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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.	Case No. 26-25868 Chapter 11 DCN: SMR-6 Judge: Hon. [●] Date: [●], 2026 Time: Place:

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS: (1) APPROVING DEBTOR'S ADEQUATE ASSURANCE OF PAYMENT FOR UTILITY SERVICES: (2) PROHIBITING UTILITY PROVIDERS FROM ALTERING. REFUSING, OR DISCONTINUING SERVICE; (3) APPROVING DEBTOR'S PROPOSED PROCEDURES; AND (4) GRANTING RELIEF

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Highlands Community Charter and Technical Schools ("HCCTS" or, the "Debtor"), a California Non-Profit Corporation organized under the laws of the State of California, and the above-captioned debtor and debtor-in-possession in this voluntary chapter 11 case (the "Chapter 11 Case") filed on the date hereof (the "Petition Date") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), hereby submits this motion (the "Motion") for interim and final orders: (1) approving the Debtor's proposed form of adequate assurance of payment to Utility Providers; (2) prohibiting utility companies from altering, refusing, or discontinuing services; (3) approving the Debtor's proposed procedures for resolving additional assurance requests; and (4) granting related relief.

Proposed forms of the interim and final orders granting the relief requested herein are attached respectively as **Exhibit A** ("Interim Order") and **Exhibit B** ("Final Order") to the Exhibit List filed concurrently herewith.

In support of this Motion, the Debtor submits the *Declaration of Jonathan Raymond in Support of Debtor's Emergency Motion for Entry of Interim and Final Orders: (1) Approving Debtor's Adequate Assurance of Payment for Utility Services: (2) Prohibiting Utility Providers from Altering. Refusing, or Discontinuing Service; (3) Approving Debtor's Proposed Procedures; and (4) Granting Related Relief* (the "First Day Declaration for Utilities") filed concurrently herewith and fully incorporated herein by reference, the *Declaration of Jonathan Raymond in Support of First Day Motions* (the "First Day Declaration") filed concurrently herewith, all exhibits filed in support of these declarations as set forth on the List of Exhibits filed concurrently herewith, and the accompanying memorandum of points and authorities set forth below.

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I. JURISDICTION AND VENUE

The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and General Orders 182 and 223 of the United States District Court for the Eastern District of California. The Debtor confirms its consent, pursuant to Bankruptcy Rule 7008, to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

The bases for the relief requested herein are §§ 105(a), and 366, and Bankruptcy Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

II. FACTUAL BACKGROUND

A. General Background

The Debtor filed the Chapter 11 Case on the Petition Date. The Debtor is operating its business and managing its properties as a debtor in possession pursuant 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.

The Debtor is a California non-profit public benefit 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") that authorize HCCTS to operate both HCCS and CICA. Since opening in August 2014, HCCTS has served approximately 60,000 students. The Debtor is exempt from 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 First Day Declaration. The First Day Declaration is expressly incorporated herein.

B. The Utility Service and Providers

The Debtor obtains electricity, natural gas, water and sewage, telephone, internet, garbage, cable, data services, and other similar services (collectively, the "Utility Services") from various utility providers and brokers, including without limitation those listed on Exhibit C (the "Utility Providers List") to the Exhibit List (collectively, the "Utility Providers") to operate their business and manage the Schools in the ordinary course of business. Exhibit C identifies the account information for each Utility Provider. In the aggregate, the Debtor pays approximately $301,667.82 per month for the Utility Services.

Preserving Utility Services on an uninterrupted basis is essential to the Debtor's ongoing operations, and, therefore, to the success of the Debtor's restructuring. Indeed, any interruption of the Utility Services, even for a brief period of time, would disrupt the Debtor's ability to operate and maintain its business as a going concern. Such disruption would thereby negatively impact the Debtor's reorganization efforts, and, ultimately, could jeopardize the Debtor's value and creditors' recoveries. It is therefore critical that Utility Services continue uninterrupted during this chapter 11 case.

Based on the books and records, the Debtor believes there are no material defects or arrearages for undisputed invoices accrued in connection with postpetition Utility Services other than payment interruptions that may have occurred as a result of the Chapter 11 filing.

