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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-8 Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEBTOR'S EMERGENCY APPLICATION FOR ORDER AUTHORIZING AND APPROVING THE APPOINTMENT OF KURTZMAN CARSON CONSULTANTS, LLC DBA VERITA GLOBAL AS NOTICE, CLAIMS, AND SOLICITATION AGENT

[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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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 memorandum of points and authorities (the "Memorandum") in support of the Debtor's application (the "Application") for entry of an order authorizing the retention and employment of Kurtzman Carson Consultants, LLC dba Verita Global ("Verita") as notice, claims, and solicitation agent in this Chapter 11 Case pursuant to 11 U.S.C. §§ 327(a), 328, and 1107(b), Fed. R. Bankr. P. 2014 and Rules 9014-1(f)(3) and (4) of the Local Rules of Practice (the "LBR"): (a) authorizing the Debtor to retain and employ Verita as notice, claims, and solicitation agent in this Chapter 11 Case effective as of the Petition Date; and (b) granting related relief. In support of this Memorandum, the Debtor refers to the *Declaration of Jonathan Raymond in Support of Chapter 11 Petition and First Day Motions* (the "First Day Declaration"), the *Declaration of Jonathan Raymond in Support of Debtor's Emergency Application For Order Authorizing and Approving the Appointment of Kurtzman Carson Consultants, LLC dba Verita Global as Notice, Claims, and Solicitation Agent* (the "Raymond Declaration"), the *Declaration of Evan Gershbein in Support of Debtor's Emergency Application For Order Authorizing and Approving the Appointment of Kurtzman Carson Consultants, LLC dba Verita Global as Notice, Claims, and Solicitation Agent* (the "Gershbein Declaration"), and the exhibits in support of the Application as set forth on the exhibit list (the "Exhibit List"), each filed contemporaneously herewith and incorporated herein by reference, and such other evidence and testimony as may be presented at the hearing on the Application (the "Hearing").[2]

[2] A more detailed description of the Debtor and its business, and the facts and circumstances supporting the Application and the Debtor's Chapter 11 Case, are set forth in greater detail in the First Day Declaration. Capitalized terms used but not otherwise defined in the Application have the meanings ascribed to them in the Application, the Raymond Declaration, the Gershbein Declaration and the First Day Declaration, as applicable, or as indicated elsewhere in this Memorandum.

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 the Application 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 §§ 327(a), 328, and 1107(b) of the Bankruptcy Code, Rule 2014 of the Federal Bankruptcy Rules and Rules 9014-1(f)(3) and (4) of the LBR.

II. FACTUAL 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 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 First Day Declaration.

III. RELIEF REQUESTED

The Debtor seeks authority to employ and retain Verita as notice, claims, and solicitation agent for the Debtor in connection with this Chapter 11 Case, effective as of the Petition Date, pursuant to the terms and conditions contained in that certain *Verita Agreement For Services*, dated as of September 25, 2026, by and between Verita and the Debtor (such agreement, together with all attachments and amendments thereto, the "Services Agreement"), a copy of which is attached as **Exhibit B** to the Exhibit List and incorporated by reference herein.

IV. QUALIFICATIONS

The Debtor proposes to engage Verita to act as the Debtor's Notice, Claims, and Solicitation Agent. This retention is the most effective and efficient manner of noticing the creditors and parties in interest of the filing of this Chapter 11 Case and other developments. In that capacity, Verita will transmit, receive, docket, and maintain proofs of claim filed in connection with this Chapter 11 Case.

Verita is comprised of leading industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. Verita's professionals have experience in noticing, claims administration, solicitation, balloting, and facilitating other administrative aspects of chapter 11 cases and experience in matters of this size and complexity. Verita has acted as the official claims and noticing agent in other large bankruptcy cases in this District and in other districts nationwide.

