

So Ordered.

Signed this 13 day of February, 2026.



Wendy A. Kinsella

Wendy A. Kinsella
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK
~~SYRACUSE DIVISION~~**

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In re : Chapter 11
:
NORTH STAR HEALTH ALLIANCE, INC., *et al*,¹ : Case No. 26-60099-5-wak
: Main Case
Debtors. : Jointly Administered
: Case No. 26-30078
Case No. 26-30079
Case No. 26-60100
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INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

This matter having come before the Court on February 12, 2026 for a hearing on the application (the “Motion”) of North Star Health Alliance, Inc. (“North Star”), Carthage Area Hospital, Inc. (“Carthage”), Claxton-Hepburn Medical Center, Inc. (“Claxton”), and Meadowbrook Terrace, Inc. (“Meadowbrook”), the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) for authority to use Cash Collateral². The Debtors seek

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: Carthage Area Hospital, Inc. (2079); North Star Health Alliance, Inc. (9491); Claxton-Hepburn Medical Center, Inc. (9686); and Meadowbrook Terrace, Inc. (2458).

² Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

entry of an order authorizing the use of Cash Collateral. The Debtors have represented to the Court that:

A. Prior to the Petition Date, the Debtors entered into the various loan and other financial agreements with related security agreements (collectively, the “Agreements”) with the parties that are identified on Exhibit B to the Motion that may claim an interest in the Cash Collateral (collectively, the “Cash Collateral Secured Creditors”).

B. As security for Debtors’ performance of its obligations under the Agreements, the Debtors agreed to grant the Cash Collateral Secured Creditors valid and binding liens (the “Pre-Petition Liens”) on Debtors’ present and future Cash Collateral, as such term is defined in Section 363 of the Bankruptcy Code.

C. The Cash Collateral Secured Creditors may assert that the Debtors may not use Cash Collateral unless the interests of the Secured Creditor are adequately protected.

D. The Debtors provided notice of the Motion to the Cash Collateral Secured Creditors, the Office of the U.S. Trustee, the New York Department of Health, each of the Debtor’s twenty largest unsecured creditors, and all parties requesting notice.

E. Prior to the hearing on the Motion, Cash Collateral Secured Creditor Northern Credit Union (NCU) filed an objection to the Motion, raising certain objections to the Debtors’ use of NCU’s Cash Collateral (the “NCU Objection”). The Debtors and NCU have reached a resolution of the NCU Objection on an interim basis, subject to the terms set forth herein.

F. The continued operation of the Debtors’ businesses is dependent upon the ability to use Cash Collateral. There is an immediate need for entry of an order authorizing use of Cash Collateral, and, absent entry of such an order, the Debtors’ estates will be irreparably harmed.

Based upon the foregoing, the statements of counsel for the parties and all others matters heard by the Court, **THE COURT HEREBY ORDERS:**

1. Attached hereto is an interim cash flow projection (collectively, the “Budget”), which has been prepared by Debtors. The Debtors are authorized to use Cash Collateral as set forth in the Budget, except as limited herein, from February 12, 2026 through February 18, 2026, the date of the next scheduled hearing on the Motion (the “Next Hearing Date”), in an aggregate amount equal to the amounts in the Budget for the week ending February 13, 2026, with a variance of 10% of gross disbursements; provided that such use of Cash Collateral shall be exclusively in the ordinary course of the Debtors’ businesses and only for those items set out in the Budget. At least one (1) two (2)-business days before the Next Hearing Date, the Debtors shall file with the Court an updated Budget and a report reconciling the Debtors’ actual post-Petition Date performance to Budget. Notwithstanding this authorization, the Debtors shall not use Cash Collateral for the payment or satisfaction of any expense that will result in the Debtors spending more than 110% of the cumulative gross monthly disbursements.

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2. The Debtors shall not (a) take any action outside the ordinary course of their businesses, including without limitation the settlement of accounts receivable for less than face value except as is customary and in conformance with its past business practice, without the prior approval of the Court, or (b) grant, permit or suffer to exist any lien upon or security interests in its assets (other than liens and security interests in existence on the Petition Date) during the term of this Order unless agreed to by the Cash Collateral Secured Creditors or authorized by the Court.

