9

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A Limited Liability Partnership
Including Professional Corporations
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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.	Case No. 26-25868 Chapter 11 DCN SMR-11 Judge: Hon. Christopher D. Jaime Date: November 10, 2026 Time: 11:00am Place: Courtroom 32 501 I Street Sacramento, California 95814

DECLARATION OF ORI KATZ IN SUPPORT OF APPLICATION TO EMPLOY SHEPPARD, MULLIN, RICHTER & HAMPTON LLP AS BANKRUPTCY COUNSEL

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I, Ori Katz, declare:

1. I am an attorney duly licensed to practice law in the State of California and a partner in the Finance and Bankruptcy Practice Group of the law firm Sheppard, Mullin, Richter & Hampton LLP ("Sheppard"), the proposed co-bankruptcy counsel for Highlands Community Charter and Technical Schools ("HCCTS" or the "Debtor") a California Non-Profit Corporation, and the debtor and debtor in possession in the above-captioned chapter 11 case (the "Bankruptcy Case"). If called as a witness, I could and would testify competently thereto. My office is located at Four Embarcadero Center, 17th Floor, San Francisco, CA 94111.

2. This declaration is submitted pursuant to Bankruptcy Rules 2014(a) and 2016(b) and Bankruptcy Code sections 327 and 329 in support of the *Debtor's Application to Employ Sheppard, Mullin, Richter & Hampton LLP as Bankruptcy Counsel* (the "Application"). I give capitalized terms not defined in this declaration the same meanings given to them in the Application. I have read the Application and hereby incorporate its factual statements.

3. The Debtor desires to employ Sheppard as its chapter 11 bankruptcy counsel. A true and correct copy of Sheppard Mullin's engagement agreement is attached to the Exhibit List as Exhibit A. A true and correct copy of further information regarding the qualifications of Sheppard Mullin and its attorneys is attached to the Exhibit List as Exhibit B and is incorporated herein by reference.

4. The Debtor has requested the services of Sheppard because the Debtor knows Sheppard to be skilled in insolvency, reorganization, and commercial transaction matters and that the firm's members have substantial knowledge and experience that will enable them to perform services of special benefit to the Debtor and its estate in a cost-effective manner. The Debtor believes that the substantial size and complexity of this particular Bankruptcy Case will necessitate the involvement of a full-service law firm with the depth and experience of Sheppard.

5. Sheppard's bankruptcy and restructuring practice has been a key element of the firm since its founding. Sheppard has represented its clients in all types of regional, national, and international insolvency matters, ranging from out-of-court loan workouts and financial

restructurings to bankruptcy proceedings, committee matters, creditors' rights, and distressed asset acquisitions.

6. Sheppard's attorneys frequently represent debtors in counseling and financial restructuring, as well as chapter 11 and other court proceedings. Sheppard's bankruptcy attorneys have helped companies in a variety of industries, including real estate, medical and life sciences (including biotech), retail, entertainment, manufacturing, telecommunications, technology, healthcare, and finance. In addition, Sheppard's attorneys have extensive experience representing debtors that have been impacted by pre-petition fraud or mismanagement. As a large, broad-based commercial law firm, Sheppard is able to draw on all of the resources necessary to solve the multidisciplinary problems presented by complex insolvencies, including real estate, land use, intellectual property, corporate, ERISA, tax, labor and acquisitions concerns. Sheppard's clients span a wide spectrum, including secured lenders, debtors, bank groups, creditors' committees, indenture trustees, equity holders, bankruptcy trustees, and buyers.

7. The Debtor originally engaged Sheppard in May of 2026 to assist in preparing a possible chapter 11 bankruptcy filing. As a result of its prepetition representation of the Debtor, Sheppard has acquired in-depth knowledge of the Debtor's structure, operations, and liability profile. As such, Sheppard possesses the necessary background to address the legal issues and related matters that may arise in the administration of the Bankruptcy Case.

8. Accordingly, given Sheppard's extensive experience not only in bankruptcy matters but also as a full-service law firm and its experience conducting prepetition work for the Debtor in preparation of this Bankruptcy Case, Sheppard is both well qualified and uniquely able to act as the Debtor's bankruptcy counsel in this Bankruptcy Case in an efficient and timely manner. Sheppard Mullin will work alongside and coordinate with financial advisor Arch & Beam Global, LLC and special charter school counsel the Law Offices of Young, Minney & Corr LLP ("YM&C") to guard against unnecessary duplication of services performed or charged to the Debtor's estate.

