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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-3 Judge: Hon. Christopher D. Jaime Date: November 10, 2026 Time: **11:00 a.m. (Pacific Time)** Place: Courtroom 32 501 I Street Sacramento, California 95814

SUPPLEMENTAL DECLARATION OF JONATHAN RAYMOND IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR ENTRY OF AN ORDER AUTHORIZING REJECTION OF CERTAIN UNEXPIRED LEASES

I, Jonathan Raymond, hereby state and declare as follows:

[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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1. I am the Executive President of Highlands Community Charter and Technical Schools ("HCCTS" or, the "Debtor"), a California Non-Profit Corporation organized under the laws of the State of California. I make this Supplemental Declaration in support of the *Supplement to Debtor's Emergency Motion for Entry of an Order Authorizing Rejection of Certain Unexpired Leases* (the "Supplement") filed concurrently herewith and for all other purposes authorized by law.[2]

2. Except as otherwise indicated, all facts in this Supplemental Declaration are based upon my personal knowledge, my discussions with others in the Debtor's management team and the Debtor's advisors, my review of relevant documents and information concerning the Debtor's operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. The documents referenced herein, or otherwise relied upon for purposes of this Supplemental Declaration, are business records of the Debtor, prepared and kept in the ordinary course of the regularly conducted business activities of the Debtor and used by me for those purposes. I am over the age of eighteen and authorized to submit this Supplemental Declaration on behalf of the Debtor. If called upon as a witness, I could and would testify competently to the facts set forth in this Supplemental Declaration.

3. Since assuming responsibility for the Debtor's affairs, the current management team has undertaken a thorough and diligent review of the Debtor's real estate footprint, as well its financial obligations, including the full universe of leases and contracts that were entered into by prior management to identify areas where liabilities can be reduced. This comprehensive evaluation was undertaken with the express purpose of identifying those liabilities or obligations that are no longer in use, operational or productive, that impose undue financial or administrative burdens upon the Debtor's estate, or that are simply unnecessary to support the Debtor's contemplated go-forward business operations. This review process did not end on the Petition Date; rather since the Petition Date, the current management team has continued to diligently evaluate leases and contracts entered into by prior management to determine whether additional liabilities can be reduced in situations

[2] Unless otherwise defined herein, all capitalized terms have the definitions set forth in the Supplement filed concurrently herewith.

where such liabilities or obligations are no longer in use for the Debtor's operations, and only impose undue financial or administrative burdens upon the Debtor's estate.

4. As a result of this continuing review since the Petition Date, in addition to the Leases identified in the Motion, the Debtor has chosen at this time to also reject the two (2) additional unexpired leases (the "Additional Leases") identified and set forth on Exhibit C to the supplemental exhibits in support of the Motion (the "Supplemental Exhibit List") without prejudice to the Debtor's future business decision(s) to reject any additional unexpired leases or executory contracts at any point during this Chapter 11 Case. The rejection of the Additional Leases is in addition to, and does not supersede, replace or limit, rejection of the Leases identified in the Motion, and does not impact or alter the Debtor's business decision to reject those Leases as set forth in the Motion.

5. Following careful analysis, the Debtor has determined that each of the identified Additional Leases is no longer aligned with, or supportive of, the Debtor's current business plan, and that continued performance under these Additional Leases would not confer any meaningful benefit upon the Debtor's estate or its creditors, and would, in fact, burden the Debtor's estate with unnecessary additional financial liability for the Additional Leases. The Additional Leases consist of previously used classroom spaces (collectively, the "Premises"), that are not in use, not occupied, and the Schools no longer need such spaces to efficiently operate the Schools.

6. Because the Debtor no longer requires use of the Premises, it has determined, in its business judgment, that it is in the best interests of its estate to reject the Additional Leases. Accordingly, the rejection of these Additional Leases is not only appropriate but necessary to the Debtor's reorganization efforts as the Debtor continues to seek to shed real estate and other financial obligations that no longer serve its operational needs or align with its current business model.

7. The financial benefit of rejecting the Additional Leases is substantial and immediate. The Debtor estimates that rejection of the Additional Leases will result in a substantial reduction of monthly liabilities in the aggregate each month, which reduced liabilities are spread out among the Additional Leases. This significant reduction in recurring monthly obligations will provide the Debtor with meaningful financial relief, enabling the Debtor to right-size its cost structure, rationalize its operations, and redirect resources toward those aspects of its business that are central

to a successful reorganization for the benefit of the Debtor's creditors, employees and other parties in interest. Absent rejection of the Additional Leases, the Debtor would be obligated to pay fees, expenses and other costs under the Additional Leases even though it has ceased operations at, and is nor utilizing, the Premises. Ultimately, the rejection of these Additional Leases represents a prudent and necessary step in the Debtor's broader efforts to restructure its operations and emerge from bankruptcy as a viable, sustainable enterprise.

8. The Debtor either already has, or will have by approximately the end of next week, fully vacated the collective Premises subject to the Additional Leases. The Debtor also either has, or will soon have, inspected all of its personal property located at such Premises and has removed, or will soon have removed, any such property deemed to be of value or that will be used in continuing operations during the Chapter 11 Case. To the extent that any personal property of the Debtor's estate remains at such Premises, retention of such property either would be burdensome to the estate or is no or of inconsequential value to it.

9. Based on the foregoing, I do not believe that continued performance under the Additional Leases is justified because the costs and other obligations associated with the Additional Leases outweigh any potential value of the Additional Leases to the Debtor's estate considering that the Debtor has ceased operations at, and will no longer be utilizing, the Premises. Accordingly, I believe that it is in the best interest of the Debtor's bankruptcy estate and its creditors to reject the Additional Leases, effective as of the Petition Date.

10. For the reasons set forth herein, and in the Supplement filed concurrently herewith, I believe that the rejection of the Additional Leases, effective as of the Petition Date, should be approved as an exercise of the Debtor's sound business judgment.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated this 15th day of October 2026, in Sacramento, California .

Signed by:
Jonathan Raymond
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Jonathan Raymond