

108-910

**Via Certified Mail
& Regular Mail**

September 23, 2015

Juan J. Ramos, Jr., Board President
Martin Cuellar, Superintendent
Progreso Independent School District
PO Box 610
Progreso, Texas 78579-610

Dear Mr. Ramos and Mr. Cuellar:

The purpose of this letter is to provide the Progreso Independent School District (Progreso ISD or district) with official notification regarding my determination to lower Progreso ISD's 2014-2015 accreditation status under the authority of Texas Education Code (TEC) §§39.052(d) and 39.057(d) and 19 Texas Administrative Code (TAC) §§97.1055, 97.1057 and 97.1059. Specifically, Progreso ISD's 2014-2015 accreditation status will be lowered to **Accredited-Warning**.

This letter also provides notice of my appointment of a board of managers to exercise the powers and duties of the district's board of trustees, and my appointment of a new superintendent. TEC §§39.052(d), 39.057(d), 39.102(a)(9), 39.102(b), 39.112; 19 TAC §§97.1057, 97.1059, 97.1073.

Background

On November 4, 2013, the Texas Education Agency (TEA) issued a Special Accreditation Investigation (SAI) final report (Final Report, attached as Exhibit A), which found that the Progreso ISD board of trustees failed to perform its duty to govern, administer, and oversee the management of the district's funds. The Final Report additionally found that the board of trustees and the district's executive leadership and administration knowingly or negligently allowed serious and pervasive violations of state, federal, and local requirements pertaining to financial management, including contract and purchasing laws, and failed to implement and follow policies and procedures to ensure the proper use, accounting, and control of public funds and resources. As a result of the findings contained in the Final Report, on January 16, 2014, I notified the district that I was appointing a management team to direct the board of trustees in its oversight and governance of the district (correspondence attached as Exhibit B). The appointment of a management team does not preclude me from taking additional actions to the extent I determine necessary to achieve the purposes of the accreditation sanctions. 19 TAC §97.1057(d).

On or about December 9, 2013, the TEA's Division of Financial Compliance began a second SAI, following up on the violations cited in the November 4, 2013, Final Report relating to noncompliance with statutes and regulations regarding financial and internal control procedures. On August 24, 2015, the TEA issued a second final investigative report (Second Final Report, attached as Exhibit C), which addresses numerous instances of misconduct, malfeasance, and neglect by both the district's board of trustees and the former superintendent, Dr. Fernando Castillo. The Second Final Report documents a severe lack of financial control and oversight, which constitute violations on the part of the board of trustees with TEC §§11.1511(b)(9) and 11.1511(b)(15). The nature of the violations indicate a widespread and systemic breakdown in the district's governance that has caused substantial harm to the public interest.

The management team's quarterly report dated July 9, 2015, (attached as Exhibit D) demonstrates that the management team has ongoing concerns related to the board's actions over the past year, the district's finances, and the board of trustees' inattention to the district's finances. Specifically, the management team's report noted the following:

- the management team has had to disallow four actions taken by the board in public meetings;
- the lone finalist selected by the board for superintendent has limited experience in the leadership of a school district;
- the board persists in its efforts to provide a pay increase to employees despite the management team's direction to the contrary;
- the board awarded a roofing contract to a bidder with the knowledge that the bid contained an addition error of \$110,000 and did not meet the bid specifications;
- the board continues to be split and there is limited consensus building among the board; and
- the board meetings are poorly attended by board members, with the April 2015 meeting requiring cancellation due to lack of a quorum.

Accreditation Status

Pursuant to TEC §§39.052(d) and 39.057(d), 19 TAC §97.1055(a)(7), (b), a school district's accreditation status may be raised or lowered based on the district's performance or the results of a special accreditation investigation. I have evaluated and considered the district's deficiencies in financial management and legal compliance identified in the Second Final Report and those raised in the management team's reports (attached as Exhibits D, E, F, G, H, and I). These findings and reports compel me to lower the district's 2014-2015 accreditation status to Accredited-Warning, because the district exhibits serious or persistent deficiencies that may lead to the probation or revocation of the district's accreditation if not addressed. 19 TAC §1055(b)(2)(B)(ii).

This sanction is necessary to address the district's deficiencies in the areas of financial management and legal compliance as identified in the Second Final Report and management team's reports. TEC §39.057(d), 19 TAC §97.1055(b)(2)(B)(ii). The sanction is necessary to address the district's inefficient or ineffectual use of its funds or property, failure to adequately account for funds, and is in the best interests of the district's current and future students. 19 TAC §97.1057(e).

Both investigative reports identify numerous material deficiencies. 19 TAC §97.1059(b)(1)(E). Many of these material deficiencies are ongoing and demonstrate the district's failures to address previously identified deficiencies and establish a pattern of recurring deficiencies. 19 TAC

§97.1059(b)(2). The district has not been responsive to, or compliant with, the previously imposed interventions. 19 TAC §97.1059(b)(3). The deficiencies cited in both reports demonstrate a substantial and imminent threat to the welfare of the district's students and to the public interest because the board has failed to ensure that public funds are protected from fraud, waste, and abuse. 19 TAC §97.1059(b)(4).

Appointment of Board of Managers and Superintendent

Given the critical nature of the findings, I am also appointing a board of managers to the district to exercise the powers and duties of the district's board of trustees under the authority of TEC §§39.057(d), 39.102(a)(9), 39.102(b), and 19 TAC §§97.1057-1059, and 97.1073(e).

As stated above, I have reviewed the two attached investigative reports, along with the concerns raised in the attached management team's reports, and determined that the findings in these reports compel me to lower the district's accreditation status. For the same reasons cited above, these findings also compel me to appoint a board of managers to exercise the powers and duties of the board of trustees. This intervention is authorized because the district has a current accreditation status of Accredited-Warning (pending the results of any requested review of this determination), because the findings in the Second Final Report warrant the intervention, and because the district has had a management team for at least two consecutive school years, including the current school year. TEC §§39.102(a)(9), 39.057(d) and 39.102(b).

Further, as a result of the issues documented in the attached quarterly reports, the management team recommended appointing a board of managers to oversee the district. Exhibit D. Based on my review of these reports, I find that the district has not been responsive to nor compliant with the prior interventions and sanctions imposed. 19 TAC §97.1055(g). Accordingly, it is necessary to appoint a board of managers. TEC §39.102(b), and 19 TAC §§97.1059(b)(3), and 97.1073(e)(1). This intervention is necessary to encourage this and other districts to improve their performance so as to retain their accreditation and improve the Texas public school system by eliminating poor academic, fiscal, and compliance performance by districts and campuses on the standards listed in 19 TAC §97.1059. 19 TAC §97.1053(a)(4), (5).

A majority of the board of managers will consist of members of the Progreso community who are committed to service on behalf of the students of the district and the community. The members of the board of managers will be responsible for overseeing the management of the Progreso ISD, including oversight of the district's efforts to address and correct identified deficiencies, and to implement effective structural and procedural improvement strategies for long-term positive change. Section 39.112(b) of the Education Code also requires that I appoint a superintendent. I will announce my appointments in future correspondence.

Management Team

The management team appointed on January 16, 2014, consisting of Richard Clifford and Hermelinda Romeros, will be suspended during the appointment of the board of managers.

Public Notification: Accreditation Status

Districts that are assigned a status of **Accredited-Warning** must take specific actions to notify the parents of students enrolled in the district and property owners in the district. The requirements for public notification are specified in 19 TAC §97.1055(f), and a template that reflects the TEA-required format and language for the public notice is posted at <http://tea.texas.gov/accredstatus/>.

The Progreso ISD must complete the notification requirement **no later than October 23, 2015**. The Progreso ISD also must send by certified mail, return receipt requested, documentation showing compliance with the notification requirement. This documentation may be addressed as follows:

Division of Accreditation
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701
Fax: (512) 936-6474

Districts with an accreditation status below Accredited may be subject to additional accreditation sanctions as referenced in 19 TAC Chapter 97, Planning and Accountability, Subchapter EE. Questions related to the public notification requirements may be addressed to accred@tea.texas.gov or (512) 463-5899.

Review Process

The district may request a formal review of the appointment of the board of managers and the assignment of the lowered accreditation status of Accredited-Warning. 19 TAC §157.1133. The district may also request an informal review of the finding that the district has been non-compliant with the management team's directives. 19 TAC §157.1123. In the interest of efficiency, the TEA will conduct a formal and informal review in a single proceeding. A request for a formal and/or informal review must be in writing and received by TEA no later than **September 30, 2015**, and may be addressed as follows:

Division of Enforcement Coordination
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701
Fax: (512) 475-3665
EnforcementCoordination@tea.texas.gov

The rules regarding the request for a formal and informal review are provided for your convenience (attached as Exhibit J). I may make a final decision based solely on the written correspondence submitted by the district. If no informal or formal review is requested by the deadline, a final decision may be issued without review. 19 TAC §§157.1123(d), 157.1133(5).

Compliance and Cooperation

While the board of managers, once installed, will keep me apprised of the conditions in the district and the agency will continue to monitor the district's performance and its cooperation with the agency's interventions, I will appoint a board of managers comprised of a majority of members of the Progreso community because I believe the community is in the best position to effectuate long-term, positive change for the district. It is my sincere desire that all parties work together in a cooperative and productive manner to address these issues within the district.

Any questions regarding this correspondence may be addressed to the Division of Enforcement Coordination at (512) 463-3544 or EnforcementCoordination@tea.texas.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Williams". The signature is fluid and cursive, with the first name "Michael" and last name "Williams" clearly distinguishable.

Michael Williams
Commissioner of Education

MW/cc

Enclosures

cc: Dr. Cornelio Gonzalez, Executive Director, Region 1, Education Service Center
Lizzette Gonzalez Reynolds, Chief Deputy Commissioner, TEA
Michael Berry, Deputy Commissioner, Policy and Programs, TEA
Alice McAfee, Associate Commissioner, Complaints, Investigations, and Enforcement, TEA
Lisa Dawn-Fisher, Associate Commissioner, School Finance, TEA
Sally Partridge, Associate Commissioner, Accreditation and School Improvement, TEA
Nora Hancock, Associate Commissioner, Grants and Federal Fiscal Compliance, TEA
Von Byer, General Counsel, TEA
Nichole Bunker-Henderson, Deputy General Counsel, TEA
Christopher Jones, Senior Legal Counsel, TEA
Eric Marin, Legal Counsel, TEA
Leah Martin, Director, Accreditation, TEA
Ron Rowell, Director, School Governance, TEA
Richard Clifford, Conservator
Hermelinda Romeros, Conservator



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

**Notice of Final Report
Special Accreditation Investigation
November 4, 2013**

VIA EMAIL and FAX
fcastillo@progresoedu.net
District Fax (956) 565-2128
District Tel (956) 565-3002

Members of the Board of Trustees
Fernando Castillo, Ed.D., Superintendent of Schools
Progreso Independent School District (CDN108-910)
P.O. Box 610
Progreso, Texas 78579-0610

Subject: Special Accreditation Investigation Final Report

- Fiscal Management Compliance (TEC Chapter 44)
- Federal Program Funds Compliance (34 CFR §§80.20 and 74.21)
- Board Duties (TEC §11.151)

Progreso ISD Board of Trustees and Dr. Castillo:

This letter serves to notify the Progreso Independent School District (ISD) of the Final Report and conclusion of the special accreditation investigation initiated on August 29, 2013. The Commissioner of Education authorized this investigation in response to the recent indictment and arrest of two district employees and a board member. In addition, in a letter dated August 20, 2013, Superintendent Fernando Castillo requested "assistance and support for Progreso ISD and the students."

