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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.	Case No. 26-25868 Chapter 11 DCN: SMR-12 Judge: Hon. Christopher D. Jaime Date: November 10, 2026 Time: 11:00am Place: Courtroom 32 501 I Street Sacramento, California 95814

DEBTOR'S APPLICATION TO EMPLOY ARCH & BEAM GLOBAL, LLC AS FINANCIAL ADVISORS

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"), hereby requests authority to employ Arch & Beam Global, LLC ("Arch + Beam") as Financial Advisor to the Debtor (the "Application"), and in support of this Application, respectfully represents the following:[1]

This Application is made pursuant to sections 327 and 330 of title 11 of the United States Code (the "Bankruptcy Code"); Rules 2014, 2016 and 5002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); and the Guidelines of the Office of the United States Trustee ("UST Guidelines"). This Application is supported by the *Declaration of Matthew English in Support of Application to Employ Arch & Beam Global, LLC* filed herewith ("English Declaration").

I. BACKGROUND

On October 4, 2026, HCCTS filed a voluntary Chapter 11 petition under Title 11 of the United States Code (the "Petition Date"). The Debtor remains in possession of its estate and no trustee has been appointed. The Debtor continues to operate and manage its business as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

The Debtor filed this Bankruptcy Case to reorganize its financial affairs pursuant to a plan of reorganization that will, among other things, fairly and equitably compensate its various creditors, and address the disputed Audit Liability[2] as determined by the California Office of the State Auditor.

[1] "The Debtor additionally requests, pursuant to Rule 1001-1(f) of the LBR, a modification of LBR 9014-1(d)(4), which ordinarily requires that a motion and its memorandum of points and authorities be filed as separate documents unless the combined filing does not exceed six pages. LBR 1001-1(f) provides that "[t]he Court may *sua sponte* or on motion of a party in interest for cause, modify the provisions of these Rules in a manner not inconsistent with the Federal Rules of Bankruptcy Procedure to accommodate the needs of a particular case or proceeding." Here, permitting the motion and memorandum of points and authorities to be filed as a single document will promote efficiency and clarity by streamlining the presentation and minimizing any potential risk of creditor confusion. Based on the foregoing, cause exists to modify LBR 9014-1(d)(4), pursuant to LBR 1001-1(f)."

[2] All capitalized terms used but not defined herein have the meanings ascribed to such terms in the *Declaration of Jonathan Raymond in support of Chapter 11 Petition and First Day Motions* [Docket

The Debtor determined that it had a need to employ Arch + Beam as its financial advisor to advise it in the Bankruptcy Case with respect to budgeting, analysis in support of the disclosure statement and plan of reorganization, bankruptcy reporting requirements (MORs and cash variance reports), and such other financial issues that may arise.

II. SCOPE OF SERVICES

By this Application, and as permitted by section 327 and Federal Rule of Bankruptcy Procedure 2014(a), the Debtor seeks to employ Arch + Beam to serve as its financial advisor under the terms of the engagement letter[3], attached as Exhibit A to the Exhibit List (the "Engagement Agreement"), with an amended scope during the bankruptcy period as described below, effective as of the Petition Date or, in the alternative, effective as of the date of entry of an order approving this Application, provided that Arch + Beam shall be compensated for all work done after the Petition Date and before entry of an order approving this Application. Pursuant to the terms of the Engagement Agreement, the professional services that Arch + Beam will render to the Debtor may include the following:

1. Assist the Debtors with bankruptcy strategy, planning, implementation and support with respect to a Plan of Reorganization approach in a Chapter 11 Bankruptcy, but that could also include other tasks related to DIP loans and lenders, Stalking horse bidders and Purchase and Sale Agreement negotiations, or other bankruptcy approaches.
2. Assist the Debtors with budget drafting, management, tracking and variance reporting.
3. Assist the Debtors with the communication, interface and negotiations with vendors and other creditors, including secured creditors, any future lenders, unsecured creditors committee and unsecured creditors.

No. 4] (the "First Day Declaration"). Further, additional information regarding the circumstances leading to the commencement of the Bankruptcy Case and information regarding the Debtor in Possession's operations and structure is also set forth in the First Day Declaration.

[3] Arch & Beam Global LLC Engagement Letter with HCCTS dated October 4, 2026.