C. Proposed Adequate Assurance of Payment

Section 366 of the Bankruptcy Code protects a debtor against the immediate termination or alteration of utility services after commencing its case. Pursuant to § 366(c)(2), a utility may alter, refuse, or discontinue a debtor's utility service if the utility does not receive from the debtor within thirty (30) days of the commencement of the debtor's chapter 11 case "adequate assurance of payment" for postpetition utility services. Section 366(c)(1) defines "assurance of payment" of postpetition charges as "(i) a cash deposit; (ii) a letter of credit; (iii) a certificate of deposit; (iv) a surety bond; (v) a prepayment of utility consumption; or (vi) another form of security that is mutually agreed on between the utility and the debtor or the trustee." 11 U.S.C. § 366(c)(1).

The Debtor intends to satisfy postpetition obligations owed to the Utility Providers in the ordinary course of business and in a timely manner. Cash on hand will provide the Debtor with sufficient liquidity to pay the Utility Providers for Utility Services in accordance with past practice. Notwithstanding the foregoing, to provide additional assurance of payment to the Utility Providers pursuant to section 366(c) of the Bankruptcy Code, the Debtor propose to deposit a sum equal to the cost of one (1) month of Utility Services, calculated based on the historical average of the Debtor's utility expenses over the twelve month period prior to the Petition Date which is $301,667.82 (the "Adequate Assurance Deposit") into a segregated bank account (the "Adequate Assurance Account") within five (5) business days after entry of the Interim Order is entered.

The Adequate Assurance Deposit will be held in a segregated bank account in the Debtor's name (the "Adequate Assurance Account") for the benefit of the Utility Providers until the earlier of (i) the Debtor reconciling and paying the Utility Provider's final invoice in accordance with applicable nonbankruptcy law following the Debtor's termination of Utility Services from such Utility Provider, and (ii) the effective date of any chapter 11 plan confirmed in these Chapter 11 Cases, and may be applied to any postpetition defaults in payment to the Utility Providers in accordance with the Adequate Assurance Procedures (as defined herein). The Adequate Assurance Deposit, in conjunction with the Debtor's cash on hand (collectively, the "Proposed Adequate Assurance"), demonstrates the Debtor's ability to pay for future Utility Services in accordance with past practice and constitutes sufficient adequate assurance to the Utility Providers in full satisfaction of section 366 of the Bankruptcy Code.

D. Adequate Assurance Procedures

The Debtor proposes that the procedures described below (the "Adequate Assurance Procedures") be utilized in connection with the Proposed Adequate Assurance:

a. The Debtor will serve the Motion and a copy of the Interim Order, attached as Exhibit A to the Exhibit List filed concurrently herewith (as approved by the Court), on each Utility Provider listed on the Utility Providers List, no later than three (3) business days after the date the Interim Order is entered;

b. The Debtor will cause the Adequate Assurance Deposit, in the aggregate amount of $301,667.82 to be deposited into the Adequate Assurance Account within five (5) business days after entry of the Proposed Interim Order;

c. A Utility Provider may make an adequate assurance request if the Debtor has not satisfied their postpetition payment obligation with respect to the applicable Utility Services in accordance with the terms and conditions of such service, and such payment obligation remains unpaid past any applicable grace period for the Utility Service. No disbursement will be made for an adequate assurance request unless the requesting Utility Provider provides notice to the following parties (the "Utility Notice Parties"): (i) the Debtor, (ii) proposed counsel to the Debtor, (iii) the Office of the United States Trustee; (iv) the 20 largest unsecured creditors or counsel for the official committee of unsecured creditors (if any) appointed in this Chapter 11 Case. The Debtor shall honor such request within five (5) business days after the date they receive such adequate assurance request, subject to the Debtor's and the requesting Utility Provider reaching an alternative resolution. A court order is not required to honor the adequate assurance request in accordance with the Adequate Assurance Procedures or to settle a postpetition payment dispute related to Utility Services.

d. If the Debtor makes a disbursement to a Utility Provider from the Adequate Assurance Account, the Debtor shall replenish the Adequate Assurance Account in the amount so disbursed.

e. The portion of the Adequate Assurance Deposit attributable to each Utility Provider shall be returned to the Debtor or the Reorganized Debtor, as applicable, on the earlier of (i) the Debtor's reconciling and paying the Utility Provider's final invoice in accordance with applicable nonbankruptcy law following the Debtor's termination of Utility Services from such Utility Provider and (ii) the effective date of any chapter 11 plan confirmed in this chapter 11 case.

