CAPITAN MUNICIPAL SCHOOLS

PSFA Advance Work Session Participant Packet

Factual record, current balance, wind-revenue repayment framework, and proposed capital outlay projects

Prepared for the Board of Education
November 9, 2026 | 5:30 p.m.

Purpose of the work session

This packet presents the documented history of the middle and high school capital project, the PSCOC local-match advance, subsequent repayment actions, the current PSFA balance, a wind-revenue repayment framework, and the District's current capital-project needs. The purpose is to establish a shared factual record and support an informed discussion about completing the repayment obligation while preserving bond, mill-levy, and SB-9 resources for needed facilities work.

Work session outcomes

- Understand how the capital project and local-match advance developed from 2012 through 2016.
- Review the Board, PSCOC, and PSFA actions that changed the repayment obligation.
- Reconcile the current balance using PSFA's updated payment history.
- Evaluate a wind-revenue-only framework for retiring the remaining balance.
- Identify the written confirmations needed before additional payments are released.
- Connect repayment of the existing PSFA obligation to the District's current capital needs and future funding strategy.

Scope. This participant packet excludes proposed motion language and facilitation notes. The work session is intended for review and discussion.

Executive summary

The District's PSFA obligation developed through a documented sequence of public discussions, Board votes, changes in project scope, a $6.8 million PSCOC local-match advance, later repayment restructurings, and a $1.7 million waiver approved in 2022. The current PSFA account history reports a balance of $1,792,729 after the July 21, 2026 payment.

Amount	Documented significance
$6,800,000	Original PSCOC local-match advance approved in 2014
$1,507,271	Project reduction reflected in the PSFA account history
$1,500,000	Three payments of $500,000 made in 2018, 2019, and 2020
$1,700,000	PSCOC waiver approved July 18, 2022
$300,000	Three payments of $100,000 made in 2024, 2025, and 2026
$1,792,729	Current balance in PSFA's updated payment history

Central repayment issue. The $700,000 initial payment established in the 2022 repayment schedule has not been satisfied therefore, does not appear in the PSFA payment history. The Board approved release of that payment in September 2026, but the payment remains outstanding in the records reviewed for this packet.

Proposed framework. Use only wind-farm revenue: pay the outstanding $700,000, retain a $170,000 wind-revenue reserve, apply up to $220,000 of actual wind revenue received each year, and adjust the final payment to the verified PSFA balance. Under the planning assumptions shown in this packet, the obligation would be retired in 2031. This approach preserves the $7 million bond authorization for capital projects and positions the District to pursue future PSFA partnership opportunities after the existing obligation is satisfied.

How to read the record

- Official action means a motion, vote, or PSCOC approval recorded in minutes.
- Discussion means a statement recorded in minutes but not itself an adopted obligation.
- Public comment records what a speaker said; it does not establish that the statement was correct or adopted by the Board.
- Supporting material includes staff memoranda, estimates, schedules, and correspondence placed in a Board or PSCOC packet.
- Where records conflict, this packet identifies the conflict and relies on the latest formal account information for current planning.

Capital project chronology

The record shows that the project moved from renovation planning of the previous high school to replacement construction through multiple public meetings, Board actions, and PSCOC review.

Date	Record type	What the record documents
Feb. 9, 2012	Discussion	The superintendent reported contacting PSFA while the District addressed high school roof needs and completed the Facilities Master Plan.
Sept. 13, 2012	Board action	The Board tabled action on a PSCOC award until the official letter could be reviewed. Vote 4-0.
Oct. 2012-Mar. 2013	Planning	The Board selected an architect, approved a bond sale, formed a Construction Manager at Risk (CMAR) evaluation committee that included PSFA, and continued renovation and construction discussions.
Aug. 8, 2013	Board action	The Board tabled a proposed request for a PSCOC advance until a special meeting. Vote 4-0.
Aug. 15, 2013	Board action	The Board authorized research of a PSCOC advance and movement toward a new high school because renovation costs were high. Vote 5-0.
Aug. 22, 2013	Public discussion	The superintendent and Board answered audience questions. Minutes state renovation was estimated at 80-83 percent of replacement cost and that PSFA, the architect, and CMAR recommended replacement. Board advised audience the new construction could be completed with current bond funds, future SB-9 revenue and state assistance.
Sept. 12, 2013	Board and public participation	The Board approved $44,562 in bond funds to reoccupy the high school while seeking possible PSFA reimbursement. Vote 3-2. Audience questions were collected for a community meeting.
Sept. 30, 2013	Board action	A motion to proceed with design of a new building failed 1-3, with one abstention. A motion to pause construction or renovation pending the 2014 legislative session passed 5-0.