The Board of Trustees and Superintendent were provided an opportunity to respond to the agency's preliminary findings of October 18, 2013, and submit any new or different information. The Progreso ISD agreed with TEA's preliminary findings. TEA's Final Report is enclosed.

The Progreso ISD and any named educator(s) will be notified of any actions concerning accreditation sanctions and additional investigations and audits under separate letter from the respective TEA offices, as determined necessary. Should you have any questions concerning this report, please contact me at (512) 463-9342 or by email at emi.johnson@tea.state.tx.us.

Respectfully,

Emi Johnson
Special Investigations

cc: Office of the Commissioner, TEA
Office of the Chief Deputy Commissioner, TEA
Enforcement Office, TEA
Office of Legal Services, TEA

Exhibit A



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Special Accreditation Investigation Final Report

Executive Summary November 4, 2013

The Texas Education Agency (TEA) has concluded its special investigation of the management, accounting, and reporting of federal and state funds by the Progreso Independent School District (ISD or district). The TEA initiated its investigation immediately upon receipt of the federal indictment of two district employees and a board member which was unsealed on August 28, 2013. While the TEA continues to cooperate with the U.S. Department of Education's Office of Inspector General (ED-OIG) and the Federal Bureau of Investigation (FBI) in their ongoing investigation, this report presents the independent findings and conclusions of the TEA. This report will be provided to the ED-OIG and FBI.

The Progreso ISD was provided an opportunity to respond to TEA's preliminary report issued on October 18, 2013. TEA considered information submitted by the district, individual employees, and new relevant information. Based on the informal review, the report was amended to reflect the receipt of the \$62,130.00 federal funds due to the TEA. The district agreed with TEA's findings and conclusions.

Conclusion

The Board of Trustees has a duty to govern and oversee the management of its district. TEC §11.151(b). School board members have the power and statutory duty to provide oversight regarding expenditures of taxpayer dollars and monitor district finances to ensure that the Superintendent is properly maintaining the District's financial procedures and records.[Progreso ISD Board Policy BAA (LEGAL); TEC §11.1511(b)(9)].

The violations found through this investigation reflect intentional and unethical acts by board members and district administrators that compromise the basic mission of the Texas education system.

This investigation finds the Progreso ISD Board of Trustees and the executive leadership failed to perform its duty to govern, administer, and oversee the management of the district's funds. The Board of Trustees and the district's executive leadership and administration knowingly allowed serious and pervasive violations of federal, state, and local requirements pertaining to financial management, including contracts and purchasing laws. The district failed to implement and follow policies and procedures to ensure the proper use, accounting, and control of public funds and resources. The actions of certain board members and district administrators negatively impact the educational programs and services of Progreso ISD students.

The current situation requires extensive and long-term intervention to restore integrity and accountability in the district's operations.

Violation(s):

Texas Education Code:

Section 44.003 – Records and Report of all budgets, all forms, and all other reports required under Chapter 44
Section 11.151 – Powers and Duties of the Board of Trustees
Section 11.168 – Use of District Resources Prohibited for Certain Purposes
Chapter 22, Subchapter C – Fingerprinting and Criminal History Record Reviews

Title 13 of the Texas Administrative Code:

Section 7.125(a)(6) – Retention Schedule for Records of Public School District

Other violations may be determined by other TEA audits and monitoring activities.

Indictment (Complaint Allegations)

1. In a letter dated August 20, 2013, Superintendent Fernando Castillo informed TEA that there was an "ongoing Federal investigation at Progreso ISD which is targeting some school board members who seem to be taking retaliating action against me." Superintendent Castillo further wrote, "This situation creates a climate of uncertainty...and may directly impact student achievement and school operations significantly if assistance is not provided as soon as possible." Upon receipt of Superintendent Castillo's letter, the TEA contacted Superintendent Castillo and the ED-OIG for additional information.
2. On August 28, 2013, the United States District Court, Southern District of Texas, unsealed its indictment of one district-level administrator and a board member:
 - Jose Guadalupe ("Lupe") Vela, Jr. Mr. Lupe Vela, Jr. was the former Maintenance and Transportation Director of the Progreso ISD.
 - Michael ("Mickey") Rene Vela. Mr. Michael Vela was the former President of the Progreso ISD Board of Trustees

According to the indictment, from or about June 2004 and continuing up to August 28, 2013, Mr. Lupe Vela, Jr. and Mr. Michael Vela knowingly combined, conspired, confederated and agreed with each other and others known and unknown to commit the following offenses against the United States:

- a. to steal and obtain by fraud property that belongs to the Progreso ISD, a local governmental entity that receives federal funds;
- b. to solicit and accept anything of value in order to be influenced in connection with the business of the Progreso ISD, a local governmental entity that receives federal funds;
- c. to use and cause to be used the United States Postal Service in the execution of a scheme to defraud of money and the right to honest services; and

- d. to use and cause the use of a facility in interstate commerce to promote bribery of a public official. [Indictment, US District Court, August 28, 2013].

TEA Major Findings

1. Fiscal Management Compliance (TEC Chapter 44)

Finding 1.1. Lack of Financial Transaction Supporting Documentation

The district failed to provide supporting documents for inspection that substantiated district business contracts, credit card receipts and equipment records. This is a violation of the documentation regulations in Local Government Code §203.021 and the Financial Accountability Systems Resource Guide (FASRG) Module 1.8.2.8.

Finding 1.2. Deficient District Operational Policy and Procedures

The district's Superintendent and governing board have not established district financial policies and procedures to ensure management accountability and control of district resources and operations. This is a violation of FASRG Module 1.1.3 and 1.5 Internal Controls.

Finding 1.3. Inadequate Internal Controls

The district does not adequately safeguard high-risk controlled assets under a \$5,000 dollar threshold such as, iPads, projectors, monitors and similar equipment in accordance with the FASRG Module 1 Section 1.2.4.2. It states that even if the assets have a value less than \$5,000 the district may consider capitalizing the assets or maintain accountability for them through an inventory list that identifies the asset location. Progreso ISD failed to safeguard these types of assets and many of them are missing.

2. Federal Program Funds Compliance (34 CFR §§80.20 and 74.21)

Finding 2.1. Accounting Records

The district's accounting records did not demonstrate accurate, current, and complete disclosure of the financial results of financially assisted activities in accordance with the financial reporting requirements of the grant. 34 CFR 80.20(b) (1). Specifically, auditors noted that financial records maintained by the district did not reconcile with the expenditures claimed for reimbursements.

Finding 2.2. Budgetary Controls

The district did not maintain effective budgetary control of grant expenditures to comply with standard for Financial Management systems promulgated in 34 CFR 80.20 b)(4). Specifically, auditors noted that the expenditures of grant funds are recorded in the general ledger without appropriation of grant funds. Additionally, the program budgets for federal funds awarded to the district for fiscal year 2013-2014 have not been set up in the financial management system.

Finding 2.3. Accountability for Grant and Subgrant Assets

The district did not maintain effective control and accountability for all grant and subgrant cash, real and personal property, and other assets to comply with 34 CFR 80.20(b)(3). Specifically, auditors observed that final payments to vendors were not reviewed and/or approved by appropriate personnel.

3. Board Duties (TEC §11.151; §11.159; and TAC §61.1)

From or about December 19, 2008, and continuing through on or about May 1, 2009, Jose Guadalupe Vela, Jr., Omar Leonel Vela, and Michael Rene Vela knowingly devised and intended to devise a scheme to defraud and to deprive the district of money and property through bribery, kickbacks, and the concealment of material information, if true.[Indictment, US District Court, August 28, 2013]. This is a violation of TEC §11.151(c).

Based on a review of board member continuing education transcripts, the board members failed to complete required continuing education and training hours for 2012-2013. This is a violation of TEC §11.159 and 19 TAC §61.1.

4. Fingerprinting and Criminal History Record Reviews (TEC Chapter 22, Subchapter C; Sections 22.0832-22.085)

During the on-site investigation on September 27, 2013, TEA investigators found the district was not in compliance with fingerprinting requirements. Superintendent Castillo knew and the district's Human Resources staff acknowledged that the district had employees who had not been fingerprinted and have begun working with or near students. TEA investigators directed the district to come into immediate compliance on that same day. The district's Human Resources staff promptly responded and is cooperating with the TEA Fingerprinting Unit to achieve compliance. This is a violation of TEC §§22.0833(c), 22.0834(b), 22.0835(a), 22.0836(c), and 22.084(a).

5. Use of District Resources for Personal Benefit (TEC §11.168)

Around December 2010, the Texas Department of Public Safety's Texas Rangers conducted an investigation into an allegation that while on school district time, maintenance staff used district property to repair the roof of the Board Room Bar & Grill, a local bar and grill owned by Mr. Lupe Vela. Mr. Lupe Vela was recently suspended as the district's Director of Maintenance and Transportation. Mr. Lupe Vela is the father of Progreso Mayor Omar Vela and the district's Board President Michael Vela (who has recently resigned). Mr. Gerardo Rangel Jasso pled guilty to one count of abuse of official capacity in District Court, received one year of deferred adjudication, and a \$500 fine on the class B misdemeanor charge. Mr. Jasso is currently employed in the district's Maintenance Department. The use of district resources for the renovation or improvement of real property not owned by the district is a violation of TEC §11.168(a).

6. Records Retention Schedule (13 TAC §7.125(a)(6))

For its audit and investigation, the TEA requested specific source documents. In response, the district representatives attest that certain requested documents were not found. The failure to maintain these records is a violation of 13 TAC §7.125(a)(6).

According to affidavits signed and sworn to on October 6, 2013, the district failed to maintain:

- a. Vendor records associated with "The Board Room Bar & Grill" for 2011-2012 and previous years.
- b. Subcontractors contract records for D.A.D., Harlingen Door, RGV Specialty Casework, Specialty Supply & Installation, Twin Construction, Raba Kistner.
- c. Accounts Payable records were limited or no records were found for Rio Grande Steel, Essence Services & Solutions Group (ESSG), Francisco Flore, DKIII Hornback, Hi-Tech Irrigation, Inc.
- d. Internal Revenue Service (IRS) 1099 Forms for the past three years.
- e. Conflict of interest disclosure statements for Michael R. Vela, Rolando Perez, and Juan T. Vela.

Additional TEA Reviews and Audits

A. Educator Code of Ethics

Based on this special investigation, Superintendent Castillo will be referred to the TEA Division of Educator Investigations through this report. Superintendent Castillo failed to ensure that the district maintains full compliance with the state's fingerprinting and criminal history record review requirements. Additionally, Superintendent Castillo may have charged the district's credit card for personal use. The Division of Educator Investigations will review this report and any other relevant information to make an independent determination of any further actions and disposition of the referral. Additional certified educators may be referred should the TEA establish or receive additional findings.

B. Federal and State Financial Compliance

The special investigation identified a need for full and complete investigative audits of the district's handling of state and federal funds. Therefore, the following TEA divisions will initiate separate audits and issue their findings once concluded:

- The Grants and Federal Fiscal Compliance (GFFC) Office will conduct a monitoring and/or grant review of IDEA-B and Title I-Part A, and any other federal grant based on their observations. In addition, this report recommends to GFFC to consider designating the district as a "high-risk" grantee and impose enforcement actions under federal regulations, as deemed necessary.
- The State Funding and Financial Accountability's Financial Compliance Office will perform full and complete audit of the district's contracts as well as purchasing and accounting practices, including but not limited to, asset inventory management.

