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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-13 Judge: Hon. Christopher D. Jaime Date: November 10, 2026 Time: 11:00am Place: Courtroom 32 501 I Street Sacramento, California 95814

SUPPLEMENTAL DECLARATION OF JONATHAN RAYMOND IN SUPPORT OF APPLICATION TO EMPLOY THE LAW OFFICES OF YOUNG, MINNEY & CORR, LLP AS SPECIAL CHARTER SCHOOL COUNSEL

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

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 (the "Declaration") pursuant to Sections 327 and 1103 of the Bankruptcy Code and in further support of the *Debtor's Application to Employ Law Offices of Young, Minney & Corr LLP as Special Charter School Counsel* (the "Application") filed on October 13 at Docket No. 86. The Application seeks an order authorizing the Debtor to employ Young, Minney, & Corr, LLP ("YM&C") as Special Charter School Counsel.

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 and authorized to submit this 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 Declaration.

3. The Debtor filed this bankruptcy case (the "Chapter 11 Case") on October 4, 2026 (the "Petition Date") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtor is operating its business and managing its properties as a debtor in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this Chapter 11 Case, and no committees have been appointed or designated.

4. The Debtor is a 501(c)(3) non-profit corporation that owns, manages and operates two adult-serving charter schools in Sacramento County: Highlands Community Charter School ("HCCS") and California Innovative Career Academy ("CICA" and, together with HCCS, the "Schools"). The Twin Rivers Unified School District ("Twin Rivers") issued the current charters (the "Charters") for both HCCS and CICA, and since opening in August 2014, HCCTS has served

approximately 60,000 students. The Debtor is exempt from certain federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. A more detailed description of the Debtor, including its current and historical business operations and the events precipitating the Chapter 11 Case, are set forth in the *Declaration of Jonathan Raymond in Support of Chapter 11 Petition and First Day Motions* (the "First Day Declaration"), which is incorporated herein by reference.

THE DEBTOR'S SELECTION OF YM&C AS SPECIAL CHARTER SCHOOL COUNSEL

5. The Debtor did not interview other firms prior to selecting YM&C as its Special Charter School Counsel. The Debtor selected YM&C because of its considerable reputation, experience, knowledge of charter school law, and its extensive history of working with the Debtor prepetition to provide advice and representation in numerous areas of charter school law. Further, the Debtor selected YM&C as proposed Special Charter School Counsel because of it's in depth familiarity of the facts and circumstances surrounding this Chapter 11 Case.

6. The Debtor originally engaged YM&C as its charter school counsel over a year before the commencement of this Chapter 11 Case, to assist with matters relating to the administration of Highlands Community Charter School and California Innovative Career Academy. As a result of its prepetition representation of the Debtor, including representing the Debtor in its request for summary review submitted to the Education Audit Appeals Panel ("EAAP") on July 24, 2025 and its formal notice of appeal filed with EAAP on October 9, 2025, both concerning State Audit Report 2024-106 and the related determination of the California Department of Education disallowing past apportionment, YM&C has acquired in-depth knowledge of the Debtor's structure, operations, and the disputed audit liability.

7. YM&C continued advising and representing the Debtor on a variety of legal issues involving charter school law issues. Based on the foregoing I believe the Debtor's retention of

YM&C as Special Charter School Counsel is in the best interest of the Debtor and its bankruptcy estate. In my opinion, it would not have been efficient or cost effective to interview, select and retain a different law firm, to get up to speed to learn the Debtor's business and the myriad specialized legal and factual issues that require immediate attention in this Chapter 11 Case.

8. As debtor in possession in this Chapter 11 Case and as operator of multiple charter schools, the Debtor requires the services of experienced and competent charter school counsel. As such, YM&C is uniquely qualified to represent the Debtor with respect to charter school legal issues that may arise in this Chapter 11 Case.

RATE STRUCTURE

9. YM&C's billing rates and material terms for the engagement were reviewed by the Debtor and discussed with YM&C and, following that review and discussion, the Debtor determined that the billing rates and material terms of the engagement agreement were comparable to YM&C's billing rates and terms for their other non-bankruptcy engagements as well as to the billing rates and terms of other comparably skilled professionals. As discussed below, I am responsible for reviewing the statements regularly submitted by YM&C and can confirm that the rates YM&C charged the Debtor in the prepetition period are the same as the rates YM&C will charge the Debtor in the postpetition period.

COST SUPERVISION

10. YM&C and the Debtor are in the process of developing a prospective budget and staffing plan. The Debtor recognizes that in a chapter 11 case, it is possible that there may be unforeseen fees and expenses that will need to be addressed by the Debtor and YM&C. The Debtor also recognizes that it is its responsibility to closely monitor and supervise the billing practices of YM&C and other professionals to ensure that fees and expenses paid by its estate remain consistent with the Debtor's expectations taking into account the exigencies of this Chapter 11 Case. To that end, the Debtor will continue to review and monitor the regular invoices submitted by YM&C, and,

together with YM&C, periodically amend the budget and staffing plans to reflect developments in the case as applicable.

11. The Debtor will monitor and supervise the fees and expense reimbursement process during the Chapter 11 Case and ensure the Debtor is an active participant in that process, substantially utilizing its regularly employed procedures to supervise budgeting and fees of outside counsel in non-bankruptcy cases. Recognizing that every chapter 11 case is unique, the Debtor, together with YM&C, will utilize the budgeting process to provide guidance on the period of time involved and the level of attorneys and professionals that will work on various matters, as well as the projection of average hourly rates for the attorneys and professionals for such matters.

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

Executed on this 6th day of November, 2026, at Sacramento, California.

Signed by:
Jonathan Raymond
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JONATHAN RAYMOND