3. No Cash Collateral may be used to: (a) object, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of the pre-petition indebtedness or liens held by NCU or the liens or claims granted under this order; (b) assert any claims and defenses against

NCU or its agents, affiliates, representatives, attorneys or advisors; or (c) seek to modify any of the rights granted to NCU hereunder, provided, however, that this paragraph shall not apply to any committee appointed by the Office of the United States Trustee.

4. Pursuant to Sections 361(2), 363(e) and 506 of the Bankruptcy Code, in order to provide adequate protection of the Cash Collateral Secured Creditors' interests under applicable law in the Cash Collateral against diminution in the value of their collateral ("Collateral Diminution") caused by the Debtors' use of Cash Collateral pursuant to this Order, the Debtors grant, and the Cash Collateral Secured Creditors are hereby granted, roll-over security interests in all of the Debtors' post-petition acquired assets, whether or not of the same type as the pre-petition collateral, and to the same extent, validity and priority as each Cash Collateral Secured Creditor holds on the Petition Date (other than any avoidance actions under Sections 547, 548 or 549 of the Bankruptcy Code) (the "Roll-Over Liens"), such Roll-Over Liens shall be (i) in addition to all security interests, liens and rights of setoff existing in favor of the Cash Collateral Secured Creditors on the Petition Date, (ii) valid, perfected, enforceable liens and effective as of the Petition Date without any further action by the Debtors or the applicable Cash Collateral Secured Creditors and without the execution, filing or recordation of any document otherwise required under applicable law for granting and perfecting security interests and liens, and (iii) security for the use of Cash Collateral and as protection against Collateral Diminution. The security interests and liens granted pursuant to this Order shall be binding upon the Debtors, any successor in interest to the Debtors or their assigns, and creditors who have or may hereafter extend credit to the Debtors or their estates. The Roll-Over Liens shall have the same extent and validity as the Cash Collateral Secured Creditors' pre-petition liens, regardless of whether such assets are of the same type as the Cash Collateral Secured Creditors' pre-petition collateral. No other liens or claims are or will be

prior to or on parity with the liens or claims of the Cash Collateral Secured Creditors with respect to the Roll-Over Liens (unless authorized by the Court).

5. Consistent with historical practice, the Debtors shall deposit all receipts, revenues, and other cash collections into the accounts currently maintained by the Debtors at NCU; provided, however, that any administrative freeze imposed upon any bank accounts held by the Debtors or any non-debtor affiliates shall be immediately lifted upon the entry of this Order; provided, further, however, that nothing in this Order shall prejudice, waive, or otherwise affect the rights of the Office of the United States Trustee to raise any issues or objections with respect to the Debtors' continued use of such accounts, or to require the Debtors to transfer such accounts to an authorized depository, in connection with any cash management motion filed in these cases.

6. In addition to the Roll-Over Liens granted herein, and solely to the extent of any diminution in value of NCU's cash collateral resulting from the Debtors' use thereof pursuant to this Order, NCU is hereby granted: (a) pursuant to Sections 363 and 507(b) of the Bankruptcy Code, an allowed superpriority claim with priority as set forth in sections 503(b) and 507(b) of the Bankruptcy Code ("Superpriority Claim"); (b) pursuant to sections 363 and 361 of the Bankruptcy Code, a first priority perfected security interest and lien on all unencumbered assets of the Debtors and their estates; and (c) pursuant to sections 363 and 361 of the Bankruptcy Code, a junior perfected security interest and lien on all encumbered assets of the Debtors and their estates, subordinate only to valid, perfected, and non-avoidable liens in existence on the Petition Date (collectively, the "Cash Collateral Liens"). The Cash Collateral Liens shall be valid, perfected, and enforceable upon entry of this Order without any further action by the Debtors or NCU and without the execution, filing, or recordation of any financing statements, security agreements, or other documents otherwise required under applicable law.

7. Nothing herein shall be deemed to prevent the Cash Collateral Secured Creditor from seeking to terminate the use of Cash Collateral for any breach by the Debtors of the terms hereof or to obtain relief from the automatic stay or to assert any other rights, claims, remedies, or defenses available to them, nor shall anything contained herein deprive the Debtors or any other party in interest of the right to oppose any such action.