9. The professional services which Sheppard will render to the Debtor are as follows:

a. Advising and assisting the Debtor with respect to compliance with the requirements of the United States Trustee;

b. Advising the Debtor with respect to its powers and duties as a debtor in possession;

c. Advising the Debtor on the conduct of its Bankruptcy Case including all of the legal and administrative requirements of operating in chapter 11;

d. Attending meetings and negotiating with the representatives of creditors and other parties in interest;

e. Taking all necessary actions to protect and preserve the Debtor's estate, including assisting litigation counsel in prosecuting actions on the Debtor's behalf, defending any action commenced against the Debtor, and representing the Debtor's interests in negotiations concerning litigation in which the Debtor is involved;

f. Preparing pleadings in connection with the Bankruptcy Case, including motions, applications, answers, orders, reports, and papers necessary or otherwise beneficial to the administration of the Debtor's estate;

g. Making court appearances on behalf of the Debtor;

h. Assisting the Debtor in the formulation, negotiation, confirmation, and implementation of a Chapter 11 plan and any auction, sale or other disposition of assets; and

i. Taking such other action and performing such other services as the Debtor may require of Sheppard in connection with the Bankruptcy Case and any related proceedings.

10. I believe Sheppard is a disinterested person within the meaning of Bankruptcy Code sections 101(14) and 1107(b) and is authorized to be employed under Bankruptcy Code section 327. Neither I, Sheppard, nor any partner of, counsel to, or associate of the firm represents any entity other than the Debtor in connection with this Bankruptcy Case. Sheppard does not represent any entity having a direct adverse interest in connection with the Bankruptcy Case, nor does Sheppard have any adverse interest in this matter. Sheppard is not a creditor, equity security holder or an

insider of the Debtor. Neither Sheppard, nor any attorney at Sheppard, is, or has ever been, a director, officer or employee of the Debtor at any time.

11. Along with my partners, I have reviewed the list of creditors provided by the Debtor and I have made reasonable inquiries of Sheppard's lawyers and staff to determine the nature of the connections described herein. Sheppard has run a computerized conflict check on the list of the Debtor's creditors as provided by the Debtor. As of the date of the Application, Sheppard has specifically researched its client database to determine whether it had any relationship with the following: (a) the Debtor; (b) all of the parties listed on the Debtor's creditor matrix; and (c) the Hon. Christopher Jaime. I do not believe that any of Sheppard's current representations pose an adverse interest in connection with the Bankruptcy Case or disqualify Sheppard from representation of the Debtor under the Bankruptcy Code.

12. To the best of my knowledge, neither I nor any other attorney or employee of Sheppard have any business or social connections with the Debtor, its creditors, their equity security holders, or with any parties in interest, their respective attorneys or accountants, or with the Office of the United States Trustee or any persons employed in the office of the United States Trustee, except as follows:

13. Sheppard currently represents insurance carriers Ascot Insurance Company, and Certain Underwriters at Lloyd's (CFC) in matters unrelated to the Bankruptcy Case. Sheppard understands that these insurance carriers provide insurance to the Debtor but believes that its representation of the Debtor in the Bankruptcy Case does not include taking positions directly adverse to these insurers' legal interests.

14. Sheppard also currently represents the following banking institutions in matters unrelated to the Bankruptcy Case: East West Bank. It is important to note that the Debtor is not indebted to East West Bank.

15. Sheppard currently represents, or has represented within the last five years, certain entities that also are listed on the Debtor's creditor matrix or their parents or subsidiaries (the "Parties") in matters unrelated to this Bankruptcy Case. These Parties are listed on Schedule 1 appended to this Declaration. During this Bankruptcy Case, Sheppard will not represent the Debtor

in connection with matters directly adverse to the Parties, and the Debtor will instead rely on YM&C or other conflicts counsel as appropriate to assist them.

16. I do not believe that any of these connections render Sheppard not a "disinterested person" within the meaning of 11 U.S.C. §§ 101(14), 327, and 1107(b).