By appointing Verita as the Notice, Claims, and Solicitation Agent in this Chapter 11 Case, the distribution of notices, the processing of claims, and the solicitation of votes will be expedited and the Clerk of the United States Bankruptcy Court for the Eastern District of California (the "Clerk") will be relieved of the administrative burden of processing what may be an overwhelming number of claims. The Debtor submits, based on all engagement proposals obtained and reviewed, that Verita's rates are competitive and reasonable given Verita's quality of services and expertise. The terms of Verita's retention are set forth in the Services Agreement; provided, however, that Verita is seeking approval solely of the terms and provisions as set forth in this Application and the Services Agreement.

V. SCOPE OF SERVICES

Specifically, in accordance with the Services Agreement, the Debtor seeks to engage Verita to provide, to the extent the Debtor requests, certain noticing, claims processing, and solicitation services including, without limitation:

a. preparing and serving required notices and documents in this Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules in the form and manner directed by the Debtor and/or the Court, including (i) notice of the commencement of this Chapter 11 Case and the initial meeting of creditors under section 341(a) of the Bankruptcy Code, (ii) notice of any claims bar date, (iii) notices of objections to claims and objections to transfers of claims, (iv) notices of hearings on motions filed by the Office of the United States Trustee for the Eastern District of California ("U.S. Trustee"), (v) notices of transfers of claims, (vi) notices of any hearings on a disclosure statement and confirmation of the Debtor's plan or plans of reorganization, including under Bankruptcy Rule 3017(d), (vii) notice of the effective date of any plan, and (viii) all other notices, orders, pleadings, publications, or other documents as the Debtor or Court may deem necessary or appropriate for an orderly administration of this Chapter 11 Case;

b. maintaining an official copy of the Debtor's schedules of assets and liabilities and statements of financial affairs (collectively, the "Schedules"), listing the Debtor's known creditors and amounts owed thereto;

c. maintaining (i) a list of all potential creditors, equity holders, and other parties in interest and (ii) a "core" mailing list consisting of all parties described in Bankruptcy Rule 2002(i), (j), and (k) and those parties that have filed a notice of appearance pursuant to Bankruptcy Rule 9010 and

updating and making said lists available upon request by a party in interest or the Clerk;

d. furnishing a notice to all potential creditors of the last date for filing proofs of claim and a form for filing a proof of claim, after such notice and form are approved by the Court, and notifying the said potential creditors of the existence, amount, and classification of their respective claims as set forth in the Schedules, which may be effected by inclusion of such information (or lack thereof, in cases where the Schedules indicate no debt due to the subject party) on a customized proof of claim form provided to potential creditors;

e. maintaining a post office box or address for the purpose of receiving claims and returned mail and processing all mail received;

f. for all notices, motions, orders, or other pleadings or documents served, preparing and filing or causing to be filed with the Clerk an affidavit or certificate of service within seven (7) business days of service which includes (i) either a copy of the notice served or the docket number(s) and title(s) of the pleading(s) served, (ii) a list of persons to whom it was mailed (in alphabetical order) with their addresses, (iii) the manner of service, and (iv) the date served;

g. processing all proof of claims received, including those received by the Clerk, checking said processing for accuracy, and maintaining the original proofs of claim in a secure area;

h. maintaining the official claims register for the Debtor (the "Claims Register") on behalf of the Clerk; upon the Clerk's request, providing the Clerk with certified, duplicate, unofficial Claims Register; and specifying in the Claims Register the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and

address of the claimant and agent, if applicable, who filed the claim, (iv) the amount asserted, (v) the asserted classification(s) of the claim (e.g., secured, unsecured, priority, etc.), and (vi) any disposition of the claim;

i. recording all transfers of claims and providing any notices of such transfers as required by Bankruptcy Rule 3001(e);

j. relocating, by messenger or overnight delivery, all of the court-filed proofs of claim to the offices of Verita, not less than weekly;

k. upon completion of the docketing process for all claims received to date for each case, turning over to the Clerk a copy of the Claims Register for the Clerk's review (upon the Clerk's request);

