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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. Christopher D. Jaime Date: October 8, 2026 Time: 11:00 a.m. (Pacific Time) Place: Courtroom 32 501 I Street Sacramento, California 95814

[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.

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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 November 10, 2026, at 11:00 a.m., prevailing Pacific Time. Any objections or responses to the Motion shall

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

be filed on or before October 22, 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 the foregoing, this Interim Order does not approve any postpetition compensation terms for the Debtor's Executive Director, Jonathan Raymond, or the assumption of any prepetition employment agreement(s) between the Debtor and Mr. Raymond, and any such relief shall be considered, if at all, in connection with the Final Hearing on the Motion.

5. The Debtor shall not pay any amount in excess of the $17,150 per employee limit set forth in 11 U.S.C. §§ 507(a)(4) and 507(a)(5) of the Bankruptcy Code. The per-employee wage calculations demonstrating compliance with this limit are set forth in **Exhibit 1** to this Interim Order.

6. 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	$0
Unemployment Obligations	$0
Employee Leave Benefits	$241,242
Health and Welfare Benefits	$57,345
Retirement Savings Plans	$277,497
Total:	**$1,166,957**

7. For the avoidance of doubt, the Court is not approving payment of the prepetition Reimbursable Expenses described in the Motion as part of this Interim Order. Payment of prepetition Reimbursable Expenses shall be considered in connection with the final hearing on the Motion.

8. For the avoidance of doubt, the Court is not approving payment of the prepetition Unemployment Obligations described in the Motion as part of this Interim Order. Payment of prepetition Unemployment Obligations shall be considered in connection with the final hearing on the Motion.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

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

16. 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.

17. 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.

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

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

20. 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: October 12, 2026

Christopher D. Jaime, Chief Judge
United States Bankruptcy Court

APPROVED AS TO FORM

Dated October 9, 2026

/s/ Jason Blumberg
Jason Blumber, Trial Attorney for the
United States Trustee

EXHIBIT 1

Per-Employee Wage Calculation

Exhibit 1. HCCTS Wage and Benefits Data by Employee Title

JOB TITLE	TOTAL
ESL Teacher	$ 3,919
Instructional Para educator I	$ 1,936
HS Teacher	$ 4,819
Student Services Navigator	$ 1,488
Curriculum Coordinator	$ 5,732
Director of PM and CI	$ 6,194
HS Teacher	$ 4,239
HS Teacher	$ 4,088
Generalist, Human Resources	$ 2,331
Student Services Navigator	$ 4,314
HS Teacher	$ 4,684
Custodial and Maintenance Mana	$ 2,987
HS Teacher	$ 4,388
Compliance Manager	$ 2,791
HS Teacher	$ 4,542
Executive Assistant	$ 1,805
Teacher: Multiple Subjects	$ 3,188
HS Teacher	$ 3,956
Generalist SOR	$ 2,167
HS Teacher	$ 4,968
Director of Instruction & Prof	$ 6,950
Payroll Manager	$ 2,790
Accountability Coordinator	$ 4,771
Counselor	$ 4,483
Director of ST/SY AC Compl	$ 5,736
Lead Digital Navigator	$ 1,748
HS Teacher	$ 4,462
HS Teacher	$ 4,482
HS Teacher	$ 4,386
Network Engineer	$ 2,576
HS Teacher	$ 4,477
IT Product Sup	$ 2,706
HS Teacher	$ 4,968
HS Teacher	$ 4,495
HS Teacher	$ 4,167
Generalist SOR	$ 2,092
Maintenance Specialist II	$ 1,770
HS Teacher	$ 3,812
HS Teacher	$ 4,498
HS Teacher	$ 4,700

Exhibit 1. HCCTS Wage and Benefits Data by Employee Title

JOB TITLE	TOTAL
HS Teacher	$ 3,115
IT Infrast Mngr	$ 2,898
Digital Products Specialist	$ 2,244
Ind Stdy Compliance Gen	$ 1,855
Lead Digital Navigator	$ 1,814
Maintenance Specialist I	$ 1,586
HS Teacher	$ 3,834
HS Teacher	$ 3,787
Director of Student Services	$ 6,788
Student Onboarding and Records	$ 1,875
HS Teacher	$ 4,277
CTE Teacher	$ 3,716
HS Teacher	$ 4,419
HS Teacher	$ 3,657
Grants and Restricted Program Compliance Manager	$ 1,834
CTE Teacher	$ 3,620
IT Prodct TII	$ 1,498
ESL Literacy Specialist	$ 4,407
Maintenance Specialist II	$ 1,739
HS Teacher	$ 3,470
HS Teacher	$ 3,941
Student Services Navigator	$ 1,411
Instructional Para educator I	$ 1,533
Multimedia Production Speciali	$ 2,046
HS Teacher	$ 3,866
Ind Stdy Compliance Gen	$ 2,093
HS Teacher	$ 3,612
Instructional Paraeducator I	$ 1,111
HS Teacher	$ 4,094
HS Teacher	$ 3,834
Multimedia Production Speciali	$ 2,308
HS Teacher	$ 3,653
Purchasing Coordinator	$ 2,244
HS Teacher	$ 3,470
HS Teacher	$ 4,370
ESL Teacher	$ 4,220
HS Teacher	$ 4,250
HS Teacher	$ 3,602
Ind Stdy Compliance Gen	$ 1,646
HS Teacher	$ 3,210