8. Any reversal, modification, or vacation of this Order shall not affect the validity or priority of any obligation of the Debtors to the Cash Collateral Secured Creditors incurred or arising by operation of law, or any security interest or lien granted to the Cash Collateral Secured Creditors under this Order, before the effective date of such reversal, modification, or vacation. Notwithstanding the entry of any subsequent stay or any such reversal, modification, or vacation, all uses of the Cash Collateral, and the security interests and liens granted to the Cash Collateral Secured Creditors by the Debtors under this Order before the effective date of such stay, reversal, modification, or vacation, shall be governed in all respects by the original provisions of this Order and the Cash Collateral Secured Creditors shall be entitled to all the rights, privileges, and benefits with respect to all such uses, obligations, security interests, and liens.

9. Nothing herein shall preclude the Cash Collateral Secured Creditors from asserting that it is not adequately protected, requesting additional adequate protection or making any contention respecting valuation of collateral or the amount of their claims, all rights are reserved.

10. Notwithstanding the foregoing, Cash Collateral shall not be used to pay any prepetition wage and vendor claims absent further order of the Court.

~~10.11.~~ A copy of this Order shall be served upon (i) the Office of the United States Trustee for the Northern District of New York, (ii) the Cash Collateral Secured Creditors, (iii) the New York State Department of Health, (iv) the Debtors' twenty (20) largest unsecured creditors, and

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(v) any persons that have requested or that are required to receive special notice pursuant to Bankruptcy Rule 2002 by February 13, 2026.

12. A further interim hearing on the Motion will be held on **February 18, 2026** at **10:00 a.m. EST** either in-person at the United States Bankruptcy Court for the Northern District of New York located at the James M. Hanley U.S. Courthouse and Federal Building, 100 South Clinton Street, Syracuse, NY OR by video via Teams, for which pre-registration is required by 3:00 PM one business day before the hearing. Go to <https://www.nynb.uscourts.gov/Remote-Hearing-Appearances> before the Court at the James M. Hanley U.S. Courthouse and Federal Building, 100 South Clinton Street, Syracuse, New York.

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11.13. Any objections or responses to the Motion or to entry of a further order granting the relief requested in the Motion shall be filed by **February 17, 2026** and served upon the following parties: (i) the Debtor, at Barclay Damon LLP, 1270 Avenue of the Americas, Suite 2310, New York, New York 10020, Attn: Janice Grubin, Esq.; (ii) Office of the United States Trustee for the Northern District of New York; (iii) counsel for Northern Credit Union, Bond, Schoeneck & King, PLLC, One Lincoln Center, 18th Floor, Syracuse, New York 13202-1355, Attn: Charles Sullivan, Esq., Grayson Walter, Esq. and Andrew Rivera, Esq.; (iv) the Debtors' Top 20 Creditors; and (v) any other party requesting service.

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12.14. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this order are immediately effective and enforceable upon its entry.

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CONSOLIDATING STATEMENT

13-Week Cash Flow Projection

WE 2/13/26

Budget Actual

RECEIPTS

Operating

Net Patient Service Revenue	2,692,847	-
Other Recurring Operating Revenue	-	-
Leased Employees	-	-
GPO	-	-

Non Operating

VAPAP	-	-
VAP	-	-
FY25 DPT - Actual	-	-
FY26 DPT - Actual	-	-
Stimulus	-	-
Intercompany Transfers In	-	-
Other Cash In-Flows	-	-

Total Receipts	2,692,847	-
Variance - Cumulative	2,692,847	-
Variance - % - Cumulative		

EXPENSES

Salaries & Wages	-	-
Payroll Taxes	-	-
Fringe Benefits	1,001,248	-
Leased Employees - Ogdensburg (inc. all associated costs)	-	-
Physician Fees	762,958	-
Purchased Services	384,047	-
Medical Supplies	197,425	-
Pharmacy Supplies	439,610	-
Insurance	164,437	-
Utilities	-	-
Other Operating Expenses	92,000	-
Bankruptcy - Legal Expense	-	-
Bankruptcy - CRO and FA	-	-
Bankruptcy - Debtor Professionals	-	-
Bankruptcy - Lender Professionals	-	-
Bankruptcy - Committee Professionals	-	-
Interest	-	-
Equipment - Leases	104,000	-
Loans / Debt Principal Payments	5,089	-
Capital Purchases	-	-
Intercompany Transfers Out	-	-

Total Cash Out	3,150,815	-
Variance - Cumulative	3,150,815	-
Variance - % - Cumulative		

Net Cash Flow	(457,968)	-
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Cash Balance - Beginning of Period	3,278,069	-
Cash Balance - End of Period	2,820,101	-

Notes:

To address the projected shortfall, NSHA is pursuing the following three options to reduce cash demand on combined organization:

1. Seeking VAPAP funding from the NY DOH
2. Pursuing DIP financing to address cash shortfall
3. Evaluating organizational downsizing to reduce cash demands on organization.