f. A Utility Provider desiring additional assurances of payment in the form of deposits, prepayments, increases in the proposed allocable Adequate Assurance amount, or otherwise must serve a request for additional assurance (an "Additional Assurance Request") on the Utility Notice Parties within thirty (30) days of the Petition Date.

g. All Additional Assurance Requests and Adequate Assurance Requests must set forth in writing the following: (i) the location(s) for which Utility Services are provided and the account number(s) for such location(s); (ii) the outstanding balance for each such account and a summary of the Debtor's payment history relevant to the affected account(s); (iii) an explanation as to why the Utility Provider believes the Adequate Assurance Deposit is not adequate assurance of payment under section 366 of the Bankruptcy Code or the basis for seeking the Adequate Assurance Deposit, each as applicable; and (iv) list all Prepetition Deposits or surety bonds that the Utility Provider holds for the Utility Services related to the Additional Assurance Request.

h. The Debtor may, without further order from the Court, resolve an Additional Assurance Request by mutual agreement with a Utility Provider, and the Debtor may, in connection with any such agreement, provide a Utility Provider with

additional adequate assurance of payment, including cash deposits, prepayments, or other forms of security if the Debtor believes that such adequate assurance is reasonable. The Debtor shall maintain a summary record of such agreements and their respective terms, and such summary record and the agreements themselves shall be available to any official committee appointed in these cases, and the U.S. Trustee upon request.

i. The Debtor may reduce or remove a Utility Provider's portion of the Adequate Assurance Deposit with the consent of such Utility Provider at any time during the chapter 11 cases.

j. If the Debtor and the Utility Provider are not able to reach a resolution within fourteen (14) days of receipt of the Additional Assurance Request, the Debtor may request a hearing before the Court to determine the adequacy of assurances of payment with respect to a particular Utility Provider (the "Determination Hearing") pursuant to section 366(c)(3) of the Bankruptcy Code. Pending final resolution of the Determination Hearing, the Utility Provider filing such Additional Assurance Request shall be prohibited from altering, refusing, or discontinuing Utility Services to the Debtor on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance.

Based on the above, the proposed Adequate Assurance Procedures are an efficient and streamlined resolution process for matters related to Utility Services that may arise during the Chapter 11 Case.

E. Modification to the Utility Service List

The Debtor has made an extensive good faith effort to identify all Utility Providers and include them on the Utility Providers List. If the Debtor subsequently identifies additional Utility Providers or discontinue any Utility Services, the Debtor will seek authority, in their sole discretion, to amend the Utility Providers List to add or remove any Utility Provider. The Debtor further requests that the relief requested in this motion, including the proposed Adequate Assurance Procedures, and the Interim Order granting the relief requested in this motion shall apply to any subsequently identified Utility Provider provided the Debtor adds any such Utility Provider to the Utility Providers List. The Debtor will serve a copy of this motion and the Interim Order on any Utility Provider added to the Utility Providers List.

Any subsequently added Utility Provider shall have twenty-one (21) days from the date of service of this Motion and the Interim Order to make a request for additional adequate assurance

of payment in accordance with the Adequate Assurance Procedures. Pursuant to the Adequate Assurance Procedures, the Debtor may seek to resolve any subsequently added Utility Provider's request for adequate assurance of payment by mutual agreement with the Utility Provider without further order of this Court or the need to schedule a hearing with this Court to determine the adequacy of assurance payment.

F. Prohibitions on Altering, Refusing, or Discontinuing Service

Uninterrupted Utility Service is essential to the Debtor's ongoing business operations and the overall success of the Chapter 11 case. Should any Utility Provider refuse or discontinue service, even for a brief period, the Debtor's business operations could be disrupted severely. Discontinuation of Utility Services would essentially shut down operations, and any significant disruption of operations could pose risks to public health and put these Chapter 11 Cases in jeopardy. Moreover, based on their books and records, the Debtor believes there are no material defaults or arrearages for undisputed invoices accrued in connection with postpetition Utility Services other than any payment interruptions that may have resulted as a result of the Chapter 11 filings. As such, it is essential that the Utility Services continue uninterrupted during the pendency of these Chapter 11 Cases.