C. Fingerprinting and Criminal History Record Reviews

- During the course of this investigation, allegations of individuals with felony convictions were reported to be employed and have the opportunity to be in direct contact with students. TEA initiated a fingerprinting audit during this special

investigation. To ensure the health, safety, and welfare of students, the Fingerprinting Unit and Educator Investigations Division audited and monitored the district until it had achieved compliance with TEC Chapter 22, Subchapter C.

- Additionally, contractors and subcontractors are required to submit to criminal history background checks and assurances must be filed with the district that all contractors and subcontractors have complied with the fingerprinting requirements.

D. Test Administration Irregularity Report

- During the course of this investigation, allegations of testing irregularities were reported. According to the report, the incident involved the Grade 3 Texas Assessment of Knowledge and Skills (TAKS) test administration in spring 2010 at West Elementary School, in which one educator allegedly assisted one or more students.
- The Student Assessment Division is currently reviewing the report under TEA's Test Security Incident Reporting procedures.

Recent Enforcement History

Questioned Costs: On September 10, 2013, TEA questioned \$62,130.00 in costs charged to the Title I – Part A grant. "The questioned costs illustrate the degree to which Progreso ISD, the organization, failed to comply with federal laws, regulations, and grant requirements, and to maintain proper internal control over the federal program [Title I-Part A]." On October 30, 2013, the TEA Open Cash Receipts indicated that TEA received a check from Progreso ISD for the full amount of the refund due. However, Progreso ISD must complete additional corrective actions by November 29, 2013.

This special investigation does not preclude any other investigation, audit, monitoring, or intervention by the TEA.

Recommended Sanctions

The Commissioner of Education has authority to implement all available interventions and sanctions under TEC Chapter 39, and Title 19, TAC, Chapter 97, to address any current and future deficiencies identified for the district. The available sanctions include, but is not limited to, lowering the Progreso ISD's accreditation status under TEC §39.052 and §39.057 and 19 TAC §97.1055.

This report is referred to the Commissioner of Education to consider one or more accreditation sanctions, as deemed necessary.

The recommendation is based on the following reasons:

- The district's governance and administration is unstable and tenuous.
- The district's board members, central office administrators, and campus staff are enmeshed in controversy related to the alleged improprieties and schemes to misuse district resources. The district is subject to conflicts and influence that extend from within the Progreso city government.

- In 2010, the Texas Department of Public Safety's Texas Rangers investigated an allegation of "abuse of official capacity" involving district employees, which was similar and related to the current TEA special investigation and pending federal investigations.
- The risk to the state and federal educational funds and programs are high.
- Pending federal investigations are ongoing and have yet to be finalized.
- Pending TEA audits and interventions are ongoing and have yet to be finalized.

Corrective Actions Required

This final report requires the district to take the following actions:

1. The district is required to submit a focused corrective action plan to address the specific findings of this special investigation. The corrective action must include a timeline that would aggressively correct all deficiencies and must include the contact information of the responsible person. The plan is subject to modification by the agency and the final plan must be discussed as an action item at the next regularly scheduled meeting of the Board of Trustees.
2. The Superintendent shall notify the TEA of any educator misconduct that the Superintendent believes in good faith may be subject to sanctions under Chapter 247 Educators' Code of Ethics. The Superintendent is required to determine whether any reports to the TEA are deemed necessary per 19 TAC §249.14 and inform the district's Board of Trustees of the determinations.
3. The district's progress towards completing all corrective action must be officially reported and recorded to the district's Board of Trustees at each regularly scheduled board meeting until which time TEA has determined that the corrective actions have been fully implemented. The agency will monitor the district's implementation of its corrective action items through regular reporting and on-site monitoring reviews to validate the completion of the corrective actions.
4. The district is required to review its board policies and determine the need to revise, amend, or establish written policies and procedures, including administrative regulations to prevent, detect, and remedy these and similar deficiencies, non-compliance, and improprieties.
5. The district is required to comply with all criminal history background checks and must not allow any employee or contractor to have the opportunity to be near students until all requirements are met.

Matters Referred to Other Agencies

U.S. Department of Treasury Internal Revenue Services (IRS)

The district is required to comply with Internal Revenue Services (IRS) requirements in the course of their business and issue IRS Form 1099s to their payees receiving more than \$600 in any calendar year. The TEA will refer its findings and documentation to the IRS for proper review and determinations.

Prosecutorial Offices

The district is required to maintain certain records and in accordance with the local government records retention schedule certified and approved by the Texas State Library and Archives Commission. Destruction of local government records contrary to the provisions of the Local Government Records Act of 1989 and administrative rules adopted under it, including this schedule, is a Class A misdemeanor and, under certain circumstances, a third degree felony (Penal Code, Section 37.10). Anyone destroying local government records without legal authorization may also be subject to criminal penalties and fines under the Public Information Act (Government Code, Chapter 552). The TEA will refer its findings and documentation to the appropriate county District Attorney offices, the Office of the Texas Attorney General, and the Texas State Auditor's Office.

ESC Technical Assistance and Support Recommended

In the event technical assistance is necessary, the final investigation report is forwarded to the Executive Director of Region One Education Service Center (ESC).

Additional Recommendations

State Contract and Procurement Requirements

The agency requires the Progreso ISD and its staff to follow all state purchasing requirements and implement internal controls and systems to monitor and account for such transactions. Therefore, the agency recommends the district consider membership and services of the *Region One Purchasing Cooperative (ROPC)* and the support of qualified purchasing specialists. This is a "no fee" cooperative to members, provided the Board of Trustees approves a resolution and enters into an Inter-Local Agreement which allows the district to purchase from awarded bids procured by the ROPC. A variety of awards are available and include maintenance department building material, hardware, supplies, equipment and repair, special needs assistive technology and equipment and materials. The Board may consider other regional ESC or professional services to meet its needs.

Another resource or example of assistance available to the district includes the "Goodbuy" purchasing program. This is an administrative agency created in accordance with Section 791.001 of the Texas Government Code. The purpose of the program is to obtain the benefits and efficiencies that can accrue to program members in a concerted effort to comply with state bidding requirements and identification of qualified vendors of commodities, goods and services.

END OF EXECUTIVE SUMMARY

Section A Facts | Evidence

District Policies and Governance

Key Relationships

During the incidents described in the indictment and until recently:

- Omar Vela, Progreso's Mayor, was employed as the district's Security and Truancy Coordinator.
- Michael Vela served as the Board President.
- Juan T. Vela was and remains a board member of the district.
- Jose G. Vela, Jr. (Lupe) served as the district's Maintenance Director.
- Jose G. Vela, III (Lupito) is the Assistant Superintendent of district.
- Orlando Vela, Progreso's Mayor Pro-Tem, is the district's Asset and Risk Manager.
- Orlando Vela's wife, Ana Vela, was the district's Interim Business Manager.

1. TEA investigators requested "Related Parties and Nepotism Questionnaires" for each board member for 2008 to current.
 - a. Raul C. Martinez, Board Vice President, disclosed the he provided repair services for maintenance and transportation department vehicles and equipment (12/12/12).
 - b. Juan Ramos, Board Secretary, disclosed that Martha E. Ramos and Juan J. Ramos Jr. are employed with the district and are directly related to him (11/28/12).
 - c. David Hernandez, Treasurer (10/26/12).
 - d. Felix Hernandez, Board Member (12/06/12).
 - e. Lizette Villarreal, Board Member (10/10/12).

No other disclosure statements were provided to TEA.

2. Jose G. Vela, Jr. (Lupe) served on the district's Board of Trustees in 2008 and has not served on the Board since that time.
3. On April 24, 2012, Juan T. Vela and Michael Vela resigned from the Board of Trustees and were replaced by Rolando Perez and Lizette Villarreal. On May 9, 2012, Jose G. Vela, III (Lupito) was hired as the Assistant Superintendent. Then, on November 12, 2012, six and half months later, Mr. Perez and Ms. Villarreal resigned and Juan and Michael Vela were re-appointed to the Board.
4. Michael Vela and Jose Vela, accepted gifts, trips, and money for favors and influence the Board of Trustees to vote to award contracts to certain entities or individuals.
5. Records show R&M Mechanic Shop performs work on the district's vehicles. TEA investigators confirmed that board member Mr. Raul Martinez is the owner of R&M Mechanic Shop and Welding. However, the district did not produce a vendor contract, IRS W-9 Form, or IRS Form 1099 for Mr. Raul Martinez.

RAUL MARCOO RAUL MARTINEZ

P.O. Nbr
0

[illegible]

The TEA requested annual training documentation required of board members. The TEA received documentation for three board members. Based on the information received, none of the three board members named below have accumulated the training hours to meet the minimum required continuing education units as of date. The board members have until December 31, 2013 to complete the minimum hours required. As experienced board members, they need to complete at least 3.0 hours of team-building session/assessment and 5.0 hours additional continuing education based on assessed need and framework. A total of 8.0 hours in a calendar year is needed.

Raul Martinez	6-7-2013	3.75 hours
Juan Ramos	5-15-2013	1.00 hour
	5-18-2013	2.00 hours
	5-22-2013	1.00 hour
Juan Vela	-0-	0.00 hours

Federal Grant Compliance

1. On September 10, 2013, TEA questioned \$62,130.00 in costs charged to the Title I – Part A grant. TEA concluded that the district failed to comply with federal laws, regulations, and grant requirements, and to maintain proper internal control over the federal program. As a result, TEA requested the total amount be returned to TEA by check no later than November 10, 2013. Further, TEA is withholding further awards for the Title I – Part A program until the refund is received.
2. In Fall 2012, Superintendent Castillo requested Mr. Alberto Villalpando to assess the accounting practices of the district. On October 31, 2012, Mr. Villalpando issued his findings to the Superintendent to include the following:
 - a. The bulk of the district's funds are deposited directly into the general operating checking account.
 - b. Expenditures charged to federal programs have been disallowed due to late reimbursement requests or simply not allowed because the grant requirements were not followed.
 - c. Unreimbursed expenditures were reclassified to the general fund.
 - d. The independent financial audit for the school year 2010-2011 was delayed past TEA's reporting deadline due to adjustments related to federal funds.
 - e. Federal expenditures are not properly coded resulting in inaccurate reporting to TEA.
 - f. Requisitions do not include the required coding information leaving the discretion to the Business Manager, which may result in improper coding.
 - g. Written procedures are not developed for the management, accounting, and reporting of federal funds.
 - h. Career and Technology Education (CTE) student records were not coded properly and reported accurately to TEA Public Education Information Management System (PEIMS) to generate accurate funding for the district.

Financial Management and Operations**1. Business Operation Policies and Procedures:**

The district's Business Office handbook included procedures and forms to guide the district's financial operations. As shown below, the handbook submitted to TEA is a combination of excerpts from different TEA resource guides for public charter schools. As shown below, some sections were from 2001, 2004, and 2006.

BASIC SYSTEM CODE COMPOSITION:

Net Assets Code

A mandatory 3 digit code is to be used for all financial transactions to identify the net asset group and specific net asset class, if the charter school does not participate in grant projects or any federal program accounted for under account codes 200-499. If the charter school does participate in any grant project or federal program then these account codes are used in connection with all revenues and expenses in order to maintain accountability for all transactions pertaining to grants project and federal program.

