5

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
A Limited Liability Partnership
Including Professional Corporations
ORI KATZ, State Bar No. 209561
KIRK RIDER, State Bar No. 364539
Four Embarcadero Center, 17th Floor
San Francisco, California 94111-4109
Telephone: (415) 434-9100
Facsimile: (415) 434-3947
Email: okatz@sheppard.com
krider@sheppard.com

[Proposed] Counsel for Highlands Community Charter and Technical Schools

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-6 Judge: Hon. [●] Date: [●], 2026 Time: Place:

DECLARATION OF JONATHAN RAYMOND IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS: (I) AUTHORIZING THE DEBTOR TO MAINTAIN, RENEW, OR SUPPLEMENT ITS INSURANCE POLICIES AND SATISFY ALL OBLIGATIONS RELATED THERETO; AND (II) GRANTING RELATED RELIEF

[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.

26258682610050000000000028

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

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 *Debtor's Emergency Motion for Interim and Final Orders: (I) Authorizing the Debtor to Maintain, Renew, or Supplement Its Insurance Policies and Satisfy All Obligations Related Thereto; and (II) Granting Related Relief*: (the "Motion") filed concurrently herewith and for all other purposes authorized by law. The Motion seeks an order: (a) authorizing, but not directing, the Debtor to maintain, renew, or supplement its insurance policies and honor all obligations in respect thereof; and (b) granting related 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 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.

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

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. In the ordinary course of business, the Debtor maintains multiple insurance policies (the "Insurance Policies") administered by certain third-party insurance carriers (collectively, the "Insurance Carriers"). Specifically, the Debtor maintains coverage for, without limitation: (i) property; (ii) general liability; (iii) commercial auto; (iv) inland marine coverage; (v) crime; (vi) employee benefits admin. E&O; (vii) director and officer liability; (viii) cyber liability; (ix) active assailant; (x) blanket student accident coverage; (xi) commercial umbrella liability; and (xii) workers' compensation & employers liability. The Insurance Policies are annual policies that renew throughout the year based on when the policy was originally purchased. The aggregate annual premiums (the "Insurance Premiums") for the Insurance Policies is approximately $664,779.10, plus applicable taxes and surcharges. The Insurance Premiums are paid in full upon entering into the binding coverage, with the exception of the following Insurance Policies which are paid on a monthly basis: (i) Commercial Package through Philadelphia Indemnity Insurance Company; (ii) Commercial Umbrella Liability through Philadelphia Indemnity Insurance Company; and (iii) Workers' Compensation & Employers Liability through WCF National Insurance Company.

6. In the ordinary course of business, the Debtor utilizes HUB International Insurance Services Inc. (the "Insurance Broker") to obtain Insurance Policies. The Insurance Broker primarily assists the Debtor with the procurement and negotiation of the Insurance Policies, enabling the

Debtor to obtain the Insurance Policies on advantageous terms and at competitive rates. The Insurance Broker is compensated for its services through a commission from the Insurance Carriers (the "Broker Fees") and paid as part of the premium owed to the Insurance Carriers.

7. The Debtor is required to pay deductibles ("Insurance Deductibles") and other out-of-pocket costs up to certain amounts on a per-occurrence basis. The Debtor is also required to fund retention amounts on a per claim basis (the "Insurance Retentions") for certain Insurance Policies. The Insurance Deductibles and Insurance Retention amounts are contractual conditions to coverage, and any failure to fund the Insurance Deductibles risk lapses in insurance protection.

8. The Debtor is required to pay Insurance Deductibles ranging from $1,000 to $25,000 for claims arising from certain insurance coverages, including, without limitation, its (i) property coverage, inland marine coverage, and crime coverage through Philadelphia Indemnity Insurance Company; (ii) is active assailant coverage through Certain Underwriters at Lloyd's (CFC); and (iii) its cyber liability coverage through Certain Underwriters at Lloyd's. Ongoing payment of Insurance Deductibles ensures that these claims are administered without delay, preserves the value the insurance programs that protect the Debtor and its estate and avoids exposing the Debtor's estate to unfunded liability.

9. In the ordinary course of business, the Debtor is also required to fund retention amounts on a per claim basis (the "Insurance Retentions") for certain Insurance Policies. The Insurance Retentions are contractual conditions to coverage, and any failure to fund the Insurance Retentions risk lapses in insurance protection. As more particularly described in the Insurance Schedule set forth on Exhibit C of the Exhibits List, and in the Raymond Declaration, the Debtor is required to pay Insurance Retentions ranging from $75,000 to $200,000 for claims arising from certain insurance coverages, including, without limitation its Management Liability (D&O / EPL) coverage through RSUI Indemnity Company.

10. Ongoing payment of Insurance Retentions and Insurance Deductibles ensures that claims are administered without delay, preserves the value the insurance programs that protect the Debtor and its estate and avoids exposing the Debtor's estate to unfunded liability.

11. Based on my understanding of the various Insurance Policies, regulations, and laws, I believe it is essential to the Debtor's school operations, that the Debtor maintain and continue to make all payments required under the Insurance Policies, and to have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their business judgment, without further order of the Court.

12. The ongoing payment of Insurance Deductibles, Insurance Retentions, and related insurance obligations will ensure that claims against us are administered without delay, preserves the value of the insurance programs that protect the Debtor and its operations and students, our assets and the bankruptcy estates, and avoids exposing the Debtor's estate to unfunded liability. Furthermore, maintaining seamless coverage during these Chapter 11 Cases is vital to safeguarding students, the Schools and their academic operations, and preserving the Debtor's value for all stakeholders during the pendency of the Chapter 11 Cases

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
CD25C9FE304D4D7...

Jonathan Raymond