l. monitoring the Court's docket for all notices of appearance, address changes, and claims-related pleadings and orders filed and making necessary notations on and/or changes to the claims register and any service or mailing lists, including to identify and eliminate duplicative names and addresses from such lists;

m. identifying and correcting any incomplete or incorrect addresses in any mailing or service lists;

n. assisting in the dissemination of information to the public and responding to requests for the administrative information regarding this Chapter 11 Case as directed by the Debtor or the Court, including through the use of a case website and/or call center;

o. assist with, among other things, solicitation, balloting and tabulation of votes, and prepare any related reports, as required in support of confirmation of a chapter 11 plan, and in connection with such services, process requests for documents from parties in interest, including, if applicable, brokerage firms, bank back-offices and institutional holders;

p. prepare an official ballot certification and, if necessary, testify in support of the ballot tabulation results;

q. assist with the preparation of the Debtor's schedules of assets and liabilities and statements of financial affairs and gather data in conjunction therewith;

r. if this Chapter 11 Case is converted to a case under chapter 7 of the Bankruptcy Code, contacting the Clerk's office within three (3) days of notice to Verita of entry of the order converting the case;

s. thirty (30) days prior to the close of this Chapter 11 Case, to the extent practicable, requesting that the Debtor submits to the Court a proposed order dismissing Verita as Claims, Noticing, and Solicitation Agent and terminating its services in such capacity upon completion of its duties and responsibilities and upon the closing of this Chapter 11 Case;

t. within seven (7) days of notice to Verita of entry of an order closing this Chapter 11 Case, providing to the Court the final version of the Claims Register as of the date immediately before the close of this Chapter 11 Case;

u. at the close of this Chapter 11 Case, and after consultation with the Clerk's office, transport original documents to the Clerk's office in the proper electronic format; and

v. providing such other claims processing, noticing, plan solicitation, and related administrative services as may be requested from time to time by the Debtor.

The Claims Register shall be open to the public for examination without charge during regular business hours and on a case-specific website maintained by Verita.

Verita will follow the notice, claims, and solicitation procedures that conform to the guidelines promulgated by the Clerk, the Judicial Conference of the United States, and as may be entered by the Court's order.

VI. COMPENSATION

The fees to be charged by Verita in connection with this Chapter 11 Case are set forth in the Services Agreement. The Debtor proposes that the cost of Verita's services be paid from the Debtor's estate pursuant to section 156(c) of title 28 of the Judicial Code and section 503(b)(1)(A) of the Bankruptcy Code. The Debtor respectfully submits that Verita's rates for its services in connection with the notice, claims processing, and solicitation services are competitive and comparable to the rates charged by its competitors for similar services. Indeed, the Debtor conducted a review and competitive comparison of other firms prior to selecting Verita as notice, claims, and solicitation agent and, following arm's-length negotiations, determined that Verita's rates to be more than reasonable given the quality of Verita's services and Verita's prior bankruptcy expertise.

Furthermore, the Debtor respectfully submits that the fees and expenses incurred by Verita are administrative in nature and, therefore, should not be subject to the standard fee application procedures for professionals. Specifically, the Debtor requests authorization to compensate Verita in accordance with the terms and conditions set forth in the Services Agreement upon Verita's submission to the Debtor of invoices summarizing, in reasonable detail, the services rendered and expenses incurred in connection with services provided by Verita to the Debtor.

Prior to the Petition Date, the Debtor provided Verita with a retainer in the amount of $30,000 (the "Retainer"). Verita seeks to apply the retainer to all prepetition invoices, thereafter, to have the retainer replenished to the original retainer amount, and thereafter, to hold the retainer during this Chapter 11 Case as security for the payment of fees and expenses incurred under the Services Agreement.