The first digit refers to the net asset group, and the second and third digit specifies the net asset group and the second and third digits specify the individual grant or project. These codes also serve the dual purpose of providing separate accountability for grant funds. Accordingly, if a nonprofit charter school receives grant funds then the three digit code is to be used to separately identify revenues and expenses pertaining to each grant project and federal program.

200 TEMPORARILY RESTRICTED NET ASSETS GROUP (FEDERAL PROGRAMS)

Federal Programs that are used by nonprofit charter schools and education service centers are designated by Net Assets Class Codes 201 through 289. Most, but not all, of these revenues must be applied for through a Standard Application System (SAS).

R 201 Reserved for Future State Definition

This classification is reserved for future state designation and is not to be used by the nonprofit charter school.

R 202 ESEA Title VII Part C -- Emergency Immigrant Education Program (Deleted effective 8/31/04)

This net asset classification is to be used to account, on a project basis, for revenues granted under ESEA, as amended by P.L. 103-382, Title VIII, Part B, Subpart 4, Emergency Immigrant Education Program. (84.162) (U.S. Department of Education)

Professional and Consultant Services	given by TEA	given by TEA	given by TEA
Professional/consulting services are delivered by an independent contractor (individual, entity, or firm) on a fee basis for specialized services that are usually considered to be temporary or short-term in nature, normally in areas that supplement the expertise of the grantee. Includes evaluation, professional development/training, management services, legal services, etc.	Allowable with prior specific approval from TEA when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-87, section 32b for specifications of allowability. "Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.	Allowable with prior specific approval from TEA when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-122, section 39b for specifications of allowability. "Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.	Allowable with specific approval from TEA when provided by non-employees and when the grantee organization does not possess the expertise. See OMB A-21, section 37b for specifications of allowability. "Honorariums" are not allowable costs in Texas. The term "fee" must be used in lieu of honorarium in all accounting records and consultant agreements.

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10 April 28, 2016

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2. Contracts:

- Jose Vela, Omar Vela, and Michael Vela extracted bribes and kickbacks from those who sought contracts, including the Architectural Firm, on projects for the district.
- The TEA identified the IDE-A Group, LLC. as the Architectural Firm that was and is contracted for a number of major construction projects in the district. The principal owner is Mr. Jesse Bustos and Ray Bustamante is the Project Liaison.
- The construction projects included the district's Gymnasium and the Progreso Elementary School.
- Omar Vela instructed the owner of the Supply Firm to provide fraudulent invoices to the district for products that the Supply Firm did not provide.
- The Supply Firm submitted invoices to the district for products that were not delivered by the Supply Firm on or about the following dates for the approximate amounts:

• December 14, 2010	\$3,627.80
• June 21, 2011	\$3,443.86
• October 15, 2012	\$3,050.00
• December 21, 2012	\$3,104.10
- On or about June 21, 2011, the Supply Firm submitted an invoice to the district for approximately \$3,443.86 for products that were not delivered by the Supply Firm. . [Indictment, US District Court, August 28, 2013].

3. The district does not have written contracts for a number of vendors, as shown by the Vendor List provided to TEA.

	A	B	C	D	E	F
1			Fine Arts contracts			
2	On file			Missing		
3	Vendor	Contract		Vendor	Contract	
4	Acero Fab			DAD	hvac	
5	American Contracting			DAD	Audio n Visual	
6	Armor			Harlingen Door		
7	Armor			RGV Specialty Casework		
8	Armor			Specialty Supply & Installation		
9	Armor			Twin Construction		
10	D.A.D			Raba Kistner		
11	Excel Applicators					
12	Floor covering Specialist					
13	HOME ELEVATOR					
14	Hudson Building Systems					
15	IDEA GROUP	Architect				
16	IDEA GROUP	CMA/REIM				
17	M & M Painting					
18	MidValley Plumbing					
19	Payless Properties					
20	Payless Properties					
21	South Texas Woodmill					
22	Swanson plastering					
23	Texas Scenic					
24	Texas Scenic					
25	Texas Scenic					

INVOICE		ACCOUNT	CHECK	PO	CHECK	
VENDOR	DESCRIPTION	NUMBER	DATE	NUMBER	NUMBER	AMOUNT
BORDERLINE OFFICE SU	OFFICE SUPPLIES FOR MAINTENANCE DEPARTMENT		08/31/2012	0	19879	2,408.12
Totals for BORDERLINE OFFICE SUPPLIES						2,408.12
BORDERLINE OFFICE SU	OFFICE AND CAMPUS SUPPLIES FOR RISK MANAGEMENT DEPARTMENT		01/01/2013	0	21634	\$22.57
	Office Supplies for Maintenance, Transportation, Security, and Risk Management		01/04/2013	0	20844	3,187.43
Totals for BORDERLINE OFFICE SUPPLIES						4,040.00

TXGF	21634 03/08/2013	932.57	SUPPLIES FOR RISK MNGMT DEPT
TXGF	20844 01/04/2013	3,107.43	SUPPLIES FOR MAINT/TRANSP/SECURITY/ RISK MNGMT DEPT
TXGF	20473 11/14/2012	3,812.45	JANITORIAL SUPPLIES
TXGF	19578 08/21/2012	2,408.12	SUPPLIES FOR MAINT

- Skyward is the district's electronic accounting system. Mr. Zuniga explained that he prints out carbon copies of the purchase orders, retains the green copy when its returned from staff. The signed green copy indicates to him that the invoice is ready to be paid. When Mr. Zuniga receive the invoice, he enters it into Skyward, and then sends the vendor a check. Mr. Zuniga clarified that there are no signature stamps. When asked for the ESSG account file, Mr. Zuniga stated that ESSG file is missing. When asked for the Martinez Construction Company file, Mr. Zuniga indicated the file was missing. Mr. Zuniga acknowledged that he issues all the checks for payment out of Skyward.

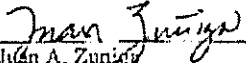
a. TEA investigators obtained copies of a police report filed by Mr. Oscar Dominguez on August 30, 2013. Mr. Dominguez, the High School Principal, reported 40 Apple iPads were missing from the high school. The TEA interviewed school staff concerning the incident. The iPads in question were purchased with federal funds in the amount of \$20,265.35 and delivered to the high school on or around May 17, 2012. The May 5, 2012 packing list from Apple, Inc. showed shipment of 40 Wi-Fi 16 GB Black iPads were sent to the attention of Ms. Diana Dominguez, the High School Principal at the time. The Progreso Police Department has an open investigation and the matter is unresolved.

- b. In an interview on September 27, 2013, Mr. Orlando Vela stated that he has been the district's Asset and Risk Manager for about five years. Mr. Orlando Vela acknowledged that the district does not have loss prevention policies or controls in place to detect or mitigate fraud, waste, or abuse of district controllable assets. Assets are not tagged or inventoried when received. While the district contracts with Records Consultants, Inc. to conduct an annual inventory of fixed assets over a certain amount, the district does not monitor or maintain an inventory of its assets.

7. Internal Revenue Service (IRS) Form 1099 Not Issued or Maintained

- a. Mr. Juan Zuniga, the district's Accounts Payable Clerk provided the following statement.

As part of the accounts payable process it is the duty to send 1099 tax forms at the end of the each year to persons, vendors, subcontractors, independent contractors that have been hired through a contracted service contract with Progreso ISD. Businesses that do not require a 1099 form are employees, corporations that provide consumables or any other form of school supplies to the District.

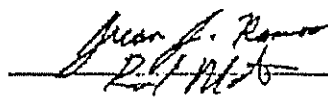
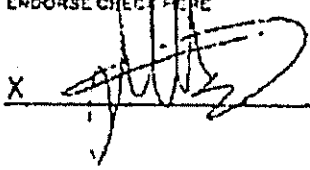

Juan A. Zuniga
Accounts Payable

- b. Mr. Orlando Vela and Ana Vela acknowledged that the IRS Form 1099 was not issued for the Borderline Supplies transactions. As shown below, Mr. Orlando Vela does not disclose his relations with the district on the Conflict of Interest Questionnaire.

CONFLICT OF INTEREST QUESTIONNAIRE		FORM CIQ
For vendor or other person doing business with local governmental entity		
<p><small>This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session.</small></p> <p><small>This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).</small></p> <p><small>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.</small></p> <p><small>A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.</small></p>		OFFICE USE ONLY
<p>1. Name of person who has a business relationship with local governmental entity.</p> <p style="text-align: center;"><i>Orlando Uita</i></p>		<p>Date Received</p>
<p>2. <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire</p>		
<p>3. Name of local government officer with whom filer has employment or business relationship.</p> <p style="text-align: center;">_____ Name of Officer</p> <p><small>This section (Item 3 including subparts A, B, C & D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.</small></p> <p>A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?</p> <p style="text-align: center;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?</p> <p style="text-align: center;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?</p> <p style="text-align: center;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>D. Describe each employment or business relationship with the local government officer named in this section.</p>		
<p>4. <i>[Signature]</i></p> <p style="text-align: center;">_____ Signature of person doing business with the governmental entity</p>		<p style="text-align: center;"><i>5/30/12</i></p> <p style="text-align: center;">_____ Date</p>

- c. The district was not able to produce any IRS Form 1099 for vendors for the past three years.

8. District Pays \$21,000.00 to its Senior Accountant for Unexplained Purpose
- a. Mr. Juan J. Hernandez is the Senior Accountant for the district. On November 15, 2013, the district paid \$21,000.00 to Mr. Juan J. Hernandez (check #20477) for an undisclosed purpose or item.

PROGRESO INDEPENDENT SCHOOL DISTRICT GENERAL FUND P.O. BOX 610 PROGRESO, TEXAS 78579 (956) 585-8203		BBVA COMPASS COMPASS BANK PROGRESO, TEXAS VOID AFTER 90 DAYS	35-1025471100 18248	020477 CHECK NO.
		*** Twenty-One Thousand Dollar(s) & No Cents*		
PAY TO THE ORDER OF:		11/15/2012	\$21,000.00	
HERNANDEZ, JUAN J				
<hr/>				
ENDORSE CHECK HERE				
				

- b. The BBVA Compass bank statement reconciliation for November 2012 shows Check #20477 dated 11/16.

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Abstract

Date	Check #	Amount	Date	Check #	Amount	Date	Check #	Amount
11/15	20439	\$861.84	11/23	20467	\$48.00	11/27	20488	\$6,634.23
11/13	20440	\$407.64	11/19	20468	\$48.00	11/16	20489	\$600.00
11/14	20441	\$305.41	11/15	20469	\$1,622.80	11/23	20490	\$125.00
11/15	20442	\$50.00	11/19	20470	\$198.94	11/21	20491	\$766.53
11/15	20443	\$135.88	11/20	20471	\$112.50	11/19	20493 *	\$23,576.33
11/16	20444	\$320.54	11/14	20472	\$3,747.50	11/19	20494	\$900.00
11/14	20445	\$135.88	11/15	20473	\$3,812.45	11/20	20495	\$120.00
11/13	20446	\$960.00	11/15	20474	\$880.71	11/30	20499 *	\$3,800.00
11/9	20440 *	\$373.67	11/20	20475	\$84.00	11/30	20500	\$200.00
11/19	20449	\$367.70	11/19	20476	\$219.66	11/16	20501	\$2,000.00
11/21	20450	\$780.00	11/16	20477	\$21,000.00	11/29	20503 *	\$185.37
11/21	20451	\$520.00	11/23	20478	\$234.00	11/29	20515 *	\$1,413.00

- c. Then, on July 31, 2013, the district deposited the exact same amount \$21, 000.00 in its BBVA Compass bank account as shown below.