4. Assist the Debtors with bankruptcy reporting requirements, such as preparations for Initial Debtor interviews, preparations for 341 meetings of creditors, monthly operating reports, variance reports for the Court or stakeholders, meetings with creditor committee and any future lenders, and US Trustee requests. Provide support to claims agent in their work to develop Schedules and SOFA.
5. Assist the Debtors with the work required to develop drafts of and supporting analysis for a Disclosure Statement, Liquidation Analysis, Plan of Reorganization and other documents required to confirm a Plan of Reorganization. Assist with Plan development, feasibility & confirmation steps.
6. If applicable and requested, assist the Debtors and any sale brokers with a sale process in bankruptcy, including advisory services related to bidder outreach, sale process tracking, bidding procedures, auction process (as applicable), due diligence requests from bidders, bid analysis and selection, sale closing and support for sale hearing through a section 363 sale, working to minimize overlaps with other case professionals.
7. Advise the Debtors on case conclusion options and post-Effective date topics.
8. Assist the Debtors with other tasks customary for a Financial Advisor in Chapter 11 Bankruptcy cases
9. Provide declarations and testimony as needed.
10. Other tasks as requested by the Debtors.

III. ARCH + BEAM'S QUALIFICATIONS

Arch + Beam's professionals are skilled in evaluating the finances of distressed companies, including non-profits, and developing strategies to maximize the return to creditors through plans of reorganization and/or asset 363 sales in a Chapter 11 bankruptcy. Arch + Beam's professionals collectively have decades of experience guiding financially distressed companies through Chapter 11 reorganizations. Arch + Beam has advised over 70 different clients over the past five years and has been involved in 20 Chapter 11 Bankruptcy filings. Arch + Beam's roles in Chapter 11

bankruptcies have included Financial Advisor for Debtor-in-Possession, Financial Advisor for Official Committee of Unsecured Creditors, Financial Advisor to Chapter 11 Trustee, Chief Restructuring Officer, Plan Administrator, Liquidating Trustee, and Independent Director. Arch + Beam has also had the roles of Federal Receiver, Assignee in an Assignment for the Benefit of Creditors, and Turnaround Consultant in other restructuring engagements. Arch + Beam is experienced in performing operational and financial analysis of cash flow forecasts, financial statements, bankruptcy reports, and various agreements in the restructuring context, such as those governing plans of reorganization, DIP loans, bid procedures, liquidation analysis and monthly operating reports. Arch + Beam has experience working with non-profits, and previously, Matthew English was President of a California public school foundation. Arch + Beam's professionals bring backgrounds in corporate restructuring, financial planning and analysis, and creditor negotiations, and are experienced in developing and implementing feasible plans of reorganization, managing cash flow and budget forecasting through a case, and supporting debtors through the reporting and disclosure obligations that arise under the Bankruptcy Code. Arch + Beam's team has worked closely with boards, management, and stakeholders to help organizations stabilize operations and emerge from bankruptcy as a going concern.

The principals of Arch + Beam, Howard Bailey and Matthew English, are Certified Turnaround Professionals (Turnaround Management Association) and Mr. English is also a Certified Insolvency and Restructuring Advisor (Association of Insolvency and Restructuring Advisors). Additionally, Mr. English was Global President and Chair of TMA Global (Turnaround Management Association) in 2021 and 2022, respectively.

IV. DISINTERESTEDNESS

In connection with the proposed retention of Arch + Beam by the Debtor, Arch + Beam performed an internal conflicts search to ensure that Arch + Beam does not have a conflict of interest that would prohibit it from representing the Debtor in this matter. Specifically, Arch + Beam has researched its client database to determine whether it had any relationship with the Debtor, key parties-in-interest, and the creditors on the Debtor's List of Creditors Holding 20 Largest Unsecured

Claims. As Arch + Beam becomes aware of new parties-in-interest being involved in these cases, Arch + Beam will file supplemental declarations as needed to update the disclosures made herein.

To the best of Arch + Beam's knowledge, information and belief, and other than as set forth in the English Declaration and below, Arch + Beam has no interest materially adverse to (a) the interest of the Debtor's estate, (b) of any class of the Debtor's creditors, either by reason of any direct or indirect relationship to, or connection with, the Debtors or for any other reason. Pursuant to Bankruptcy Rule 2014(a), the English Declaration sets forth Arch + Beam's known connections, if any, with the Debtor, their creditors, and other known parties-in-interest. The English Declaration also discloses the method in which Arch + Beam has reviewed its own records and files and has obtained information in connection with matters set forth herein. The English Declaration also sets forth the manner in which Arch + Beam will continue to review its files in connection with this Application to make further disclosures as warranted. Arch + Beam believes it is a disinterested person within the meaning of Bankruptcy Code section 101(14), other than as to those matters disclosed herein or in the English Declaration.

To the best of Arch + Beam's knowledge, none of the professionals comprising or employed by Arch + Beam are related to any judge of the United States Bankruptcy Court for the Eastern District of California, the United States Trustee or any person employed in the Office of the United States Trustee.

Arch + Beam was engaged as the Debtor's financial advisor prior to the Petition Date as well, but is not owed any money from the pre-petition engagement, and is not a pre-petition creditor of the Debtor.