Accordingly, the Debtor requests that, pending the entry of the Interim Order and the resolution of any Additional Assurance Request, objection, or Determination Hearing, the Utility Providers, including any Additional Utility Provider, are prohibited from (a) discriminating against the Debtor, (b) altering, refusing, or discontinuing service to the Debtor, or (c) requiring payment of a deposit or receipt of any other security for continued service other than the Adequate Assurance Deposit as a result of these Chapter 11 Cases or any unpaid prepetition invoices.

III. LEGAL BASIS FOR RELIEF REQUESTED

The relief requested herein will ensure that the Debtor's operations will not be disrupted, which would severely impact the Schools and their students and prospects for a successful reorganization. The relief requested provides the Utility Providers with fair and orderly procedures for determining requests for Additional Adequate Assurance, without which the Debtor potentially could be forced to address numerous requests by Utility Providers in a disorganized manner at a

critical period in these Chapter 11 Cases when the Debtor's efforts should be more productively focused on their operations and the administration of these Chapter 11 Cases for the benefit of all parties in interest.

In general, courts view utility services as a necessary minimum for rehabilitation in a chapter 11 case. *See Whittaker v. Phila. Elec. Co. (In re Whittaker)*, 882 F.2d 791, 794 (3d Cir. 1989). Because utility companies generally exercise practical monopoly power in providing essential services, utility companies may force a bankruptcy debtor to capitulate to payment demands by threatening to terminate service. *See, e.g., In re Woodland Corp.*, 48 B.R. 623, 624 (Bankr. D.N.M. 1985); *In re Tel-Net Hawaii, Inc.*, 131 B.R. 723, 727 (Bankr. D. Haw. 1991).

To protect a debtor from the termination of utility services for nonpayment, § 366 protects a debtor against the immediate termination or alteration of utility services after the Petition Date. *See* 11 U.S.C. § 366. Section 366(c) requires a debtor to provide "adequate assurance" of payment for postpetition services in a form "satisfactory" to the utility company within thirty (30) days of the Petition Date, or the utility provider may alter, refuse, or discontinue service. 11 U.S.C. § 366(c)(2). A non-exhaustive list of examples for what constitutes "assurance of payment" is contained in § 366(c)(1) (listing "(i) a cash deposit; (ii) a letter of credit; (iii) a certificate of deposit; (iv) a surety bond; and (v) a prepayment of utility consumption" as examples of adequate assurance requests).

Although assurance of payment must be "adequate," such adequacy "is not to be confused with actual payment or an absolute guarantee of payment." *In re Crystal Cathedral Ministries*, 454 B.R. 124, 131 (Bankr. C.D. Cal. 2011); *see also Steinbach v. Tuscon Elec. Power Co. (In re Steinbach)*, 303 B.R. 634, 641 (Bankr. D. Ariz. 2004) (explaining that bankruptcy courts are "not required to give a utility company the equivalent of a guarantee of payment, but must only determine that the utility is not subject to any unreasonable risk of non-payment") (quoting *In re Adelphia Bus. Sols., Inc.,* 280 B.R. 63, 80 (Bankr. S.D.N.Y. 2002)); *In re Caldor, Inc.,* 199 B.R. 1, 3 (Bankr. S.D.N.Y. 1996) ("Section 366(b) . . . does not require an absolute guarantee of payment.") (internal quotation and citation omitted), *aff'd sub nom., Va. Elec. & Power Co. v. Caldor, Inc.,* 117 F.3d 646 (2d Cir. 1997). A court should examine the totality of the

circumstances to decide whether a utility company will be subject to an unreasonable risk of nonpayment when considering whether a proposed assurance amount is "adequate." *See In re Keydata Corp.*, 12 B.R. 156, 158 (B.A.P. 1st Cir. 1981). The focus should be on "the need of the utility for assurance" to ensure that the debtor will "supply no more than that" because the debtor "has a conflicting need to conserve scarce financial resources." *Va. Elec. & Power Co.,* 117 F.3d at 650 (internal quotations omitted). Accordingly, a utility company's demand for a guarantee of payment should be refused when the debtor has already afforded adequate assurance of payment based on the specific circumstances.