Date	Account Number	Serial Number	Amount
07/31/2013	[REDACTED]	0	\$21,000.00

[illegible]

- d. During his September 27, 2013, interview with TEA investigators, Mr. Hernandez explained that the Board must approve any payments over \$10,000.00. On review of the Board Meeting Minutes for the timeframe, there is a standing F3 board agenda to generally approve payment requests over \$10,000.00.

F Finance
F1 Cash Disbursements
F2 Investment Report
F3 P.O./Payment Request over \$10,000.00
F4 Tax Collection Report
Dr. Castillo request for a consent agenda for F1-F4
Motion made by Raul Martinez, Jr. to approve consent agenda F1-F4
Second by Raul Martinez
VOTING FOR: Lizett Villarreal, Raul Martinez, Jr., Raul Martinez and David Hernandez
VOTING AGAINST: None
MOTION PASSES

- e. On October 7, 2013, Mr. Hernandez submitted a signed sworn statement to TEA, attesting that he had "no direct knowledge of personal selling or buying for dr. (sic) Castillo to school district other than me."
 - f. On October 15, 2013, the TEA investigators requested Superintendent Castillo to provide a full written explanation of this transaction, including a description of the purpose or item(s) subject to the above transaction. Without an explanation or description, this investigation finds that the district effectively loaned Mr. Hernandez \$21,000 for approximately eight months.
9. Credit Card Expenses Not Related to School Business
- a. The district issued a VISA credit card to Superintendent Castillo.
 - b. Based on written statements, Superintendent Castillo is alleged to have used the VISA card to pay for meals at the Santa Fe Steakhouse in McAllen, in the amount of \$344.99; Cabritos Nuevo Leon Restaurant in McAllen on February 20, March 6, and April 3, 2013; and P.F. Chang's on April 3, 2013.
 - c. The VISA Card Statements from this timeframe show the specific meals in question. Superintendent Castillo has not provided a statement explaining these purchases. Based on the information, the district paid for expenses unrelated to school business.



VISA

DR FERNANDO CASTILLO
Account Number: XXXX XXXX XXXX 0127

TRANSACTIONS (continued)

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
02/28	03/03	24427331W3FRE7M6T	STRIPES 2243 MERCEDES TX	\$109.65
03/04	03/08	240818220LB2FWWGE	SANTA FE STEAKHOUSE MCALLEN TX	\$238.15
03/06	03/07	244921521RNRG4KW7	INTLREADING 302-731-1800 DE	\$129.00
03/08	03/08	2442733223FR9XVA3	DIAMOND 1536 SHAMROCK WESLACO TX	\$38.92
03/08	03/08	244310622BAP1LJ9	CABRITOS NUEVO LEON REST MCALLEN TX	\$113.23
03/07	03/08	244318622WGNT7G7M	CIRO'S PHARR TX	\$37.18
03/07	03/10	2442733233FR9ZG03	DIAMOND 1536 SHAMROCK WESLACO TX	\$59.89
03/08	03/10	2442733243FRA3LVY	DIAMOND 1536 SHAMROCK WESLACO TX	\$83.07
03/08	03/10	24692162300HA9Y8Q	OnStar 888-4ONSTAR MI	\$31.29
03/10	03/10	24692162500D73VD	VZWRLSS*PRPAY AUTOPAY 888-294-8804 CA	\$30.00
03/12	03/14	244318626WGNTK578	CIRO'S RESTAURANT WESLACO TX	\$37.45
03/14	03/17	24445002A2XJEZ443	BARNES & NOBLE #2311 MCALLEN TX	\$122.41
03/18	03/21	24431052FRQEEZ47D	MURPHY6808ATWALMRT WESLACO TX	\$75.00
03/08	03/22	24692182H0091888V	OMNI CORPUS CHRISTI CORPUS CHRIST TX	\$228.85
03/21	03/22	24445002HHF1W51JR	LUBYS CAFE #0128 Q99 PHARR TX	\$22.16
03/22	03/24	24223092HWGPMG858	CIRO'S CATERING PHARR TX	\$31.64
03/22	03/24	24761972JBAZZPWW8	PF CHANGS #9838 MCALLEN TX	\$100.94
03/23	03/25	24427332K3FR0TD7X	STRIPES 2243 MERCEDES TX	\$93.79



VISA

DR FERNANDO CASTILLO
Account Number: XXXX XXXX XXXX 0127

TRANSACTIONS (continued)

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
05/04	05/05	24692163W00NH7RU4	OnStar 888-4ONSTAR MI	\$31.29
05/06	05/07	24223693YWGPCCQ538	EL DORADO RESTAURANT WESLACO TX	\$23.22
05/08	05/09	244450041HF14E89E	LUBYS CAFE #0197 Q99 WESLACO TX	\$49.38
05/09	05/12	2422443432Y3NRRQF	KATO SUSHI WESLACO TX	\$92.98
05/10	05/12	24692164200LMD5R3	VZWRLSS*PRPAY AUTOPAY 888-294-8804 CA	\$30.40
05/13	05/15	240818246LBZFWZ01	SANTA FE STEAKHOUSE MCALLEN TX	\$344.99
05/14	05/15	246104346232FT072	PAPPADEAUX #058 PHARR TX	\$88.77
05/15	05/17	2442733483FRD2K9J	PGC 9862 SOUTH PADRE I TX	\$72.10
05/23	05/24	24692164F00G5SRNX	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$15.01

TRANSACTIONS

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
05/20	05/20	74707124D01KRQW4Y	PAYMENT - THANK YOU	\$1,281.40
04/28	04/28	24427333M3FRA2BH5	DIAMOND 1536 SHAMROCK WESLACO TX	\$50.14
04/27	04/29	24810433N231WR4HH	PAPPADEAUX #056 PHARR TX	\$77.67
04/28	04/30	24427333P3FRDBNV9	STRIPES 2243 MERCEDES TX	\$78.34
04/30	05/02	24761973T8AZZPVD4	PF CHANGS #9838 MCALLEN TX	\$220.18
05/01	05/03	24427333S3FRE2D91	STRIPES 2243 MERCEDES TX	\$80.48
05/01	05/03	24785013S09A1FH5Z	MARISCOS ESTRELLA DEL MA WESLACO TX	\$21.81
05/02	05/05	24431063VBAP1LJNF	CABRITOS NUEVO LEON REST MCALLEN TX	\$171.93

Transactions continued on next page

10. Receipts for Board Member Travel Expenses

- a. On October 8, 2013, TEA investigator requested receipts for Mr. Juan T. Vela's trip to Boston for the April 21-28, 2012 National School Board Association Conference. Ms. Lupita Valdez, the district's Human Resources Coordinator, responded:

"There are no hotel receipts for Mr. Juan T. Vela's trip. I did contact Juan Zuniga and he was not able to give me any information."

- b. The district paid for Juan T. Vela's expenses when it did not obtain the required documentation.

02/28/12	AP	jean	FELIX MERRIMOTT JR.	0	Wrote a Memo to attend the 72nd Annual Conference NEDA on April 21-22, 2012 in Boston, MA	April21-22,2012	04/19/12	18578	04/19/12	2,339.65
02/28/12	AP	jean	MICHAEL VELA	0	Open Hotel Registration to attend the 72nd Annual Conference NEDA on April 21-22, 2012 in Boston, MA	April21-22,2012	04/19/12	18584	04/19/12	1,000.00
02/28/12	AP	jean	MICHAEL VELA	0	Wrote a Memo to attend the 72nd Annual Conference NEDA on April 21-22, 2012 in Boston, MA	April21-22,2012	04/19/12	18585	04/19/12	2,713.65
02/28/12	AP	jean	JUAN T. VELA	0	Open Hotel Registration to attend the 72nd Annual Conference NEDA on April 21-22, 2012 in Boston, MA	April21-22,2012	04/19/12	18184	04/19/12	1,000.00

sheet2.p

.13.06.00.04-10.2-010105

PROGRESS 1SD
ALL STATUS R/P REPORT Date: 09/01/2012 - 08/01/2012

7:57 PM
 10/06/12
 PAGE: 12

		<u>Encumbered</u>		<u>2011-12</u>		<u>2011-12</u>		<u>Unencumbered</u>			
		<u>Amount</u>		<u>FYTD Activity</u>		<u>Revised Budget</u>		<u>Balance</u>			
d	T	Fn	Obj	Sb	Cat	P	Pr	L	LI		
0 T 01 0410 00 702 0 90 0 DC (continued)											
Date	Inr	Sub	Batch	Vendor Name/Ref	Qty/Lined	Description	Inv#/Cust#	Inv Date	Chk#/Efect	Check Date	Amount
						Conference ESBA on April					
						21-23, 2013 in Boston, MA					
05/28/12	AP		jac3	PAUL C MARTINEZ	0	Open Hotel Registration to					
						attend the "2nd Annual					
						Conference ESBA on April					
						21-23, 2013 in Boston, MA					
							April21-23,2012M	04/18/12	11978	04/18/12	1,500.00

Interview Summary

The investigation team interviewed 19 individuals, including citizens, parents, campus-level staff, and central office and maintenance.

The interviewees validated the climate of intimidation, favoritism, and controlling factions of the community and the district operations. Interviewees described how certain school administrators and board members used their position to direct staff and resources improperly.

Interviews described widespread lack of regard for following requirements in multiple areas of the district's operations, but primarily in the handling of federal and state funds. The interviews revealed that practices have allowed serious lapse in the management of records and

implementation of accurate policies and procedures, internal controls, and an ethical and transparent governance structure.

As a result of the multiple investigations and recent indictment, the Board of Trustees, Superintendent and his executive staff, are not functioning as an effective leadership team and have lost the confidence of the school's community.

Section B APPLICABLE REGULATIONS

Investigation Authorities and General Procedures

Pursuant to Section 39.057(a)(4) of the TEC, this investigation was authorized and conducted in response to established compliance reviews of the district's financial accounting practices and state and federal program requirements. Additionally, the Commissioner of Education directed the agency to conduct on-site investigation of Progreso ISD to answer any questions concerning a program, including special education, required by federal law or for which the district receives federal funds as authorized under TEC Section 39.056.

Pursuant to Section 7.021(b)(1) of the TEC, in conjunction with Sections 7.028(a)(1) and 7.028(a)(2), the TEA is authorized to monitor compliance with requirements applicable to a process or program and the use of funds to ensure compliance with federal law and regulations and financial accountability, including compliance with grant requirements.

Office of Management and Budget (OMB) Circular A-133, Subpart D, Sec.____, 400(d)(3) and Section 74.51(a) of Title 34 of the Code of Federal Regulations (CFR) require that the TEA monitors the activities of sub-recipient to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved. Similarly, pursuant to 34 CFR 76.770, the TEA is required to perform administrative responsibilities to ensure compliance with applicable statutes and regulations.

