14

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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-10** Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

EXHIBITS IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO (A) PAY PREPETITION WAGES, SALARIES, AND OTHER COMPENSATION, (B) CONTINUE EMPLOYEE BENEFITS, (C) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; AND (II) GRANTING RELATED RELIEF

[1] The last four digits of the Debtor's federal tax identification number is 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 non-profit public benefit 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 the following exhibits in support of the *Debtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Pay Prepetition Wages, Salaries, and Other Compensation, (B) Continue Employee Benefits, (C) Honor Certain Prepetition Obligations Related Thereto; and (II) Granting Related Relief* (the "Motion"), filed concurrently herewith:

Exhibit	Description	Pages
A	[Proposed] Interim Order (I) Authorizing the Debtor to (A) Pay Prepetition Wages, Salaries, and Other Compensation, (B) Continue Employee Benefits, (C) Honor Certain Prepetition Obligations Related Thereto; and (II) Granting Related Relief	3–8
B	[Proposed] Final Order (I) Authorizing the Debtor to (A) Pay Prepetition Wages, Salaries, and Other Compensation, (B) Continue Employee Benefits, (C) Honor Certain Prepetition Obligations Related Thereto; and (II) Granting Related Relief	9–14

Dated: October 4, 2026

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

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

EXHIBIT A

Proposed Interim Order

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
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[PROPOSED] INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO (A) PAY PREPETITION WAGES, SALARIES, AND OTHER COMPENSATION, (B) CONTINUE EMPLOYEE BENEFITS, (C) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; AND (II) GRANTING RELATED RELIEF

[1] The last four digits of the Debtor's federal tax identification number is 0967. The mailing address for the Debtor is 1111 Howe Ave., Suite 505, Sacramento, CA 95825.

This Court, having considered the *Debtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Pay Prepetition Wages, Salaries, and Other Compensation, (B) Continue Employee Benefits, (C) Honor Certain Prepetition Obligations Related Thereto; and (II) Granting Related Relief* (the "Motion")[2] of Highlands Community Charter and Technical Schools, the above-captioned debtor and debtor in possession (the "Debtor"), filed on the Petition Date; and upon the First Day Declaration; and upon the Raymond Declaration; and upon the *Memorandum of Points and Authorities* in support of the Motion; and upon the Exhibits in support of the Motion; and this Court having 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; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; and this Court having found that the Debtor's notice of the Motion and the hearing on the Motion (the "Interim Hearing") were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at the Interim Hearing; and this Court having determined that the legal and factual bases set forth in the Motion and at the Interim Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm pursuant to Bankruptcy Rule 6003; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth in this Interim Order.

2. The final hearing (the "Final Hearing") on the Motion shall be held on [___], 2026, at [___] [a.m./p.m.], prevailing Pacific Time. Any objections or responses to the Motion shall be

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[2] Capitalized terms used but not defined herein have the meanings assigned to them in the Motion.

filed on or before [___], 2026, and served on: (a) proposed counsel for the Debtor, Sheppard, Mullin, Richter & Hampton LLP, Four Embarcadero Center, 17th Floor, San Francisco, California 94111-4109, Attn: Ori Katz (okatz@sheppard.com); (b) the Office of the U.S. Trustee; (c) the holders of the twenty (20) largest unsecured claims against the Debtor filed in accordance with Bankruptcy Rule 1007(d); (d) the State of California through the Attorney General for the State of California; (e) the United States of America through the United States Attorney for the Eastern District of California; (f) Twin Rivers Unified School District; (g) Paylocity; (h) CSMC; (i) East West Bank; (j) the Internal Revenue Service; (k) the United States Department of Education; and (l) parties that file with the Court and serve upon the Debtor requests for notice of all matters in accordance with Bankruptcy Rule 2002(i). In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. The Debtor is authorized, but not directed, to: (a) continue the Employee Compensation and Benefits in the ordinary course of business during the Chapter 11 Case and without the need for further Court approval, subject to applicable law; and (b) pay and honor prepetition amounts outstanding under or related to the Employee Compensation and Benefits in the ordinary course of business, subject in all respects to the Priority Cap.

4. Notwithstanding anything to the contrary herein, pending entry of the Final Order, the Debtor is authorized, but not directed, in its sole discretion, to pay, remit, or reimburse, as applicable, the following accrued prepetition amounts that may become due and owing prior to entry of the Final Order:

Employee Compensation and Benefits	Interim Amount
Employee Wages	$311,225
Payroll & Administrative Service Fees	$8,136
Independent Contractor Compensation	$360
Withholding Obligations	$271,152
Reimbursable Expenses	$10,103
Unemployment Obligations	$723,600
Employee Leave Benefits	$241,242
Health and Welfare Benefits	$57,345
Retirement Savings Plans	$277,497
Total:	**$1,900,660**

5. The Debtor is authorized, but not directed, to honor its existing policies for the Employee Leave Benefits to the extent they permit Employees to use their prepetition accrued leave in the ordinary course of business and going forward.