VII. INDEMNIFICATION

As part of the overall compensation to Verita under the terms of the Services Agreement, the Debtor has agreed to certain indemnification and contribution obligations. The Services Agreement provides that the Debtor will indemnify, defend, and hold harmless Verita and its affiliates, members, directors, officers, employees, consultants, subcontractors and agents under certain circumstances specified in the Services Agreement, except in circumstances resulting from Verita's own gross negligence or willful misconduct or as otherwise provided in the Services Agreement or the Verita Retention Order. Both the Debtor and Verita believe that such indemnification obligations are customary, reasonable, and necessary to retain the services of a claims, noticing, and solicitation agent in this Chapter 11 Case.

VIII. DISINTERESTEDNESS

The Debtor has many creditors, and accordingly, Verita may have rendered and may continue to render services to certain of these creditors. However, Verita has not and will not represent the separate interests of any such creditor in this case. Additionally, Verita employees may, in the ordinary course of their personal affairs, have relationships with certain creditors of the Debtor. For example, one or more of Verita's employees may have obligations outstanding with financial institutions that are creditors of the Debtor or may have used the Debtor's services themselves.

Although the Debtor does not propose to employ Verita under section 327 of the Bankruptcy Code at this time, without prejudice to the Debtor later seeking such retention by separate application for services that may be performed by Verita but are not specifically authorized by the order substantially in the form attached to the Exhibit List as Exhibit A thereto, to the best of the Debtor's knowledge, information, and belief, and except as disclosed in the Gershbein Declaration, Verita has represented that it neither holds nor represents any interest adverse to the Debtor's estate in connection with any matter on which it would be employed and that it is a "disinterested person,"

as referenced in section 327(a) of the Bankruptcy Code and as defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code. Verita will supplement its disclosure to the Court if any facts or circumstances are discovered that would require disclosure.

IX. BASIS FOR RELIEF

Section 156(c) of title 28 of the Judicial Code, which governs the staffing and expenses of a bankruptcy court, authorizes the Court to use "facilities" or "services" other than the office of the Clerk for administration of bankruptcy cases. Specifically, it states:

> Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c).

Accordingly, section 156(c) of title 28 of the Judicial Code empowers the Court to utilize outside agents and facilities for notice and claims purposes, provided that the Debtor's estate pays the cost of such services. Therefore, for all of the foregoing reasons, the Debtor believes that the retention of Verita as the Notice, Claims, and Solicitation Agent in this Chapter 11 Case is necessary and in the best interests of the Debtor, its estate, and its creditors. Furthermore, the Debtor respectfully submits that the fees and expenses that would be incurred by Verita under the proposed engagement would be administrative in nature and, therefore, should not be subject to standard fee application procedures of professionals.

Verita has substantial experience in cases of this size and complexity, and has acted as the official notice, claims and balloting agent in many large bankruptcy cases in a variety of jurisdictions, including in this District. *See, e.g.,* In re *Diablo Grande Community Facilities District No. 1,* Case No. 25-26635, (Bankr. E.D. Cal. 2025); *In re CashCall, Inc.* Case No. 26-03102 (Bankr. S.D. Cal. 2026); *In re Pacific Capital Funding Group, Inc., et al.*, Case No. 26-30538 (Bankr. N.D.

Cal. 2026); *In re Noble Supply & Logistics, LLC, et al.*, Case No. 26-11369, (Bankr. D. Del. 2026); *In re Yardbird Group, LLC, et al.*, Case No. 26-11479 (Bankr. D. Del. 2026); *In re Ascend Elements, Inc., et al.*, Case No. 26-90440 (Bankr. S.D. Tex. 2026).

X. RELIEF AS OF THE PETITION DATE IS APPROPRIATE

In accordance with the Debtor's request, Verita has agreed to serve as claims, noticing and solicitation agent on and after the Petition Date with assurances that the Debtor would seek approval of its employment and retention, effective as of the Petition Date, so that Verita can be compensated for services rendered before approval of this Application. No party in interest will be prejudiced by the granting of relief as of the Petition Date as proposed in this Application, because Verita has provided and continues to provide valuable services to the Debtor's estate during any interim period.

Accordingly, the Debtor respectfully requests entry of an order substantially in the form attached to the Exhibit List as Exhibit A thereto authorizing the Debtor to retain and employ Verita as claims, noticing and solicitation agent, effective as of the Petition Date.