The bankruptcy court exercises great discretion and flexibility in applying section 366. *Marion Steel Co. v. Ohio Edison Co. (In re Marion Steel Co.)*, 35 B.R. 188, 195 (Bankr. N.D. Ohio 1983); *see also In re Astle*, 338 B.R. 859, 861 (Bankr. D. Idaho 2006). The bankruptcy court's authority is further supported by section 105, which allows for the court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions" of Title 11. *See e.g., In re George C. Frye Co.*, 7 B.R. 856, 857 n.2 (Bankr. D. Me. 1980). A determination under section 366 is necessarily fact-intensive and looks to the totality of the circumstances. *See, Marion Steel*, 35 B.R. at 198 (citations omitted); *see also Astle*, 338 B.R. at 861.

Here, termination of the Utility Services could result in the Debtor's inability to provide care to their students and would impair the Debtor's ability to operate the Schools to the detriment of all stakeholders. *See, e.g., In re Pilgrim's Pride Corp.,* No. 08-45664 (DML), 2009 WL 7313309, at *2 (Bankr. N.D. Tex. Jan. 4, 2009) ("The consequences of an unexpected termination of utility service to [the debtors] could be catastrophic."). Here, the Utility Providers are adequately assured against any risk of nonpayment for future services. The Adequate Assurance Deposit, the Debtor's ongoing ability to meet obligations as they come due in the ordinary course provides assurance of the Debtor's payment of their future obligations. The Debtor intends to allocate $301,667.82 in the Adequate Assurance Account, which is segregated from the Debtor's cash management system. The Adequate Assurance Deposit is equal to approximately one (1) month of the Debtor's average monthly cost of Utility Services, calculated based on the historical

average of payments made to the Utility Providers over the twelve-month period preceding the date of the petition.

In addition, the Debtor has proposed Adequate Assurance Procedures that give Utility Providers an opportunity to seek additional adequate assurance as appropriate. These procedures should be permitted because they facilitate the Debtor's ability to provide assurance of future payment. Courts are permitted to fashion reasonable procedures, such as the Adequate Assurance Procedures proposed herein, to implement the protections afforded under section 366 of the Bankruptcy Code. *See, e.g., In re Circuit City Stores, Inc.,* No. 08-35653, 2009 WL 484553, at *5 (Bankr. E.D. Va. Jan. 14, 2009) (stating that "the plain language of § 366 of the Bankruptcy Code allows the Court to adopt the [p]rocedures set forth in the [u]tility [o]rder"). Such procedures are important because, without them, the Debtor "could be forced to address numerous requests by utility companies in an unorganized manner at a critical period in their efforts to reorganize." *Id.* If the Debtor is inundated with requests, a Utility Provider could seize on the chaos and make an extortionate, last-minute demand for adequate assurance that would force the Debtor to pay amounts beyond what would be required under § 366 as a result of the threat of losing critical Utility Services. *See id*. The proposed Adequate Assurance Procedures prevent such an outcome and create an orderly process while preserving the Utility Providers' rights under sections 366(b) and (c)(2) of the Bankruptcy Code. *See id.* at *5–6. Further, any rights the Utility Providers believe they have under §§ 366(b) and 366(c)(2) are preserved under the Adequate Assurance Procedures. *See id.*. The Utility Providers still have the right to request modification of the Proposed Adequate Assurance in accordance with such procedures. *See id.* at *6.

Moreover, this Court may rely on its equitable powers to grant the relief requested in this Motion. Courts possesses the power under §105(a) to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Here, the proposed Interim Order and Final Order approving both the Adequate Assurance Procedures and the Proposed Adequate Assurance is necessary and appropriate to carry out the provisions of the Bankruptcy Code, particularly section 366 thereof. If neither the Adequate Assurance Procedures

nor the Proposed Adequate Assurance are approved, then there is a substantial risk that Utility Providers could attempt to terminate the Debtor's Utility Services.