This investigation was conducted in accordance with established industry standards. The investigation interviewed the complainants, provided the district and pertinent individuals, including parents and citizens to provide relevant information to the TEA investigators. Investigation activities were performed onsite as well as through desk reviews at TEA headquarters. For example, some of the activities included a review of the following:

- financial and grant information
- policies and procedures
- interviews, signed affidavits, and information were gathered from parents, campus and district administrators and staff, and select board members (the information was obtained in such a manner to prevent screening by school administration)
- observations of accounting systems

Records Retention
13 TAC §7.125(a)(6)

Financial Records

- a. Under Section 44.003 of the TEC (Records and Reports), the superintendent is required to ensure that records are kept and that copies of all budgets, all forms, and all other reports are filed on behalf of the school district at the proper times and in the proper offices as required by TEC.
- b. Further, Section 202.002 of the Local Government Code forbids the destruction of a local government record at the expiration of its retention period if the subject matter of the record is known by the custodian to be in litigation or if the record is subject to a pending request for disclosure under the Texas Public Information Act.
- c. In addition, a record of a school district may also not be destroyed, although its retention period has expired, if it is subject to a pending audit by a federal or state grantor or sub-grantor agency or if questions remain unresolved from a conducted audit until audit finds are resolved.
- d. Under this provision, a local government record whose retention period has expired may not be destroyed if any litigation, claim, negotiation, audit, public information request, administrative review, or other action involving the record is initiated; its destruction shall not occur until the completion of the action and the resolution of all issues that arise from it.
- e. Under 34 CFR 80.42, the requirements for retaining grant records and providing access to them. Federal law requires that except as otherwise provided, records must be retained for three years after last (final) expenditure report is submitted (34 CFR 80.42(b)). The TEA specifies otherwise and requires the retention of records for five years.

Title 19, Part 7 of the Texas Administrative Code
Chapter 247

The State Board for Educator Certification (SBEC) rules in 19 TAC Chapter 247 establish the educators' code of ethics that sets specific ethical standards for educators. The educators' code of ethics provides that Texas educators shall comply with standard practices and ethical conduct toward students, professional colleagues, school officials, parents, and members of the community and shall safeguard academic freedom. Those standards may be enforced by the SBEC in educator certification disciplinary proceedings under 19 TAC Chapter 249, Disciplinary Proceedings, Sanctions, and Contested Cases.

§247.2. Code of Ethics and Standard Practices for Texas Educators

(a) Statement of Purpose

The Texas educator shall comply with standard practices and ethical conduct toward students, professional colleagues, school officials, parents, and members of the community and shall safeguard academic freedom. The Texas educator, in maintaining the dignity of the profession, shall respect and obey the law, demonstrate personal integrity, and exemplify honesty. The Texas educator, in exemplifying ethical relations with colleagues, shall extend just and equitable treatment to all members of the profession. The Texas educator, in accepting a position of public trust, shall measure success by the progress of each student toward realization of his or her potential as an effective citizen. The Texas educator, in fulfilling responsibilities in the community, shall cooperate with parents and others to improve the public schools of the community.

Enforceable Standards - Professional Ethical Conduct, Practices and Performance

- a. Standard 1.1. The educator shall not knowingly engage in deceptive practices regarding official policies of the school district or educational institution.
- b. Standard 1.6. The educator shall not falsify records, or direct or coerce others to do so.
- c. Standard 1.7. The educator shall comply with state regulations, written local school board policies, and other applicable state and federal laws.

<p>Federal Enforcement Action 34 CFR 80.43</p>
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This section details the steps the TEA may take if a grantee demonstrates material noncompliance with the terms of a grant, as stated—in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere (34 CFR 80.43(a):

- a. Temporarily withhold cash payments pending correction of the deficiency by the grantee or sub-grantee or more severe enforcement action by the awarding agency
- b. Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance
- c. Wholly or partly suspend or terminate the current award for the grantee's or sub-grantee's program
- d. Withhold further awards for the program
- e. Take other remedies that may be legally available
- f. The opportunity TEA shall offer for appeal of a planned enforcement action

**Common Law Doctrine of Incompatibility and Nepotism
Texas Government Code Chapter 573
Attorney General Opinion DM-55 (1991)**

A school district's employment of a member of its governing board violates the common law doctrine of incompatibility because it is "self-employment." A trustee of an independent school district may not accept employment with that school district until the first anniversary of the date the trustee's membership on the board ends. Texas Education Code 11.063

**Use of District Resources Prohibited for Certain Purposes
TEC § 11.168**

The board of trustees of a school district may not enter into an agreement authorizing the use of school district employees, property, or resources for the provision of materials or labor for the design, construction, or renovation of improvements to real property not owned or leased by the district.

Added by Acts 2005, 79th Leg., ch. 979, § 1, eff. June 18, 2005.

**Board Member Training Requirements
TEC § 11.159 and TAC § 61.1**

Annually, at the last regular meeting of the board of trustees held during a calendar year, the current Board President shall announce the name of each board member who has completed the required continuing education, who has exceeded the required hours of continuing education, and who is deficient in the required continuing education as of the date of the meeting. The president shall cause the minutes of the local board to reflect the information and shall make this information available to the local media.

A sitting board member shall receive a basic orientation to the TEC and relevant legal obligations. The orientation shall have special but not exclusive emphasis on statutory provisions related to governing Texas school districts. The orientation shall be delivered by regional education service centers (ESCs) and shall be three hours in length. Topics shall include, but not be limited to, the TEC, Chapter 26 (Parental Rights and Responsibilities), and the TEC, §28.004 (Local School Health Advisory Council and Health Education Instruction).

Annually, the entire board shall participate with their superintendent in a team-building session facilitated by the ESC or any registered provider. The team-building session shall be of a length deemed appropriate by the board, but generally at least three hours. The purpose of the team-building session is to enhance the effectiveness of the board-superintendent team and to assess the continuing education needs of the board-superintendent team. The assessment of needs shall be based on the framework for governance leadership and shall be used to plan continuing education activities for the year for the governance leadership team.

Annually each board member shall receive additional continuing education on an annual basis in fulfillment of assessed needs and based on the framework for governance leadership. The continuing education sessions may be provided by ESCs or other registered providers.

After the first year of service, the board member shall receive at least five hours of continuing education annually in fulfillment of assessed needs

After each Texas Legislature session, each school board member shall receive an update from an ESC or any registered provider to the basic orientation to the TEC.



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Via Certified Mail,
E-Mail, and Fax

January 16, 2014

108-910
2013-2014

Members of the Board of Trustees
Fernando Castillo, Ed.D., Superintendent
Progreso Independent School District
Post Office Box 610
Progreso, Texas 78579-0610

Progreso ISD Board of Trustees and Dr. Castillo:

The Special Accreditation Investigation (SAI) final report, dated November 4, 2013, found that the Board of Trustees and the executive leadership of Progreso Independent School District (ISD) failed to perform their duty to govern, administer, and oversee the management of the district's funds. In addition, the Board of Trustees and the district's executive leadership and administration knowingly allowed serious and pervasive violations of federal, state, and local requirements pertaining to financial management, including contract and purchasing laws, and failed to implement and follow policies and procedures to ensure the proper use, accounting and control of public funds and resources. The actions of certain board members and district administrators have negatively impacted the education programs and services of Progreso ISD students.

Management Team Appointment

Because the findings of the Report reflect a critical breakdown in the administration of the school district, I am appointing a management team (two conservators) to direct the Board of Trustees in its oversight and governance of the district.

The management team will consist of Mr. Richard Clifford and Ms. Hermelinda Romeros. Both conservators assigned to the school district will work together to direct full compliance by the administration and the Board of Trustees. Both conservators have all of the powers and duties set forth in TEC §39.111 with respect to the school district.

Exhibit B

The scope of the management team's work will include, but is not limited to, the following:

- Developing a plan of improvement within the first 90 days that is reasonably calculated to address each identified causal factor or barrier. The improvement plan will include directives for specific, measurable actions the district must take, including specific, measurable targets for improvement as well as timelines for completion for each recommendation;
- Reviewing current board policies and practices related to governance, financial management, business operations and administration and directing changes to policy and practice to address identified concerns;
- Reviewing the district's compliance with fingerprinting and criminal history record review requirements and reporting any noncompliance to the fingerprinting division of the Texas Education Agency (TEA);
- Directing the district to procure professional services of an education service center (ESC) to provide financial oversight in the areas of contracts and purchasing procedures, asset inventory control, bookkeeping, payroll, bank reconciliations, audit preparation, as well as to help the district develop policies and procedures to establish internal controls for financial and asset accounting systems and financial accountability;
- Directing the district to procure external professional services to assist the district in its federal grant management functions and to provide oversight in connection with Individuals with Disability Education Act (IDEA) – Part B and Title I-Part A grants, including proper expenditures allowable under grants;
- Reviewing and assessing the need for training for school administration related to the identified areas of concern and developing a required training schedule;
- Attending board meetings, including executive sessions; and
- Recommending any additional actions the TEA may need to take.

In accordance with TEC §39.111, the conservators may direct an action to be taken by or approve or disapprove any action of a principal of a campus, the superintendent of the school district, or the Board of Trustees as necessary to achieve their charges.

The cost of each of the conservator's services will be paid by the school district in accordance with TEC §39.110. Each conservator's fee shall be \$85 per hour plus necessary travel expenses not to exceed the state per diem rate. Failure to make timely payments to the conservators may result in appropriate amounts being deducted from the school district's Foundation School Program (FSP) funds.

Please note that the appointment of the management team does not relieve Progreso ISD and its Board of Trustees of the responsibility to, at all times, operate the school district in compliance with all applicable statutes and rules. The agency will carefully observe the school's progress and reserves the right to implement all available interventions and sanctions under TEC, Chapter 39, and Title 19, TAC, Chapter 97, to address the current, or any future, deficiencies identified for the school district.

Opportunity for Informal Review

This is your notice of my intent, as Commissioner of Education, to appoint a management team to Progreso ISD. The district may request an informal review of my decision by submitting the request and any documentation the district would like the agency to consider

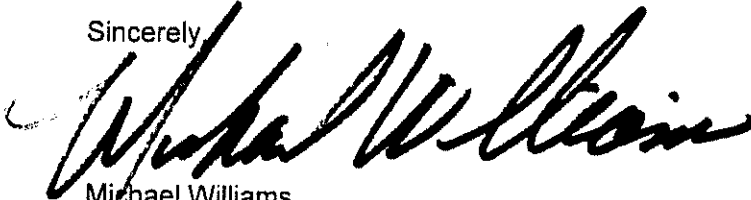
in its review of the management team assignment no later than January 31, 2014. Failure to submit the request for an informal review, and the written documentation to be considered in the informal review, by January 31, 2014, shall result in a waiver of any right to an informal review of the appointment of the management team.

Any written response or other correspondence pertaining to this Notice must be sent to:

Ronald Rowell, Director of Governance
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701-1494

If you have questions about the appointment of the management team, please contact Ron Rowell at (512) 463-9623 or via email at ronald.rowell@tea.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Williams", is written over a horizontal line.