NORTH STAR HEALTH ALLIANCE

13-Week Cash Flow Projection

WE 2/13/26

Budget Actual

RECEIPTS

Operating

Net Patient Service Revenue	-	-
Other Recurring Operating Revenue	-	-
Leased Employees Revenue	-	-
GPO	-	-

Non Operating

VAPAP	-	-
VAP	-	-
FY25 DPT - Actual	-	-
FY26 DPT - Actual	-	-
Stimulus	-	-
Intercompany Transfers In	-	-
Other Cash In-Flows	-	-

Total Receipts	-	-
Variance - Cumulative	-	-
Variance - % - Cumulative		

EXPENSES

Salaries & Wages	-	-
Payroll Taxes	-	-
Fringe Benefits	-	-
Leased Employees - Ogdensburg (inc. all associated costs)	-	-
Physician Fees	-	-
Purchased Services	-	-
Medical Supplies	-	-
Pharmacy Supplies	-	-
Insurance	-	-
Utilities	-	-
Other Operating Expenses	-	-
Bankruptcy - Legal Expense	-	-
Bankruptcy - CRO and FA	-	-
Bankruptcy - Debtor Professionals	-	-
Bankruptcy - Lender Professionals	-	-
Bankruptcy - Committee Professionals	-	-
Interest	-	-
Equipment - Leases	-	-
Loans / Debt Principal Payments	-	-
Capital Purchases	-	-
Intercompany Transfers Out	-	-

Total Cash Out	-	-
Variance - Cumulative	-	-
Variance - % - Cumulative		

Net Cash Flow	-	-
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Cash Balance - Beginning of Period	25,387	-
Cash Balance - End of Period	25,387	-

Notes:

To address the projected shortfall, NSHA is pursuing the following three options to reduce cash demand on

1. Seeking VAPAP funding from the NY DOH
2. Pursuing DIP financing to address cash shortfall
3. Evaluating organizational downsizing to reduce cash demands on organization.

CARTHAGE AREA HOSPITAL

13-Week Cash Flow Projection

WE 2/13/26

Budget

Actual

RECEIPTS

Operating

Net Patient Service Revenue	2,484,935	-
Other Recurring Operating Revenue	-	-
Leased Employees Revenue	-	-
GPO	-	-

Non Operating

VAPAP	-	-
VAP	-	-
FY25 DPT - Actual	-	-
FY26 DPT - Actual	-	-
Stimulus	-	-
Intercompany Transfers In	-	-
Other Cash In-Flows	-	-

Total Receipts	2,484,935	-
Variance - Cumulative	2,484,935	-
Variance - % - Cumulative		

EXPENSES

Salaries & Wages	-	-
Payroll Taxes	-	-
Fringe Benefits	526,906	-
Leased Employees - Ogdensburg (inc. all associated costs)	-	-
Physician Fees	762,958	-
Purchased Services	295,940	-
Medical Supplies	154,540	-
Pharmacy Supplies	406,090	-
Insurance	164,437	-
Utilities	-	-
Other Operating Expenses	84,500	-
Bankruptcy - Legal Expense	-	-
Bankruptcy - CRO and FA	-	-
Bankruptcy - Debtor Professionals	-	-
Bankruptcy - Lender Professionals	-	-
Bankruptcy - Committee Professionals	-	-
Interest	-	-
Equipment - Leases	104,000	-
Loans / Debt Principal Payments	5,089	-
Capital Purchases	-	-
Intercompany Transfers Out	-	-

Total Cash Out	2,504,461	-
Variance - Cumulative	2,504,461	-
Variance - % - Cumulative		

Net Cash Flow	(19,526)	-
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Cash Balance - Beginning of Period	2,310,316	-
Cash Balance - End of Period	2,290,790	-

Notes:

To address the projected shortfall, NSHA is pursuing the following three options to reduce cash demand on

1. Seeking VAPAP funding from the NY DOH
2. Pursuing DIP financing to address cash shortfall
3. Evaluating organizational downsizing to reduce cash demands on organization.
4. Payroll week ending 2/20/26 includes roughly \$340K backpay. Negotiations currently under way with

CLAXTON-HEPBURN MEDICAL CENTER

13-Week Cash Flow Projection

WE 2/13/26

Budget Actual

RECEIPTS

Operating

Net Patient Service Revenue	168,826	-
Other Recurring Operating Revenue	-	-
Leased Employees Revenue - Ogdensburg & NSHA	-	-
GPO	-	-

Non Operating

VAPAP	-	-
VAP	-	-
FY25 DPT - Actual	-	-
FY26 DPT - Actual	-	-
Stimulus	-	-
Intercompany Transfers In	-	-
Other Cash In-Flows	-	-

Total Receipts	168,826	-
Variance - Cumulative	168,826	-
Variance - % - Cumulative		

EXPENSES

Salaries & Wages	-	-
Payroll Taxes	-	-
Fringe Benefits	474,342	-
Leased Employees (inc. all associated costs)		
Physician Fees	-	-
Purchased Services	88,107	-
Medical Supplies	42,885	-
Pharmacy Supplies	33,520	-
Insurance	-	-
Utilities	-	-
Other Operating Expenses	7,500	-
Bankruptcy - Legal Expense	-	-
Bankruptcy - CRO and FA	-	-
Bankruptcy - Debtor Professionals	-	-
Bankruptcy - Lender Professionals	-	-
Bankruptcy - Committee Professionals	-	-
Interest	-	-
Equipment - Leases	-	-
Loans / Debt Principal Payments	-	-
Capital Purchases	-	-
Intercompany Transfers Out	-	-

Total Cash Out	646,354	-
Variance - Cumulative	646,354	-
Variance - % - Cumulative		

Net Cash Flow	(477,528)	-
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Cash Balance - Beginning of Period	837,725	-
Cash Balance - End of Period	360,197	-

Notes:

To address the projected shortfall, NSHA is pursuing the following three options to reduce cash demand on

1. Seeking VAPAP funding from the NY DOH
2. Pursuing DIP financing to address cash shortfall
3. Evaluating organizational downsizing to reduce cash demands on organization.

MEADOWBROOK TERRACE INC.

13-Week Cash Flow Projection

WE 2/13/26

Budget Actual

RECEIPTS

Operating

Net Patient Service Revenue	39,086	-
Other Recurring Operating Revenue	-	-
Leased Employees	-	-
GPO	-	-

Non Operating

VAPAP	-	-
VAP	-	-
FY25 DPT - Actual	-	-
FY26 DPT - Actual	-	-
Stimulus	-	-
Intercompany Transfers In	-	-
Other Cash In-Flows	-	-

Total Receipts	39,086	-
Variance - Cumulative	39,086	-
Variance - % - Cumulative		

EXPENSES

Salaries & Wages	-	-
Payroll Taxes	-	-
Fringe Benefits	-	-
Leased Employees - Carthage (inc. all associated costs)	-	-
Physician Fees	-	-
Purchased Services	-	-
Medical Supplies	-	-
Pharmacy Supplies	-	-
Insurance	-	-
Utilities	-	-
Other Operating Expenses	-	-
Bankruptcy - Legal Expense	-	-
Bankruptcy - CRO and FA	-	-
Bankruptcy - Debtor Professionals	-	-
Bankruptcy - Lender Professionals	-	-
Bankruptcy - Committee Professionals	-	-
Interest	-	-
Equipment - Leases	-	-
Loans / Debt Principal Payments	-	-
Capital Purchases	-	-
Intercompany Transfers Out	-	-

Total Cash Out	-	-
Variance - Cumulative	-	-
Variance - % - Cumulative		

Net Cash Flow	39,086	-
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Cash Balance - Beginning of Period	104,641	-
Cash Balance - End of Period	143,727	-

Notes:

To address the projected shortfall, NSHA is pursuing the following three options to reduce cash demand on

1. Seeking VAPAP funding from the NY DOH
2. Pursuing DIP financing to address cash shortfall
3. Evaluating organizational downsizing to reduce cash demands on organization.