6. The Debtor is also authorized, but not directed, to pay Employees for accrued and unused Employee Leave Benefits as permitted under the Debtor's policies, including with respect to Employees terminated after the Petition Date, so long as the total of payments already made for prepetition Employee Compensation and Benefits and any other wage-related payments do not exceed the Priority Cap.

7. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum, and the Debtor is authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

8. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of any obligations owed under the Employee Compensation and Benefits.

9. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Interim Order.

10. The Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Case with respect to prepetition amounts owed in connection with the relief granted herein.

11. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules of Practice, including LBRs 9014-1(f)(3) and (4), are satisfied by such notice.

13. Nothing in this Interim Order shall constitute a waiver of any claims, rights, objections, or remedies available to the Debtor against any party, and the Debtor expressly reserves the right to seek modification of any relief granted hereunder to the extent necessary to facilitate the Chapter 11 Case and the Debtor's ongoing operations.

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

15. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

16. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

DATED:

_____

United States Bankruptcy Judge

EXHIBIT B

Proposed Final Order

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
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Including Professional Corporations
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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-10** Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

[PROPOSED] FINAL ORDER (I) AUTHORIZING THE DEBTOR TO (A) PAY PREPETITION WAGES, SALARIES, AND OTHER COMPENSATION, (B) CONTINUE EMPLOYEE BENEFITS, (C) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; AND (II) GRANTING RELATED RELIEF

[1] The last four digits of the Debtor's federal tax identification number is 0967. The mailing address for the Debtor is 1111 Howe Ave., Suite 505, Sacramento, CA 95825.

This Court, having considered the *Debtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Pay Prepetition Wages, Salaries, and Other Compensation, (B) Continue Employee Benefits, (C) Honor Certain Prepetition Obligations Related Thereto; and (II) Granting Related Relief* (the "Motion") of Highlands Community Charter and Technical Schools, the above-captioned debtor and debtor in possession (the "Debtor"), filed on the Petition Date; and upon the First Day Declaration; and upon the Raymond Declaration; and upon the *Memorandum of Points and Authorities* in support of the Motion; and upon the Exhibits in support of the Motion; and this Court having 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; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; and this Court, having previously granted the Motion on an interim basis, and having set a final hearing on the Motion (the "Final Hearing"); and this Court having found that the Debtor's notice of the Motion, the Interim Hearing, and the Final Hearing were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at the Final Hearing; and this Court having determined that the legal and factual bases set forth in the Motion and at the Final Hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth in this Final Order.

2. The Debtor is authorized, but not directed, to: (a) continue the Employee Compensation and Benefits in the ordinary course of business during the Chapter 11 Case and without the need for further Court approval, subject to applicable law; and (b) pay and honor

prepetition amounts outstanding under or related to the Employee Compensation and Benefits in the ordinary course of business, subject in all respects to the Priority Cap.

3. Notwithstanding anything to the contrary herein, the Debtor is authorized, but not directed, in its sole discretion, to honor, remit, or reimburse, as applicable, not more than the following prepetition amounts:

Employee Compensation and Benefits	**Final Amount**
Employee Wages	$311,225
Payroll & Administrative Service Fees	$8,136
Independent Contractor Compensation	$360
Withholding Obligations	$271,152
Reimbursable Expenses	$10,103
Unemployment Obligations	$723,600
Employee Leave Benefits	$241,242
Health and Welfare Benefits	$57,345
Retirement Savings Plans	$277,497
Total:	**$1,900,660**

4. The Debtor is authorized, in its sole discretion and in the ordinary course of business, to modify, change, and/or discontinue any of the Employee Compensation and Benefits and/or to implement new programs, policies, and benefits, subject in all respects to the terms of this Final Order and without the need for further Court approval, subject to applicable law.

5. The Debtor is authorized, but not directed, to honor its existing policies for the Employee Leave Benefits to the extent they permit Employees to use their prepetition accrued leave in the ordinary course of business and going forward.

6. The Debtor is also authorized, but not directed, to pay Employees for accrued and unused Employee Leave Benefits as permitted under the Debtor's policies, including with respect to Employees terminated after the Petition Date, so long as the total of payments already made for prepetition Employee Compensation and Benefits and any other wage-related payments do not exceed the Priority Cap.

7. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum, and the Debtor is authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. This modification of the automatic stay pertains solely to claims under the Workers' Compensation Program.

8. Nothing herein shall be deemed to authorize the payment of any amounts which violates or implicates section 503(c) of the Bankruptcy Code; provided, that nothing herein shall prejudice the Debtor's ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

9. Nothing contained herein is intended or should be construed to create an administrative priority claim on account of any obligations owed under the Employee Compensation and Benefits.

10. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtor's designation of any particular check or electronic payment request as approved by this Final Order.

11. The Debtor is authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Case with respect to prepetition amounts owed in connection with the relief granted herein.

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules of Practice, including LBRs 9014-1(f)(3) and (4), are satisfied by such notice.

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

14. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Final Order.

15. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

DATED:

_____

United States Bankruptcy Judge