V. TERMS OF EMPLOYMENT AND COMPENSATION

The terms and conditions of Arch + Beam's employment are set forth and described in the Engagement Agreement, the material provisions of which may be summarized as follows:

Subject to this Court's approval, Arch + Beam will be employed on an hourly basis, with compensation for services and reimbursement of expenses to be paid from the Debtor's estate pursuant to 11 U.S.C. sections 330, 331, 503 and 507. The following schedule sets forth the

current normal and customary hourly rates of the Arch + Beam professionals most likely to render services in this case, which rates are subject to periodic increase:

	Standard Rates	Non-Profit Rates
Senior Managing Directors	$950	$855
Managing Directors	$825	$743
Directors	$725	$653
Senior Associates	$650	$585
Associates	$595	$536
Staff and Admin	$225-350	$200-315

For this Bankruptcy Case, Arch + Beam will bill using Non-Profit Rates which will include a 10% discount to Arch + Beam's Standard Rates.

As set forth in the English Declaration, during the 90-day period prior to the Petition Date, Arch + Beam received advances and payments in the aggregate amount of $387,887.10 for professional services performed and expenses incurred related to the commencement of this Bankruptcy Case. In addition, Arch + Beam, received advances and holds a retainer of $500,000 (the "Retainer") in favor of the Debtor to be maintained throughout the Bankruptcy Case.

In addition to Arch + Beam's professional fees, its billing statements will include charges for necessary travel expenses and necessary third party and staff services employed in the course of its work for the Debtor, as well as expenses incurred with respect to long-distance telephone calls, postage, messenger services, photocopying, and facsimile transmission. These charges are separately itemized on Arch + Beam's statements at scheduled rates based on the service involved and out-of-pocket disbursements incurred. Arch + Beam will charge for these expenses in a manner and at a rate that is consistent with charges generally made to Arch + Beam's other clients. No charges will be assessed for word processing or secretarial overtime in Arch + Beam's work for the Debtor.

Arch + Beam understands and agrees that if aggregate interim payments exceed the amount which is ultimately allowed by the Court, Arch + Beam will be required to, and will, promptly repay the difference. It is intended that this Application and the Court's order approving Arch + Beam's retention will govern Arch + Beam's employment in these cases, with the Court retaining jurisdiction to resolve any issue that might arise.

In conformity with Bankruptcy Code sections 330 and 331, Arch + Beam intends to file interim applications for allowance of fees and reimbursement of costs advanced as and when appropriate under the Bankruptcy Rules, the Local Rules and this Court's orders.

At the conclusion of the cases, Arch + Beam will file an appropriate application seeking final allowance of all fees and costs, regardless of whether interim compensation has been paid. Upon allowance of such fees and costs, the Debtor will cause to be paid to Arch + Beam the difference between the amounts allowed and any interim compensation paid.

Arch + Beam agrees that the following provisions of the Engagement Agreement will not be applicable to its retention in the Bankruptcy Case: Section 3 (Indemnification) and Section 4 (Arbitration).

Subject to the accommodations described above, Arch + Beam will render services to the Debtor at Arch + Beam's Non-Profit rates and fees, as it customarily charges to its non-bankruptcy clients, which rates and fees are subject to regular, periodic increase.

Arch + Beam has not shared or agreed to share any compensation related to the services to be rendered as financial advisors for the Debtor with any other person, except as among Arch + Beam's directors and/or employees.

In the alternative, if the effective date of employment is not the Petition Date, the Debtor requests that Arch + Beam's compensation for pre-employment services be allowed based on the exceptional circumstances of this case. *See In re Miller*, 620 B.R. 637 (Bankr. E.D. Cal. 2020). Specifically, Arch + Beam has performed a significant amount of work after the Petition Date and before entry of this Order as reflected by the extensive bankruptcy docket during the first month of the Bankruptcy Case (i.e., ten "first-day" motions seeking extensive and critically necessary relief), and as a result the retained professionals satisfy the exceptional circumstances exception for the compensation for pre-employment services. Any application or motion for compensation going forward will distinguish between any services provided before the effective date of employment and services provided after the effective date of employment, with the effective date of employment being the date upon which an order is entered approving such employment.

VI. CONCLUSION

In light of the foregoing, the Debtor respectfully requests that this Court enter an order substantially in the form attached to the Exhibit List as Exhibit B: (i) approving this Application; (ii) authorizing the Debtor to employ Arch + Beam as its financial advisor to provide the services described herein on the terms and conditions recited above; and (iii) granting such other and further relief as the Court deems just and proper.

Dated: October 13, 2026

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By */s/ Ori Katz*
Ori Katz

Proposed Counsel for Highlands Community Charter and Technical Schools