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OF QUALITY  
IN HEALTHCARE

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# Fax Administration

TO: Michelle Simmons  
FROM: Jon Applebaum  
DATE: 6/4/05 FAX #: 610-327-5269

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SENDER AT CITY HOSPITAL, INC.

SENDER: \_\_\_\_\_

CONTACT NUMBER: 304-264-1243



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**CITY HOSPITAL, INC.****NOTES TO FINANCIAL STATEMENTS**

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**Note 17. Merger and Affiliate**

Effective January 1, 2005, the Hospital, through its parent organization, Gateway Regional Health System, Inc., (GRHS) merged with Jefferson Regional Health Systems, Inc. (JRHS) to form West Virginia University Hospitals – East, Inc. (WVUH-E), a nonprofit corporation. As a result of the merger, the separate corporate existence of GRHS and JRHS will cease. West Virginia University Hospitals, Inc. (WVUH) shall be the sole voting corporate member of WVUH-E, with all of the voting rights prescribed by law. With respect to WVUH-E, WVUH shall possess all of the powers granted to a member of a nonprofit corporation under the West Virginia Nonprofit Corporation Act. The membership interests of GRHS shall not be converted and shall terminate and cease to exist upon the effective date of the merger. No current member of GRHS shall have any rights or interest as a member in WVUH-E.

GRHS and JRHS will remain the holder of all of their applicable licenses, shall be responsible for maintaining appropriate accreditation, shall exercise authority with regard to credentialing, shall review the quality of care furnished at their facilities, shall be responsible for the continued operation of the hospitals and related operations, and shall retain all corporate power and authority under law and its Articles of Incorporation and Bylaws which are not specifically granted to WVUH.

All rights, privileges, immunities, powers, franchises and authority; all property, real and personal, tangible and intangible, of every kind and description; and all obligations and liabilities of GRHS and JRHS shall be taken by and deemed transferred to and vested in WVUH-E by operation of law.

The purpose of the merger is to improve the health and well-being of the citizens of the Eastern Panhandle of West Virginia through the provision of a complete, coordinated continuum of cost-effective, quality healthcare services and related education activities by numerous means, including the development of resources for new programs and services, by working with community organizations for the delivery and availability of preventive care in the region, and through the evaluation of facility expansion, renovation and relocation options. The parties accept the merger to enhance the parties' ability to fulfill their charitable missions by enhancing and expanding medical access and availability of services to the indigent, uninsured, underinsured, Medicare and Medicaid populations in the Eastern Panhandle.