Date	Record type	What the record documents
Apr. 16, 2014	Board action	The Board approved requesting a $6.8 million PSCOC advance. Four members voted yes; one abstained.
Apr. 2014	Supporting plan	The analysis estimated the secondary phase at $10.809 million and contemplated future bond and SB-9 elections.
June 25, 2014	PSCOC action	PSCOC approved a $6,886,843 state award, including a $6.8 million advance of the local share, within an estimated $24.1 million project.
Feb. 16, 2015	Board action	The Board approved revised construction and project costs after square footage and scope increased to prepare for later phases. Vote 5-0.
June 20, 2016	Public comment	A community member commended the completed building and its appearance. This was public comment, not a financing action.

Repayment chronology

Date	Type	Documented event
May 11, 2017	PSCOC adjustment	PSCOC reduced the advance based on actual project expenditures, leaving $5,292,728.
2016-Feb. 2017	Board discussion	A proposed $250,000 annual schedule was discussed and tabled while PSCOC requested stronger documentation and a repayment plan.
Apr. 16, 2018	Board action	The Board authorized a $500,000 SB-9 payment and continued negotiations. Vote 4-0.
May 8, 2018	PSCOC action	PSCOC approved three $500,000 installments followed by a final balloon payment.
June 2018-2020	Payments	PSFA records three $500,000 payments: checks 47936, 49665, and 51232.
Apr.-May 2020	Restructuring	The Board sought six annual payments. PSCOC approved restructuring, but a later record identified a $500,000 mathematical error in the underlying calculation. The balance was subsequently corrected.
June 21, 2021	Board action	After an SB-9 failure, the Board authorized seeking forbearance and stated that current SB-9 resources should be preserved for emergencies.
Feb.-Mar. 2022	Board action	The Board reviewed the corrected balloon amount, tabled a proposed schedule, and later approved a revised resolution that removed a fixed schedule pending a mill levy.
Apr.-July 2022	Waiver request	The District supplied financial information to support a request for reduction. The request advanced from the Awards Subcommittee to the full Council.
July 18, 2022	PSCOC action	PSCOC unanimously approved a $1.7 million waiver and a schedule requiring an initial $700,000 payment followed by $100,000 annual payments, with the final installment adjusted.

Date	Type	Documented event
Apr.-May 2023	Board discussion	The Board discussed the $700,000 payment. The minutes reviewed do not establish that PSFA received it.
July 8, 2024	Payment	PSFA records a $100,000 payment, check 57117.
July 14, 2025	Payment	PSFA records a $100,000 payment, check 58633.
Oct. 2025	Request	Superintendent Lee submitted a Request to Reduce PSCOC Local Match Advance forgiveness in the amount of $1,892,729.
April 2026	Response	PSFA denied the request stating no further changes warranted the request.
July 21, 2026	Payment	PSFA records a $100,000 payment, check 60210, leaving a current balance of $1,792,729.
Sept. 2026	Board action	The Board approved release of the outstanding $700,000 initial payment. The payment is not reflected in the PSFA history reviewed for this packet.

Financial reconciliation

PSFA's updated payment history supports the following reconciliation from the original advance to the current balance.

