6

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
A Limited Liability Partnership
Including Professional Corporations
ORI KATZ, State Bar No. 209561
KIRK RIDER, State Bar No. 364539
Four Embarcadero Center, 17th Floor
San Francisco, California 94111-4109
Telephone: (415) 434-9100
Facsimile: (415) 434-3947
Email: okatz@sheppard.com
krider@sheppard.com

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: November 10, 2026 Time: 11:00 a.m. (Pacific Time) Place: Courtroom 32, Department B

DECLARATION OF MATTHEW LEVESQUE IN SUPPORT OF SUPPLEMENT TO 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

[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.

26258682610150000000000013

I, Matthew Levesque, hereby declare as follows:

1. I am the Chair of the Board of Directors (the "Board") of 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 October 4, 2026 (the "Petition Date"), under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). I submit this declaration (this "Declaration") 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* [Docket No. 41] (the "Motion") and the supplement to the Motion filed contemporaneously herewith (the "Supplement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Supplement, as applicable.

2. Except as otherwise indicated, all facts in this 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 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. If called upon as a witness, I could and would testify competently to the facts set forth in this Declaration.

A. Mr. Raymond's Role and Compensation

3. Jonathan Raymond has served as the Debtor's Executive Director since July 7, 2025. Mr. Raymond was brought on as part of a broader overhaul of the Debtor's leadership following the California State Auditor's June 2025 report. Mr. Raymond was not leading HCCTS during the period in which the alleged issues raised by the Audit Report occurred. Rather, Mr. Raymond was brought in, after the prior Executive Director was dismissed, to lead a new

management team tasked with directly addressing the concerns identified in the Audit Report and stabilizing the Debtor's operations. Upon assuming the Executive Director role, Mr. Raymond immediately began working to replace the then-existing Board with new members and recruit a new management team that would focus on achieving a turnaround of the Schools.

4. Mr. Raymond's employment is governed by an employment agreement between Mr. Raymond and the Debtor (the "Employment Agreement"). Under the Employment Agreement, Mr. Raymond's current annual base salary is $325,000, paid on a semi-monthly basis consistent with the Debtor's payroll practices for its other salaried employees. The Employment Agreement also provides for an annual retirement plan contribution by the Debtor equal to 27.05% of Mr. Raymond's base salary, paid in monthly increments, which Mr. Raymond may allocate to either a 403(b) plan, a 457(b) plan, or a health savings account or equivalent established by the Board. Mr. Raymond's compensation has not changed since he assumed the role of Executive Director in July 2025. Mr. Raymond receives no bonus or incentive compensation in addition to his base salary.

5. The prior Executive Director was paid a base salary of approximately $450,000 per year, in addition to benefits. When the position was advertised and Mr. Raymond applied, the advertised annual base salary was approximately $400,000. When Mr. Raymond was offered the Executive Director position by the Board, the Board considered the risk of potential negative public perception if his salary were to be set at the advertised amount, notwithstanding that the prior Executive Director had previously been paid more. Mr. Raymond ultimately accepted an offer of $325,000 in annual salary, with the understanding that his compensation would be increased six months from the start of his employment, and then again at the one-year mark. In light of the Debtor's turnaround efforts and the filing of this Chapter 11 Case, Mr. Raymond and the Board agreed to forgo these contemplated increases.

6. Prior to setting Mr. Raymond's compensation, the Debtor's Board commissioned and reviewed a formal compensation comparability study, benchmarking the Executive Director/CEO role against compensation data for similarly situated public school leaders in California. The study surveyed five charter schools and three school districts, drawing

compensation figures from the State Controller's Office and Internal Revenue Service filings for the 2023 calendar or fiscal year. The study found that the average total compensation package among the educational leaders surveyed was approximately $410,942, with an average base salary of approximately $344,386 and a base salary range of $277,523 to $469,007. Adjusting conservatively by 3% per year to account for the time elapsed since the underlying 2023 data, the study calculated an updated average total compensation of approximately $435,598 and an average base salary of approximately $365,049 for the 2025-2026 period. Mr. Raymond's base salary of $325,000 falls within this market range and below both the unadjusted and inflation-adjusted average base salary reflected in the study. Including the annual retirement plan contribution provided for under the Employment Agreement, Mr. Raymond's total compensation of approximately $413,000 is consistent with the study's average total compensation package.

7. The Debtor's Board has also conducted periodic reviews of Mr. Raymond's compensation since his hiring. At a board meeting held on September 2, 2026, the Board again reviewed and considered comparable compensation data for charter school Executive Directors and chief executive officers. That data reported a base salary of $302,153 at the 50th percentile and $334,300 at the 75th percentile for similarly sized charter school networks in California, placing Mr. Raymond's $325,000 base salary squarely in the market range for comparable organizations. Through this process, the Board confirmed that Mr. Raymond's compensation remains consistent with, and benchmarked against, current market compensation paid by comparable charter school organizations for comparable executive leadership roles.

B. The Importance of Mr. Raymond to the Debtor's Operations and Reorganization

8. As Executive Director, Mr. Raymond is responsible for the Debtor's day-to-day operations across its two campuses and for executing the Board's strategic direction. In the months since his arrival, Mr. Raymond has led the Debtor's response to address a variety of key operational challenges, including responding to the Audit Report, implementing the State Auditor's recommendations, navigating the pending charter revocation dispute with the Debtor's current authorizer, and leading the Debtor's efforts to secure a new charter in time for the next school year.

9. Specifically, Mr. Raymond and the new management team have implemented all 18 of the State Auditor's recommendations, revised policies and procedures, adopted new curriculum and assessments in an effort to improve student outcomes, demonstrated to the authorizing school district's staff and legal counsel that the Schools successfully cured or refuted all of the issues the district raised in a Notice of Violation and obtained a staff recommendation that no revocation of either school's charter was warranted, led a reduction in force to right size the staff to the number of students being served, replaced staff who were not competent or qualified for their jobs, and managed litigation over issues that arose prior to his tenure. This work, in addition to managing day-to-day operations, has required Mr. Raymond to devote substantial time and effort.

10. Sutter County's support of the Debtor's petition for a new charter is reliant upon Sutter County's trust in Mr. Raymond and the Debtor's current leadership team.

11. Based on his institutional knowledge and his relationships with the Debtor's Board and staff, as well as his role in leading the Debtor's response to the circumstances giving rise to this Chapter 11 Case, Mr. Raymond is critical to the Debtor's ongoing charter transition and reorganization efforts, including the Debtor's administration of this Chapter 11 Case.

[*Remainder of Page Intentionally Left Blank*]

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 15th day of October, 2026, at Sacramento, California.

Signed by:
Matt Levesque
0031811C3EB64E5...

Matthew Levesque