As set forth above, the Debtor has sufficient liquidity and intends to pay all valid postpetition obligations for Utility Services in a timely manner; and the Utility Providers are protected through the Adequate Assurance Deposit that will be held in a segregated account and are afforded flexibility and an opportunity to be heard through the Adequate Assurance Procedures. Additionally, the Proposed Adequate Assurance Procedures are reasonable, appropriate, and properly balance the interests of the Debtor and the Utility Providers. Accordingly, the Court should exercise its powers under sections 366 and 105(a) of the Bankruptcy Code and approve both the Adequate Assurance Procedures and the Proposed Adequate Assurance.

IV. PROCESSING OF CHECKS AND ELECTRONIC FUND TRANSFER SHOULD BE AUTHORIZED

The Debtor has sufficient funds to pay the amounts described in this Motion in the ordinary course of business by virtue of its cash on hand. In addition, under the Debtor's existing cash management system, the Debtor can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Utility Services. Accordingly, the Debtor believes that checks or wire transfer requests, other than those relating to authorized payments, may not be honored inadvertently. Therefore, the Debtor respectfully requests that the Court authorize all applicable financial institutions, when requested by the Debtor, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

V. THE REQUIREMENTS OF BANKRUPTCY RULE 6003 ARE SATISFIED

Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the petition date "to the extent that relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. Failure to receive such authorization and other relief during the first 21 days of these Chapter 11 Cases would severely disrupt the Debtor's operations at this critical juncture. As such, prohibiting Utility Providers from altering or discontinuing services, authorizing the Debtor

to deposit the Proposed Adequate Assurance and utilize the Adequate Assurance Procedures, and granting the other relief requested herein is integral to the Debtor's ability to transition their operations into these Chapter 11 Cases. The relief requested is necessary in order for the Debtor to operate their business in the ordinary course and preserve the ongoing value of the Debtor's operations and maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtor submits that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this Motion on an emergency basis.

VI. RESERVATION OF RIGHTS

Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtor, (ii) a waiver of the Debtor's or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under § 365. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtor's rights to dispute such claim subsequently.

VII. EMERGENCY CONSIDERATION

The Debtor respectfully requests emergency consideration of this Motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first twenty-one (21) days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. Entry of the Interim Order and scheduling of a final hearing (the "Final Hearing") at which time Debtor will request entry of the Final Order, is necessary to avoid immediate and irreparable harm; absent this relief, the Debtor's operations would be severely disrupted resulting in the degradation of the Debtor's ability to provide educational services to its students, and impairing the Debtor's ability to operate the Schools to the detriment of all stakeholders. The relief requested is necessary in order for the Debtor to operate their business in the ordinary course and preserve the ongoing value of the Debtor's operations and maximize the value of their estates for the benefit of all stakeholders.

Accordingly, the Debtor submits that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this Motion on an emergency basis.

VIII. WAIVER OF REQUIREMENTS

To implement the foregoing successfully, the Debtor seeks a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

IX. NOTICE

The Debtor will provide notice of this Motion via first class mail, facsimile or email (where available) to: (i) the Office of the U.S. Trustee; (ii) the holders of the twenty (20) largest unsecured claims against the Debtor filed in accordance with Bankruptcy Rule 1007(d); (iii) creditors that assert a security interest in the Debtor's real property or cash collateral; (iv) the State of California through the Attorney General for the State of California; (v) the United States of America through the United States Attorney for the Eastern District of California; (vi) the Utility Providers; and (vii) parties that file with the Court and serve upon the Debtor requests for notice of all maters in accordance with Bankruptcy Rule 2002(i) (collectively, the "Notice Parties"). If the Court grants the relief requested by the Motion, the Debtor shall provide notice of the entry of the order granting such relief upon each of the foregoing parties and any other parties in interest as the Court directs. The Debtor submits that such notice is sufficient and that no other or further notice be given. No previous request for the relief sought herein has been made by the Debtor to this or any other court.

WHEREFORE, the Debtor respectfully requests that the Court grant this Motion and enter an order, substantially in the form attached to as **Exhibit A** to the Exhibit List filed concurrently herewith, and to set a Final Hearing at which time the Debtor shall request this Court to enter the Final Order substantially in the form attached as **Exhibit B** to the Exhibit List.

The Debtor requests such other relief as the Court deems appropriate under the circumstances.

Respectfully submitted,

Dated: October 4, 2026

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By */s/ Ori Katz*
ORI KATZ
Proposed Counsel for Highlands Community Charter and Technical School