Account activity	Amount	Basis
Original advance	$6,800,000	June 25, 2014 PSCOC-approved advance
Less project reduction	($1,507,271)	PSFA account history; date entry should be confirmed
Less 2018-2020 payments	($1,500,000)	Three $500,000 checks
Less 2022 waiver	($1,700,000)	PSCOC waiver approved July 18, 2022
Less 2024-2026 payments	($300,000)	Three $100,000 checks
Current balance	$1,792,729	PSFA balance after the July 21, 2026 payment

What the updated payment history establishes

- The District made the three $500,000 installments in 2018, 2019, and 2020.
- The $1.7 million PSCOC waiver was applied in 2022.
- The District made $100,000 payments in 2024, 2025, and 2026.
- No $700,000 payment appears in the PSFA payment history reviewed for this packet.
- The account balance after the July 21, 2026 payment is $1,792,729.

Questions answered by the record

Question	Factual answer
Was there public Board involvement before the new building?	Yes. The record shows repeated public discussions, special meetings, community questions, and votes from 2012 through 2015.

Question	Factual answer
Did every major decision pass unanimously?	No. Some motions failed, passed 3-2, or included an abstention. Later advance, cost, and repayment actions often passed unanimously.
Did the project scope change?	Yes. The record documents a shift from renovation analysis to replacement, followed by added square footage and increased scope.
Did PSCOC reduce the obligation?	Yes. PSCOC reduced the advance based on actual project expenditures and later approved a $1.7 million waiver.
Has full forgiveness been approved?	No. PSCOC approved a $1.7 million partial waiver in 2022. A subsequent request to forgive the remaining $1,892,729 balance was not approved in 2026.
What balance should be used for planning?	The updated PSFA account history reports $1,792,729 after the July 21, 2026 payment. PSFA's updated payment history provides written confirmation of the reported balance.

Wind revenue repayment framework

Planning approach. Use only wind-farm revenue. Release the previously approved $700,000 payment, while retaining the current balance of $170,000 as a wind-revenue reserve, and apply up to $220,000 of actual wind revenue received each year until the obligation is satisfied. No mill-levy, SB-9, or bond proceeds are included in this framework.

Payment point	Beginning balance	Payment	Ending balance
Past due balloon payment	$1,792,729	$700,000	$1,092,729
After 2027 wind receipt	$1,092,729	$220,000	$872,729
After 2028 wind receipt	$872,729	$220,000	$652,729
After 2029 wind receipt	$652,729	$220,000	$432,729
After 2030 wind receipt	$432,729	$220,000	$212,729
After 2031 wind receipt	$212,729	$212,729	$0

Why retain $170,000 in wind-farm reserves? Under the repayment structure established following the 2022 waiver, the District has made three annual payments totaling $300,000; however, the required initial payment of $700,000 remains outstanding. The Board previously authorized an SB-9-funded payment of $500,000 in 2018. However, the Board has not authorized the use of SB-9 funds for the outstanding $700,000 initial payment required under the 2022 repayment schedule. The proposed framework instead uses wind-farm revenue, preserving current SB-9, mill-levy, and bond resources for eligible capital needs.

After applying the $700,000 payment to the current balance of $1,792,729, the remaining obligation would be $1,092,729. Continuing with annual payments of $100,000 beginning in 2027 would extend repayment through 2036, with an estimated final payment of $192,729. Increasing the annual payment to as much as $220,000 of actual wind-farm revenue received would retire the obligation in 2031—approximately five years sooner.

Applying the full $870,000 currently available would reduce the final 2031 payment but would not advance the projected payoff to an earlier year. Retaining $170,000 therefore provides a prudent reserve for revenue timing differences, unexpected shortfalls, or other authorized wind-revenue needs without delaying the accelerated repayment schedule.

Retiring the existing obligation would also remove a potential barrier to pursuing future PSCOC and PSFA participation, although it would not guarantee approval or funding for any future capital project.

Revenue and timing assumptions

The proposed repayment schedule uses a conservative annual planning amount of $220,000. This is slightly below the scheduled wind-farm receipts and provides a limited cushion for timing differences, administrative costs, or other adjustments.

Wind-farm payment period	Projected receipt
January 2027-January 2031	$224,555 annually
January 2032-January 2036	$230,169 annually
January 2037-January 2041	$235,923 annually
January 2042-January 2046	$241,821 annually
January 2047-January 2051	$247,867 annually
January 2052	$254,063 final scheduled receipt

Projected wind-farm receipts should not be treated as available revenue until received and properly budgeted. Annual PSFA payments should be based on actual receipts, and the final payment should be adjusted to the exact verified balance. Lower or delayed receipts could extend the schedule; higher receipts or additional amounts applied by the Board could accelerate payoff.