Exhibit 1. HCCTS Wage and Benefits Data by Employee Title

JOB TITLE	TOTAL
Generalist SOR	$ 1,795
HS Teacher	$ 4,208
Instructional Para educator I	$ 1,231
Student Services Navigator	$ 1,192
Instructional Para educator I	$ 996
Instructional Para educator I	$ 1,261
HS Teacher	$ 4,358
Lead Digital Navigator	$ 1,899
Administrative Assistant II	$ 1,195
Instructional Para educator I	$ 1,446
Student Services Navigator	$ 1,648
HS Teacher	$ 3,858
HS Teacher	$ 3,819
HS Teacher	$ 3,784
HS Teacher	$ 2,803
Project Management Specialist	$ 1,528
HS Teacher	$ 3,727
HS Teacher	$ 3,410
Instructional Para educator I	$ 1,652
HS Teacher	$ 4,346
Instructional Paraeducator I	$ 969
Attendnce Generalist	$ 2,016
Instructional Para educator I	$ 1,498
Instructional Para educator I	$ 1,746
HS Teacher	$ 3,280
HS Teacher	$ 3,367
ESL Teacher	$ 3,816
Director of Information Techno	$ 2,614
Teacher: PE	$ 3,051
Attendnce Generalist	$ 2,040
ESL Teacher	$ 3,051
Instructional Paraeducator I	$ 974
Instructional Para educator I	$ 1,188
ESL Intructional Para I	$ 1,108
HS Teacher	$ 4,304
Maintenance Specialist I	$ 1,154
Facilities Coordinator	$ 2,028
Instructional Paraeducator I	$ 986
Teacher: PE	$ 2,895
Instructional Para educator I	$ 1,177

Exhibit 1. HCCTS Wage and Benefits Data by Employee Title

JOB TITLE	TOTAL
HS Teacher	$ 4,216
HS Teacher	$ 2,341
Accounts Payable Manager	$ 2,394
Generalist SOR	$ 1,380
ESL Intructional Para I	$ 1,187
HS Teacher	$ 3,826
HS Teacher	$ 3,798
HS Teacher	$ 3,629
HS Teacher	$ 4,129
Instructional Para educator I	$ 1,217
Student Services Navigator	$ 1,344
Administrative Assistant II	$ 1,512
Accounts Payable Generalist	$ 1,942
Maintenance Specialist I	$ 1,890
HS Teacher	$ 3,538
Executive Director	$ 5,902
Deputy Director COO	$ 9,230
HS Teacher	$ 4,469
Teacher: Art	$ 3,669
HS Teacher	$ 4,050
Mentor Teacher-Full Time	$ 3,867
Deputy Director CAO	$ 7,760
Director of Human Resources	$ 3,655
Counselor	$ 4,150
Analyst, Human Resources	$ 2,297
Director of Safety Security	$ 3,703
HS Teacher	$ 3,731
ESL Literacy Specialist	$ 4,028
Assistant Director of Instruction and Professional Learning	$ 6,203
Career Development Coach	$ 2,469
CTE Teacher: Arts & Music	$ 3,548
Teacher: PE	$ 3,818
Teacher: Science	$ 3,184
Teacher: Social Science	$ 3,882
Teacher: PE	$ 3,720
College and Career Counselor	$ 3,759
Instructional Paraeducator I	$ 1,154
Instructional Paraeducator I	$ 1,249
Teacher: English	$ 3,718
Instructional Paraeducator I	$ 1,324

Exhibit 1. HCCTS Wage and Benefits Data by Employee Title

JOB TITLE		TOTAL
Social Worker	$	3,225
Social Worker	$	3,247
Teacher: Math	$	2,835
Instructional Paraeducator I	$	1,442
Human Resources Analyst	$	1,845
Counselor	$	2,437
College and Career Counselor	$	2,436

The per-employee amounts set forth on this Exhibit 1 do not include prepetition amounts on account of Employee Leave Benefits, as such amounts do not constitute current cash obligations and are payable only if and when the applicable Employees are terminated. The payment of any prepetition Employee Leave Benefits shall be subject to this Interim Order and the Priority Cap in all respects.