XI. EMERGENCY CONSIDERATION

Bankruptcy Rule 6003 provides that, to the extent relief is necessary to avoid immediate and irreparable harm, the Court may issue an order within the first twenty-one (21) days of a chapter 11 case granting "a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition." Fed. R. Bankr. P. 6003(b).

For the reasons discussed herein, in the Application, the Raymond Declaration and First Day Declaration, the Debtor respectfully requests that the Court enter an order in the form set forth on Exhibit A to the Exhibit List filed concurrently herewith: (a) authorizing, but not directing, the Debtor to retain and employ Verita as notice, claims, and solicitation agent in this Chapter 11 Case effective as of the Petition Date; and (b) granting related relief. The relief requested in the Application is integral to the Debtor's ability to transition its operations into this Chapter 11 Case. Failure to obtain such authorization and other relief within the first twenty-one (21) days of this Chapter 11 Case would severely disrupt the Debtor's operations at this critical juncture, and any

delay in obtaining the requested relief herein could hinder operations and disrupt the efficient restructuring process to the detriment of all stakeholders. Accordingly, the Debtor submits that it has satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and respectfully requests that the Court approve the relief sought in the Application on an emergency basis.

XII. RESERVATION OF RIGHTS

Nothing herein shall constitute a waiver of any claims, rights, objections, or remedies available to the Debtor against any party. The Debtor expressly reserves the right to seek modification of any relief granted hereunder to the extent necessary to facilitate this Chapter 11 Case and the Debtor's ongoing operations, or as otherwise required to comply with any order entered by the Court in this Chapter 11 Case. Furthermore, nothing herein, nor any action taken in furtherance of the relief requested, shall be deemed or construed as (i) an admission regarding the validity of any claim asserted against the Debtor, (ii) a waiver of the rights of the Debtor or any appropriate party in interest to contest any such claim, or (iii) an approval, adoption, or assumption of any agreement, contract, program, policy, or lease pursuant to § 365, nor shall anything herein otherwise limit or affect the Debtor's rights under § 365 to assume or reject any executory contract with any party. Similarly, in the event the Court grants the relief requested herein, any payment made in accordance with the Court's order shall not be deemed, and should not be interpreted, as an admission of the validity of any claim or as a waiver of the Debtor's right to challenge such claim at a later time. Finally, no provision of the relief requested herein shall be construed to require or obligate the Debtor to accept any services from any party.

XIII. WAIVER OF BANKRUPTCY RULES 6004(A) AND 6004(H)

The Debtor requests a waiver of any applicable notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the relief requested herein under Bankruptcy Rule 6004(h). As set forth above and in the Raymond Declaration and the First Day Declaration, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtor's ongoing operations and value-maximizing process. Accordingly, ample cause exists to justify waiver of the

notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such requirements and stay are applicable.

XIV. NOTICE

The Debtor will provide notice of the Application and this Memorandum via first class mail, facsimile or email (where available) to: (a) the Office of the U.S. Trustee; (b) the holders of the twenty (20) largest unsecured claims against the Debtor filed in accordance with Bankruptcy Rule 1007(d); (c) the State of California through the Attorney General for the State of California; (d) the United States of America through the United States Attorney for the Eastern District of California; (e) Twin Rivers; (f) Verita; and (g) 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 Application, 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 prior request for the relief sought herein has been made by the Debtor to any other court.

XV. CONCLUSION

For the reasons set forth herein, the Debtor respectfully requests entry of an order substantially in the form attached to the Exhibit List as Exhibit A thereto: (i) authorizing, but not directing, the Debtor to retain and employ Verita as notice, claims, and solicitation agent in this Chapter 11 Case effective as of the Petition Date; and (ii) granting related relief as the Court deems appropriate under the circumstances.

Dated: October 4, 2026

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By */s/ Ori Katz*
Ori Katz

Proposed Counsel for Highlands Community Charter and Technical School