17. Sheppard has agreed to discount its standard hourly rates by 20% for all attorneys working on this matter. These rates are subject to periodic adjustment to reflect economic and market conditions and increased experience and skill. The following schedule sets forth the hourly rates of the Sheppard attorneys most likely to render services in this Bankruptcy Case, which rates have been discounted by 20% from Sheppard's normal and customary hourly rates:

Name	Title	Hourly rate
Ori Katz	Partner	$1,540.00
Amanda Cottrell	Partner	$1,196.00
Susan Haines	Associate	$996.00
Benjamin Gilbert	Associate	$996.00
Matthew Benz	Associate	$868.00
Kirk Rider	Associate	$688.00

During the 90-day period prior to the Petition Date, Sheppard received payments and advances in the aggregate amount of $931,947.89 for professional services performed and to be performed, and expenses incurred and to be incurred, including professional services and expenses related to the commencement and prosecution of this Bankruptcy Case. In addition, Sheppard holds a retainer of $918,024.85 (the "Retainer") in favor of the Debtor to be maintained throughout the Bankruptcy Case.

The Debtor and Sheppard understand and have agreed that Sheppard Mullin hereafter will apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules for the United States Bankruptcy Court for the Eastern District of California (the "Bankruptcy

Local Rules"), the *United States Bankruptcy Court Eastern District of California Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees, effective February 19, 2014* (the "Local Guidelines"), the *U.S. Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330* (the "U.S. Trustee Guidelines," and together with the Local Guidelines, the "Fee Guidelines"), and any further Orders of the Court (the "Orders") for all professional services performed and expenses incurred after the Petition Date. Notwithstanding anything to the contrary contained in this Application and its supporting papers, Sheppard acknowledges that the relevant provisions of the Bankruptcy Code, Bankruptcy Rules, Bankruptcy Local Rules, Local Guidelines and the Fee Guidelines will apply and prevail.

These rates are subject to periodic increase, usually at the beginning of each calendar year. Such changes will be noted on the billing statements for the first time period in which the revised rates become effective.

The following constitutes the statement of Sheppard Mullin required by section 1103 of the Bankruptcy Code and Bankruptcy Rule 2014(a) and the U.S. Trustee's Guidelines for Employment Applications in larger Chapter 11 cases ("UST Large Case Fee Guidelines") and to answer the specific questions posed in section D.1 of the UST Large Case Fee Guidelines:

a. Sheppard has agreed to discount its standard hourly attorney rates by 20%. Neither Sheppard nor any attorneys at Sheppard have otherwise altered their standard billing rates for this engagement, or made any adjustments based upon the geographic location of the case.

b. Sheppard's representation of the Debtor prior to the Petition Date was on the same terms and rates as set forth in this Application.

c. Any increase in applicable rates that may occur during the pendency of the case will be disclosed in accordance with the UST Large Case Fee Guidelines.

Sheppard has prepared and discussed with the Debtor a proposed estimated budget and a staffing plan. The Debtor has approved the staffing plan and budgets for the first 13-weeks of the

Bankruptcy Case, understanding that the budgets are estimates based upon the current agreed upon case strategy and information known to date.

Sheppard respectfully requests that the effective date of employment be the Petition Date as provided in Local Rule 2014-1 ("An application for an order approving employment pursuant to Federal Rule 2014(a) shall be presumed to relate back to the later of 30 days before the filing of the application or the order for relief. The order approving the employment shall state the effective date on or after which the employment is authorized and effective for services rendered."). This application was filed prior to 30 days after the Petition Date, so pursuant to Local Rule 2014-1 the effective date should be the Petition Date.

In the alternative, if the effective date of Sheppard's employment is not the Petition Date, the Debtor requests that Sheppard's compensation for pre-employment services be allowed for work done after the Petition Date and before entry of an order approving the Application.

The Application requests approval of Sheppard's retention on rates, terms, and conditions consistent with what Sheppard Mullin charges non-chapter 11 debtors and in other chapter 11 cases, namely, prompt payment of Sheppard Mullin hourly rates (at a 20% reduction for standard hourly attorney rates), as adjusted from time to time, and reimbursement of out-of-pocket disbursements at cost or based on formulas that approximate the actual cost where the actual cost is not easily ascertainable.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 12th day of October, 2026, at San Francisco, California.

/s/ Ori Katz
ORI KATZ

Schedule 1

Creditor/Client	Current or Former Client
Comcast	Current
De Lage Landen Financial Services, Inc.	Current
Pacific Gas & Electric	Current
Sacramento Municipal Utility District (SMUD)	Former
Teichert Land Co.	Former