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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re Highlands Community Charter and Technical Schools, Debtor and Debtor in Possession.[1]	Case No. 26-25868 Chapter 11 DCN: SMR-3 Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

DECLARATION OF JONATHAN RAYMOND IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR ENTRY OF AN ORDER AUTHORIZING REJECTION OF CERTAIN UNEXPIRED LEASES

I, Jonathan Raymond, hereby state and declare as follows:

[1] The Debtor in this chapter 11 case, along with the last four digits of the Debtor's federal tax identification number, is: Highlands Community Charter and Technical Schools [0967]. The mailing address for the Debtor is 1111 Howe Ave. Suite 505 Sacramento, CA 95825.

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1. I am the Executive President of Highlands Community Charter and Technical Schools ("HCCTS" or, the "Debtor"), a California Non-Profit Corporation organized under the laws of the State of California. I make this Declaration in support of the *Debtor's Emergency Motion for Entry of an Order Authorizing Rejection of Certain Unexpired Leases* (the "Motion") filed concurrently herewith and for all other purposes authorized by law. The Motion seeks an order authorizing the Debtor: (i) to reject the unexpired leases identified and set forth on Exhibit B to the Exhibit List (including any amendments or modifications, each a "Lease" and together, the "Leases"), effective as of the Petition Date (as defined below); (ii) to abandon of any personal property of the Debtor's estate remaining at the Premises (as defined below); (iii) to establish the later of (a) thirty (30) days after entry of an order granting the Motion, or (b) the deadline set by the Court for prepetition claims to be filed, as the deadline for filing a claim arising from rejection of the Leases; and (iv) granting the Debtor such other and further relief as is just and appropriate under the circumstances.[2]

2. Except as otherwise indicated, all facts in this Declaration are based upon my personal knowledge, my discussions with others in the Debtor's management team and the Debtor's advisors, my review of relevant documents and information concerning the Debtor's operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. The documents referenced herein, or otherwise relied upon for purposes of this Declaration, are business records of the Debtor, prepared and kept in the ordinary course of the regularly conducted business activities of the Debtor and used by me for those purposes. I am over the age of eighteen and authorized to submit this Declaration on behalf of the Debtor. If called upon as a witness, I could and would testify competently to the facts set forth in this Declaration.

3. The Debtor filed this bankruptcy case (the "Chapter 11 Case") on date hereof (the "Petition Date") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtor is operating its business and managing its properties as a debtor in possession pursuant

[2] Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Memorandum of Points and Authorities filed concurrently herewith.

to §§ 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this Chapter 11 Case, and no committees have been appointed or designated.

4. The Debtor is a 501(c)(3) non-profit corporation that owns, manages and operates two adult-serving charter schools in Sacramento County: Highlands Community Charter School ("HCCS") and California Innovative Career Academy ("CICA" and, together with HCCS, the "Schools"). The Twin Rivers Unified School District ("Twin Rivers") issued the current charters (the "Charters") for both HCCS and CICA, and since opening in August 2014, HCCTS has served approximately 60,000 students. The Debtor is exempt from certain federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. A more detailed description of the Debtor, including its current and historical business operations and the events precipitating the Chapter 11 Case, are set forth in the *Declaration of Jonathan Raymond in Support of Chapter 11 Petition and First Day Motions* (the "First Day Declaration"), which is incorporated herein by reference.

5. Since assuming responsibility for the Debtor's affairs, the current management team has undertaken a thorough and diligent review of the Debtor's real estate footprint, as well its financial obligations, including the full universe of leases and contracts that were entered into by prior management to identify areas where liabilities can be reduced. This comprehensive evaluation was undertaken with the express purpose of identifying those liabilities or obligations that are no longer in use, operational or productive, that impose undue financial or administrative burdens upon the Debtor's estate, or that are simply unnecessary to support the Debtor's contemplated go-forward business operations. The current management team has approached this review with a keen awareness of both the Debtor's current financial condition and its long-term reorganization objectives, recognizing that the elimination of unnecessary or burdensome obligations is a critical component of any successful restructuring effort.

6. As a result of this comprehensive review, as of the Petition Date, the Debtor has chosen at this time to reject the seven (7) Leases identified and set forth on Exhibit B to the Exhibit List, without prejudice to the Debtor's future business decision(s) to reject any additional unexpired

leases or executory contracts at any point during this Chapter 11 Case. Following careful analysis, the Debtor has determined that each of the identified Leases is no longer aligned with, or supportive of, the Debtor's current business plan, and that continued performance under these Leases would not confer any meaningful benefit upon the Debtor's estate or its creditors, and would, in fact, burden the Debtor's estate with unnecessary additional financial liability for the Leases. The Leases consist of in part of various classroom and schoolhouse spaces (collectively, the "Premises"), that are either not in use, not occupied or the Schools no longer need such spaces to efficiently operate the Schools, and, in other part, in connection with certain equipment (collectively, the "Equipment"), that are either not in use, or the Schools no longer need such Equipment to efficiently operate the Schools.

7. Because the Debtor no longer requires use of the Premises or the Equipment, it has determined, in its business judgment, that it is in the best interests of its estate to reject the Leases. Accordingly, the rejection of these Leases is not only appropriate but necessary to the Debtor's reorganization efforts as the Debtor seeks to shed real estate and other financial obligations that no longer serve its operational needs or align with its current business model.

8. The financial benefit of rejecting the Leases is substantial and immediate. The Debtor estimates that rejection of the Leases will result in a substantial reduction of monthly liabilities in the aggregate each month, which reduced liabilities are spread out among the Leases. This significant reduction in recurring monthly obligations will provide the Debtor with meaningful financial relief, enabling the Debtor to right-size its cost structure, rationalize its operations, and redirect resources toward those aspects of its business that are central to a successful reorganization for the benefit of the Debtor's creditors, employees and other parties in interest. Absent rejection of the Leases, the Debtor would be obligated to pay fees, expenses and other costs under the Leases even though it has ceased operations at, and will no longer be utilizing, the Premises, and will no longer be using the Equipment. Ultimately, the rejection of these Leases represents a prudent and necessary step in the Debtor's broader efforts to restructure its operations and emerge from bankruptcy as a viable, sustainable enterprise.

9. As of the Petition Date, the Debtor has fully vacated the collective Premises subject to the relevant Leases. The Debtor has inspected all of its personal property located at such Premises and has removed any such property deemed to be of value or that will be used in continuing operations during the Chapter 11 Case. To the extent that any personal property of the Debtor's estate remains at such Premises, retention of such property either would be burdensome to the estate or is no or of inconsequential value to it. Therefore, the Debtor seeks an order rejecting the Leases and also authorizing the abandonment of personal property of the Debtor's estate, if any, remaining at the Premises pursuant to section 554(a) of the Bankruptcy Code.

10. Based on the foregoing, I do not believe that continued performance under the Leases is justified because the costs and other obligations associated with the Leases outweigh any potential value of the Leases to the Debtor's estate considering that the Debtor has ceased operations at, and will no longer be utilizing, the Premises, and will no longer be using the Equipment. Accordingly, I believe that it is in the best interest of the Debtor's bankruptcy estate and its creditors to reject the Leases, effective as of the Petition Date.

11. For the reasons set forth herein and in the Memorandum of Points and Authorities filed concurrently herewith, I believe that the rejection of the Leases, effective as of the Petition Date, should be approved as an exercise of the Debtor's sound business judgment.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated this 4th day of October 2026, in Sacramento, California .

Signed by:
Jonathan Raymond
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Jonathan Raymond