Michael Williams
Commissioner of Education

Enclosure

MW/gr

cc: Dr. Cornelio Gonzalez, Executive Director, Region 1, Education Service Center
Lizzette Gonzalez Reynolds, Chief Deputy Commissioner, TEA
Michael Berry, Deputy Commissioner, Policy and Programs, TEA
Lisa Dawn-Fisher, Associate Commissioner, School Finance, TEA
Sally Partridge, Associate Commissioner, Accreditation and School Improvement, TEA
Nora Hancock, Associate Commissioner, Grants and Federal Fiscal Compliance, TEA
David Anderson, General Counsel, TEA
Alice McAfee, Director, Enforcement Coordination and Governance, TEA
Ron Rowell, Director, Governance, TEA
Richard Clifford, Conservator
Hermelinda Romeros, Conservator



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

August 24, 2015

Final Report

Mr. Martin Cuellar, Superintendent
Progreso Independent School District
PO Box 610
Progreso, TX 78579-0610

Juan J. Ramos, Jr., President
Progreso Independent School District
PO Box 610
Progreso, TX 78579-0610

Dear Mr. Cuellar and Mr. Ramos,

Re: TEA Special Accreditation Investigation, #2013-08-0131
Final Investigative Report

The Texas Education Agency (TEA) Division of Financial Compliance has concluded its special accreditation investigation (SAI) of Progreso Independent School District (PISD). This letter serves to notify PISD of the TEA's final investigative report. PISD management has not contested any of the preliminary report's findings. This report recommends that the Commissioner of Education lower the district's 2014-15 accreditation rating and appoint a Board of Managers because the nature of the violations uncovered indicate a widespread and systemic breakdown in the district's governance that has caused substantial harm to the public interest. The widespread and systemic breakdown in the governance of this district is documented in this report.

The report also includes a list of required corrective actions that the TEA expects the district to immediately act upon. The TEA also expects PISD district management to send to this office a bi-weekly report on progress made towards accomplishing each of the 13 required corrective actions beginning 10 days after the date of this letter and continuing until each action has been completed. The TEA-appointed Board of Managers will be responsible for completing or making arrangement for the completion of these corrective actions.

The required corrective actions represent TEA's opinions and expectations for drastic improvement and change that the district must implement immediately in order to protect the public interest.

These findings do not address all of the concerns raised before, during, and after our investigation. Additional investigative work may be conducted to address additional concerns.

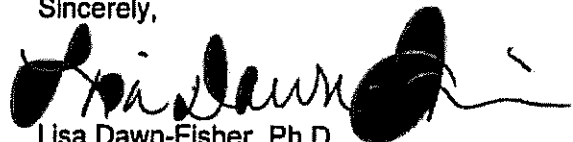
Exhibit C

Progreso Independent School District
August 24, 2015
RE: Special Accreditation Investigation

Furthermore, this report is not intended to address areas of concern that other divisions of the TEA are investigating. This report covers only those concerns investigated by the Division of Financial Compliance to date.

If you have any questions concerning this report, please contact Mr. Michael Richmond at (512) 475-3403.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Dawn-Fisher", with a large, dark, circular stamp or mark over the right side of the signature.

Lisa Dawn-Fisher, Ph.D.
Associate Commissioner
School Finance/Chief School Finance Officer

Enclosures

TEA Special Accreditation Investigation Final Investigative Report

**Progreso Independent School District
August 24, 2015**

Executive Summary

The Progreso Independent School District has suffered a severe loss of credibility due to multiple incidents of fraud in the transaction of the district's financial business. The district has witnessed multiple instances of key district administrators and board members pleading guilty to defrauding the district.

On April 8, 2014, Michael R. Vela, former PISD board president, and Jose Guadalupe Vela Jr. former PISD transportation and maintenance director, pled guilty in federal court to conspiracy and bribery charges regarding a "pay to play" scheme involving PISD construction expenditures over the past several years. On that same day, Orlando Vela, former PISD property and risk manager, also pled guilty in federal court to theft from the district. On April 23, 2014, Jesus Bustos, architect for the district, pled guilty to conspiracy regarding his participation in a bribe-paying scheme 2004 through 2013. On August 11, 2014, these pleas resulted in sentences to a federal penitentiary of 6 years for Michael Vela, 10 years for Omar Vela, 12 years for Jose Guadalupe Vela Jr. and 10 months for Orlando Vela.

Against this background, this report finalizes the results of a special accreditation investigation (SAI) begun December 9, 2013 under the authority granted by the Texas Education Code (TEC), §39.057, to follow up on a prior SAI report dated November 5, 2013 that noted several instances of noncompliance with statutes and regulations regarding financial and internal control procedures.

During this investigation, TEA investigators interviewed district personnel and reviewed available documentation. In these interviews, investigators often received conflicting reports from district employees and board members of impropriety in the conduct of the district's business.

District management reviewed the preliminary report and has written their agreement to the findings in it. Following this final report is a list of required corrective actions the district must implement to remediate the risks and damages addressed by the findings. If the Commissioner appoints a Board of Managers, that Board of Managers will be responsible for completing the corrective actions.

This report addresses instances of misconduct and malfeasance by both the PISD's board of trustees and the former superintendent related to the following deficient conditions:

- the sale of the former superintendent's vehicle to the district
- multiple instances of related-party transactions
- misuse of the district's credit card by the former superintendent
- lax efforts in the safeguarding of district assets
- weak internal controls that allowed district personnel to approve financial transactions benefitting their own family members.
- failure to monitor the day-to-day operations of the district by the former superintendent
- deficiencies in documentation of board member travel expenditures
- noncompliance with construction procurement statutes and a lack of documentation regarding the selection of an architect, a construction manager agent, and the prime contractors
- noncompliance with conflicts-of-interest disclosure requirements
- failure to secure district documents and records
- noncompliance with record-retention statutes

Following the report is a list of required corrective actions TEA expects to be implemented to remediate these deficient conditions. These corrective actions must be implemented immediately, and are the continuing responsibility of any successors to the district, until all corrective actions have been completed.

The board must establish policies to:

- restrict district financial transactions with employees, board members, and their families;
- require board approval of travel reimbursements to the superintendent;
- mandate an inventory management system;
- require submission of travel vouchers by board members and employees;
- require board members to obtain training in fiduciary responsibilities and purchasing requirements;
- require board members, district employees, and vendors to file conflict of interest affidavits and to extend the filing requirement to any employee who has the authority to approve contracts on behalf of the district when the statute is applicable.

Additionally the board must initiate action to recover \$6,500 paid to the former superintendent's daughter-in-law and to engage an independent auditor to determine unsupported payments to Borderline Office Supplies, the Boardroom Bar and Grill, board members, and district employees and to seek restitution where necessary.

The corrective actions also require district management to immediately adopt rules and procedures regarding:

- procurement of construction professionals and construction services;
- related party transactions, travel documentation, general purchasing procedures, approval of vendors, credit card purchases, facility security, and accounting for significant consumable items, controllable assets, and capital assets;
- submission of conflict of interest affidavits by employees and vendors; and
- implementation of a records retention program.

Progreso Independent School District
August 21, 2015
RE: Special Accreditation Investigation

TEA also expects from PISD district management a bi-weekly report of progress made in the accomplishment of each of the thirteen required corrective actions until each action has been completed.

Finally, the seriousness of the findings from this investigation warrant additional interventions. Therefore, the Financial Compliance division will forward to the Commissioner of Education a recommendation that the 2014-15 accreditation of PISD be lowered and that a board of managers be appointed.

Legal Summary

Pursuant to TEC, §11.1511(b)(9), the board of trustees has a duty to monitor the district's finances to ensure that the district's superintendent properly maintained the district's financial procedures and records. In addition, pursuant to TEC, §11.1511(b)(15), the board of trustees must carry out other powers and duties as provided by the Texas Education Code or other law. The findings set out below demonstrate that the board of trustees violated TEC, §11.1511(b)(9) by failing to ensure that the district's superintendent followed the provisions of TEC, §11.201(d)(5), which require that the superintendent manage the day-to-day operations of the district as its administrative manager, including implementing and monitoring plans, procedures, programs, and systems to achieve clearly defined and desired results in major areas of district operations. In addition, the findings below demonstrate that the board of trustees violated TEC, §11.1511(b)(9) and TEC, §11.1511(b)(15) by failing to comply with and allowing the former superintendent to fail to comply with applicable provisions of the Texas Government Code and the Texas Local Government Code.

Findings

Financial Control and Oversight

Finding 1: The board of trustees failed to monitor the district's finances by failing to ensure that the former superintendent, or his designee, implemented internal controls and procedures to protect the district's resources from fraud, waste, and abuse, in violation of Texas Education Code (TEC), §11.1511(b)(9).

The board failed to implement policies and procedures and failed to establish a sufficient system of internal controls to protect the district's funds and assets from fraud, waste, and abuse as exemplified by the following observations:

A. Questionable Purchases of Goods and Services

1) Sale of the Former superintendent's Vehicle to the District

The board allowed the former superintendent to abuse his position as the district's chief executive when the former superintendent inappropriately directed the district's senior accountant to claim ownership of the former superintendent's vehicle in order to facilitate the sale of the vehicle to the district.

During its December 3, 2012, meeting, the board approved the \$21,000 purchase of a 2011 Chevrolet Silverado truck from the district's senior accountant, Juan Hernandez, for which a check had been previously issued on November 15, 2012. During the course of our investigation, we determined that the vehicle actually belonged to the former superintendent, Fernando Castillo. Mr. Hernandez told investigators that he cashed the check and promptly gave the cash to Former superintendent Castillo. In response, Former superintendent Castillo submitted a statement asserting that he did not want to sell his truck, but he did admit to receiving the cash. According to Mr. Hernandez, neither the title nor the vehicle was ever delivered to the district. In May 2013, the former superintendent returned the \$21,000 cash to Mr. Hernandez, and, on July 31, 2013, the district deposited \$21,000 in its depository account.

2) Related Party Transaction—Former superintendent's Daughter-in-Law

The board allowed the former superintendent to facilitate a \$6,500 payment to his daughter-in-law on July 5, 2013. Despite repeated requests by the auditors, neither the former superintendent nor district personnel could provide any supporting documentation, such as a purchase order or a consultant contract authorizing a service, to justify the payment. Nor could they produce class rosters, class schedules, or any other evidence that goods or services were provided to the district by the individual who received the payment.

3) Related Party Transaction—Business Manager and Property and Risk Manager

The district provided four invoices from Borderline Office Supplies totaling \$10,260 for fiscal years 2012 and 2013 (Exhibit A). Borderline Office Supplies is owned by Orlando Vela—former PISD property and risk manager; brother to the former board president; nephew to a current board member; and husband to former business manager, Ana Vela. Purchase requisitions signed by Orlando Vela's wife, Ana Vela, accompanied the invoices. The district did not provide any reports or other evidence indicating that it had received any merchandise. In the final step of the payment process, the remittance was not reviewed by the former superintendent but was approved for payment by Mrs. Vela.

4) Related Party Transaction—Transportation and Maintenance Director and Board Room Bar and Grill

For the 2011, 2012, and 2013 fiscal years, the district issued 142 payments amounting to \$229,260 (Exhibit B) to the Board Room Bar and Grill. During this time, Jose Guadalupe Vela Jr.—former transportation and maintenance director, father of former board president Michael Vela, and brother of trustee Juan T. Vela—owned the Board Room Bar and Grill. During our investigation, the district was unable to produce purchase orders, invoices, or other documents to support these expenditures.

5) Credit Card Transactions

Investigators noted that between January 2013 and May 2013 the former superintendent incurred 37 separate charges at local area restaurants totaling \$3,631 (Exhibit C) on his district-issued credit card. The former superintendent asserted that these charges were food expenses incurred for meetings requested by other district and board personnel. The district did not provide any documentation that substantiated that these 37 instances were for business-related activities. Upon further review of the credit card statements, investigators found that numerous other charges to the former superintendent's credit card lacked supporting documentation.