Work session discussion topics

The following questions are intended to focus the work session on the documented record and the decisions that remain.

Topic	Question for discussion
Current balance	What written documentation has the District obtained from PSFA before releasing the next payment?
Repayment source	What additional confirmations may be needed outside of the Capitan Public Schools IRB Payments from Pattern Energy (received October 8, 2026) to establish that wind-farm revenue is properly budgeted and available for this purpose?
Initial payment	Once the required confirmations are received, what timing should govern release of the previously approved $700,000 payment?
Annual payments	Should the District use a conservative annual amount of up to $220,000, limited to actual wind-farm revenue received?
Reserve	Is a $170,000 wind-revenue reserve sufficient to manage timing differences or revenue shortfalls?
Reporting	What payment and balance information should be reported to the Board after each transaction?
Capital planning	How should completion of this obligation be coordinated with the District's bond-funded capital projects and future PSFA requests?

Topic	Question for discussion
Bond capacity	How should the District prioritize or phase the proposed projects when the working subtotal already exceeds the bond authorization?
Future PSFA strategy	Which Priority 1 deficiencies should be discussed with PSFA first after the existing obligation is retired?

Capital needs and funding context

The proposed project list illustrates why the District needs to preserve current bond proceeds and future bonding capacity for facilities work while using a separate revenue source to retire the existing PSFA obligation. The current planning estimates total approximately $7.88 million. The working subtotal is $7.28 million after excluding the proposed $600,000 property acquisition, which is already $280,000 more than the $7 million bond authorization before any unlisted escalation, contingencies, or professional costs.

Planning status. These figures are preliminary planning estimates, not approved construction budgets or guaranteed final costs. Scope, procurement method, funding eligibility, and final budgets must be confirmed separately for each project.

Project	Proposed scope	Estimated cost	Planning context
Agricultural education expansion	New approximately 6,000-square-foot metal building for a second classroom, carpentry shop, and lab.	$700,000	Proposed project
Field house	New approximately 4,000-square-foot facility with locker rooms and a concession stand.	$2,600,000	Proposed project
Cummins Gym	Renovation: Locker rooms, concession area, restrooms, bleachers, and entrance improvements. HVAC and electrical renovations; design reported complete.	$1,950,000	HVAC identified as a Priority 1 deficiency by PSFA
Administration facility	Purchase of the former Family Dollar building and renovation for district administration.	$1,050,000	$600,000 purchase price is excluded from the $7.28 million subtotal. Only renovation cost included: $450,000
Traylor Gym	HVAC and electrical renovation; design reported complete.	$1,000,000	HVAC identified as a Priority 1 deficiency by PSFA
Weight room	HVAC and electrical renovation; design reported complete.	$180,000	HVAC identified as a Priority 1 deficiency by PSFA
Pedestrian paving	Repair damaged concrete around the campus.	$250,000	Identified as a Priority 1 deficiency by PSFA
Elementary parking	Add approximately 16 parking spaces.	$150,000	Identified as a Priority 1 deficiency by PSFA

Estimated funding position

Funding calculation	Amount
Gross estimated cost of listed projects	$7,880,000
Less proposed property purchase excluded from working subtotal	($600,000)
Working project subtotal	$7,280,000
Current general-obligation bond authorization	$7,000,000
Baseline gap before other unlisted costs	$280,000
Existing PSFA obligation addressed separately	$1,792,729

Why the repayment strategy matters

- Using wind-farm revenue for the PSFA obligation preserves bond proceeds for eligible capital projects within the District's voter-authorized bond program.
- The current project subtotal already exceeds the bond authorization before any costs not separately identified in the source estimate.
- Retiring the existing PSFA obligation removes a barrier to seeking future PSFA participation; it does not guarantee that any future project will receive an award.
- Projects identified as Priority 1 deficiencies may warrant early coordination with PSFA regarding eligibility, scope, and sequencing.