE ROOT MD BOARD MEMBER	4 00	X						0	63,953	0
DIANE PINNEY BOARD MEMBER	4 00	X						0	0	0
SHERYL MANNING BOARD MEMBER	4 00	X						0	0	0
JOHN W WINTER JR BOARD DIRECTOR	4 00	X						0	0	0
STEPHEN NEWBERRY MD BOARD DIRECTOR	3 00	X						0	2,260	0
CORLISS A MCKEEVER BOARD DIRECTOR	3 00	X						0	0	0
DUANE C MCDOUGALL BOARD DIRECTOR	3 00	X						0	0	0
RONALD S KING BOARD DIRECTOR	4 00	X						0	0	0
RT REV MICHAEL J HANLEY BOARD MEMBER	3 00	X						0	0	0
JEFFREY S GORDON VICE CHAIR	5 00	X		X				0	0	0
JEFFREY D FULLMAN MD BOARD DIRECTOR	3 00	X						0	0	0
ROBERT L CORNIE BOARD DIRECTOR	4 00	X						0	0	0
COLLEEN A CAIN Chairman	7 00	X		X				0	0	0
CHRISTOPHER S THOMING MD BOARD DIRECTOR	3 00	X						0	0	0
BISHOP DAVID BRAUER-RIEKE BOARD DIRECTOR	3 00	X						0	0	0
EVERETT NEWCOMB III SR VP	40 00				X			495,003	61,777	95,856
JODI S JOYCE VP	40 00				X			199,290	0	46,480
RICO B CAYETANO VP	40 00				X			248,786	0	43,967
LARRY HILL DIRECTOR	40 00				X			228,321	0	47,629
PATRICIA M GIANELLI DIRECTOR	40 00				X			205,604	0	53,068
MAUREEN A BRADLEY SR VP	40 00				X			250,593	0	35,146

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
GLEN LUTZ SR VP	40 00				X			317,262	0	44,518
WAYNE L CLARK VP	40 00				X			227,615	0	39,258
SONJA O STEVES SR VP	40 00				X			339,446	0	82,854
TRENT S GREEN SR VP	40 00				X			381,436	0	74,391
CAROL A BRADLEY SR VP	40 00				X			345,387	0	72,675
GEORGE A CIOFFI MD SR VP	40 00				X			380,828	0	62,698
TODD N GUENZBURGER MD DIRECTOR	40 00					X		212,461	0	21,360
MARY ANN HOLBERT DIRECTOR	40 00					X		187,589	0	22,271
THOMAS W BICKETT DIRECTOR	40 00					X		162,436	0	26,448
MARIE A PROPOTNIK DIRECTOR	40 00					X		161,365	0	35,955
PATRICK DOOLING III DIRECTOR	40 00					X		164,255	0	36,206
MARY KJEMPERUD FORMER VP	0 00						X	0	222,346	51,288
PAMELA VUKOVICH FORMER SR VP TREAS	0 00						X	1,431,516	0	-8,976
ROBERT J PALLARI FORMER CEO	0 00						X	6,320,533	0	28,576

## Additional Data

**Software ID:** 11000144

**Software Version:** 2011v1.5

**EIN:** 23-7426300

**Name:** LEGACY HEALTH

**Form 990, Schedule A, Part I, Line 11h - Provide the following information about the organizations the organization supports.**

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section )	(iv) Is the organization in (i) listed in your governing document?		(v) Did you notify the organization in (i) of your support?		(vi) Is the organization in (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
(A) LEGACY VISITING NURSE ASSOCIATION	930848530	9	Yes		Yes		Yes		0
(B) LEGACY SALMON CREEK HOSPITAL	331065485	3	Yes		Yes		Yes		0
(C) LEGACY MTHOOD MEDICAL CENTER	930591528	3	Yes		Yes		Yes		0
(D) LEGACY MERIDIAN PARK HOSPITAL	930618975	3	Yes		Yes		Yes		0
(E) LEGACY GOOD SAMARITAN HOS & MED CTR	930386793	3	Yes		Yes		Yes		0
(F) LEGACY EMANUEL HOSP & HEALTH CTR	930386823	3	Yes		Yes		Yes		0