Additionally, the November 5, 2013, SAI report noted five restaurant charges to the district's credit card controlled by Former superintendent Castillo that, based upon written statements obtained from nondistrict personnel, were for nondistrict purposes and were completely personal in nature.

B. Weak Internal Control—Related Parties

For the 2011, 2012, and 2013 fiscal years, the district provided a chart (Exhibit D) indicating that at least 32 district employees had a family relationship to a board member. Many of these close relatives were in key management, supervisory, or financial positions. The Board failed to design appropriate internal controls to prevent these individuals from exploiting their family relationships when doing business with the district.

Of the seven-member board, five of the trustees (Juan Ramos, Raul Martinez Sr., Raul Martinez Jr., Rolando Perez, and Felix Hernandez) had eleven relatives in substitute teacher, security, and classroom aide positions. Additionally, the following list from Exhibit D indicates that two board members, former board president Michael R. Vela and trustee Juan T. Vela, had 21 relatives employed by the district, many of whom were in key management and decision-making roles.

Key Employees:

Jose Guadalupe Vela III, Assistant Superintendent:
(brother of the board president, nephew of a board trustee)
Jose Guadalupe Vela Jr., Transportation and Maintenance Director:
(father of the board president, brother of a board trustee)
Maria Z. Rocha, North Elementary Principal
(sister of the board president)
Edith Zuniga, West Elementary Principal
(wife of the assistant superintendent)
Juvencio Rocha, Technology Director
(husband of the North Elementary principal)
Orlando Vela, Property and Risk Manager
(brother of the board president)
Omar L. Vela, Security and Truancy Coordinator
(brother of the board president)
Audrey Rocha, Food Service Manager
(daughter of the North Elementary principal and niece of the board president)
Ana Vela, Business Manager
(wife of the board president's brother, who was also the district's property and risk manager)

Other Vela Board Member Relatives employed by the district:

Cindy Garces, Security Guard
Simon Munoz, Maintenance Worker

Juana Munoz, Maintenance Worker
Guadalupe Guajardo, Cafeteria Worker
Aracely Esquivel, Substitute Teacher
Brittney Trujillo, Substitute Teacher
Angel Trujillo, Technology Technician
Maria G. Zuniga, Cafeteria Worker
Juan A. Zuniga, Accounts Payable Clerk
Guillermina Villareal, Maintenance Worker
Petra Perales, Maintenance Worker
Maria I. Vela, Education Consultant

The district has failed to implement an effective system of internal financial controls by allowing closely related persons in key positions of authority to approve transactions initiated by employees with whom they have a familial relationship.

C. Failure to Safeguard the District's Assets

The board failed to react to repeated thefts of electronic equipment from the district. The superintendent stated that unauthorized individuals would enter school buildings and school property and that the district's security personnel would "disappear" before the thefts. Interviews with other district personnel indicated that building security appeared inadequate and that laptop computers and tablet computers (iPads) would disappear overnight without the appearance of a break-in. In August 2013, the district reported to local police that 40 iPads were missing. When questioned about another batch of 100 iPads, the superintendent was unsure as to their whereabouts. Although some of these 100 iPads were subsequently located, many remained missing. Despite these losses, the board has not required any additional security procedures to safeguard the district's assets. In addition, the district does not have an adequate controlled asset inventory system. As a result, there is no efficient way to determine how many assets have been lost because of theft or damage. The value of each 40 pack of missing iPads is approximately \$20,000.

D. Failure to Monitor the Former Superintendent

The board failed to adequately supervise the former superintendent to ensure that he fulfilled the following day-to-day operational duties:

- review and approve vendor payments before their remittance
- maintain control of his signature stamp
- ensure that bank accounts were reconciled regularly

The Board's failure to monitor the former superintendent to ensure that he fulfilled his day-to-day operational duties contributed to the district's weak system of internal controls.

E. Questionable Board Member Travel Expenditures

PISD board members failed to:

- submit statements attesting to the business purpose of their travel and documentation supporting the expenses they may have incurred, and
- reconcile any expenses incurred to travel advances they may have received.

Customarily, board members would receive a travel advance based upon projected mileage, projected lodging expenses, and a projected daily amount for meals. The district could not provide any instance of a board member submitting a travel statement reconciling the advance received to actual expenditures.

Board members received advances in fiscal years 2011, 2012, and 2013 for trips to Washington, D.C., San Francisco, San Diego, Chicago, Las Vegas, Orlando, and Boston. Board members, when interviewed, were often vague as to whether they flew or drove to their destination. Some could not remember attending out-of-state conventions for which they received a travel advance. Board travel expenditures amounted to \$57,826.53 in fiscal year 2011 and \$89,639.18 in 2012. Failure to have sufficient documentation continued into the fiscal year 2013.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Finding 2: The board of trustees failed to comply with statutory requirements governing the competitive procurement of construction services and the selection of both the architect and the construction manager in violation of the Texas Government Code (TGC), Chapter 2254 and Chapter 2269; and the TEC, §44.031(b)(5), which in turn constituted violations of the TEC, §11.1511(b)(9) and §11.1511(b)(15).

The board's failure to monitor and enforce the district's compliance with the purchasing requirements in the TEC and the TGC allowed certain board members and certain district employees to contract with individuals who facilitated a kickback scheme involving district construction projects. The district was unable to produce documentation supporting the board's selection of architectural services, the selection of a construction manager agent, or the competitive procurement of construction services for any construction or facility improvement project since 2004. Since that time, the district has completed several projects including the North Elementary School, the West Elementary School, a technology building, a library, a fine arts building, a middle school classroom, a gymnasium, a football stadium, and a science laboratory.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Finding 3: The former superintendent failed to manage the day-to-day operations of the district by failing to implement internal controls and procedures to protect the district's resources from fraud, waste, and abuse, in violation of TEC, §11.201(d)(5).

The former superintendent failed to manage the day-to-day operations of the district and failed to establish a sufficient system of internal controls to protect the district's funds and assets from fraud, waste, and abuse as exemplified by the following observations:

A. Questionable Purchases of Goods and Services

1) Sale of the Former superintendent's Vehicle to the District

The former superintendent abused his position as the district's chief executive by directing the district's chief accountant to claim ownership of the former superintendent's vehicle in order to facilitate the sale of the vehicle to the district.

During its December 3, 2012, meeting, the board approved the \$21,000 purchase of a 2011 Chevrolet Silverado truck from the district's senior accountant, Juan Hernandez, for which a check had been previously issued on November 15, 2014. During the course of our investigation, we determined that the vehicle actually belonged to the former superintendent, Fernando Castillo. Mr. Hernandez told investigators that he cashed the check and promptly gave the cash to Former superintendent Castillo. In response, Former superintendent Castillo submitted a statement asserting he did not want to sell his truck, but he did admit to receiving the cash. According to Mr. Hernandez, neither the title nor the vehicle was ever delivered to the district. In May 2013, the former superintendent returned the \$21,000 cash to Mr. Hernandez, and, on July 31, 2013, the district deposited \$21,000 in its depository account.

2) Related Party Transaction—Former superintendent's Daughter-in-Law

The former superintendent facilitated a highly questionable \$6,500 payment to his daughter-in-law on July 5, 2013. Despite repeated requests by the auditors, neither the former superintendent nor district personnel could provide any supporting documentation, such as a purchase order or a consultant contract authorizing a service, to justify the payment. Nor could they produce class rosters, class schedules, or any other evidence that goods or services were provided to the district by the person who received the payment.

3) Related Party Transaction—Business Manager and Property and Risk Manager

The district provided four invoices from Borderline Office Supplies totaling \$10,260 for fiscal years 2012 and 2013 (Exhibit A). Borderline Office Supplies is owned by Orlando Vela, former PISD property and risk manager; brother to the former board president; nephew to a current board member; and husband to former business manager, Ana Vela. Purchase requisitions signed by his wife, Ana Vela, accompanied the invoices. The district did not provide any reports or other evidence indicating that it had received any merchandise. In the final step of the payment process, the remittance was not reviewed by the former superintendent but was approved for payment by Mrs. Vela. In April 2014, Orlando Vela pleaded guilty to defrauding the district through this company. On August 11, 2014, Orlando Vela was convicted of public corruption and sentenced to 10 months in federal prison.

4) Related Party Transaction—Transportation and Maintenance Director and Board Room Bar and Grill

During fiscal years 2011, 2012, and 2013, the district issued 142 payments amounting to \$229,260 (Exhibit B) to the Board Room Bar and Grill. During this time, Jose Guadalupe Vela Jr.—former transportation and maintenance director, father of former board president Michael Vela, and brother of trustee Juan T. Vela—owned the Board Room Bar and Grill. During our investigation, the district was unable to produce purchase orders, invoices, or other documents to support these expenditures.

5) Credit Card Transactions

The November 5, 2013, SAI report noted five restaurant charges to the district's credit card controlled by former superintendent Castillo that, based upon written statements obtained from nondistrict personnel, were for nondistrict purposes and were completely personal in nature.

Additionally, between January 2013 and May 2013, investigators noted that the former superintendent incurred 37 separate charges at local area restaurants totaling \$3,631 (Exhibit C) on his district-issued credit card. The former superintendent asserted that these charges were food expenses incurred for meetings requested by other district and board personnel. The district did not provide any documentation that substantiated that these 37 instances were for business-related activities. Upon further review of the credit card statements, investigators found that numerous other charges to the former superintendent's credit card lacked supporting documentation.

B. Chronic Lapses in Internal Controls

- 1) As the district's administrative manager, the former superintendent was responsible for monitoring the day-to-day operations of the district. He failed to execute this responsibility by failing to require the former business manager to provide purchase orders to him for approval and by failing to review expenditures before their payment. According to the former superintendent, the former business manager refused to cooperate with him. The former superintendent failed to exercise his authority by not taking appropriate administrative action to ensure that his instructions were carried out.
- 2) The former superintendent's failure to protect the district's resources from fraud, waste, and abuse is additionally evidenced by his not requiring board members to file signed travel vouchers attesting to the business purpose of their travel and by not requiring board members to reconcile their travel advances to their travel expenses for fiscal years 2011, 2012, and 2013.

The district made travel advances to board members based upon projected mileage and based upon a daily per diem amount for trips to Washington, D.C., San Francisco, San Diego, Chicago, Las Vegas, Orlando, and Boston. There were no signed travel vouchers from board members reconciling the travel advances to the actual expenses incurred. Nor was there any supporting receipt documentation to justify the expenditures.

C. Failure to Safeguard District's Assets

The former superintendent failed to safeguard the district's assets after repeated thefts of electronic equipment from the district. The former superintendent stated that he was aware that unauthorized individuals would enter school buildings and property and that the district's security personnel would "disappear" before the thefts. Local police were informed of only 40 tablet computers (iPads) discovered to be missing in August, 2013. When questioned about another batch of 100 iPads, the former superintendent was unsure as to their whereabouts. Although, some of these 100 iPads were later located, many remained missing. Despite these losses, the former superintendent did not take effective action to safeguard the district's assets. In addition, the district does not have an adequate controlled asset inventory system. As a result, there is no efficient way to determine how many assets have been lost because of theft or damage. The value of each 40-pack of iPads is approximately \$20,000.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Finding 4: The former superintendent failed to comply with requirements governing the selection of an architect and construction manager and the procurement of construction services, in violation of the TGC, Chapter 2254 and Chapter 2269, and the TEC, §§44.031(a)(5) and (f), which in turn constitutes violations of the TEC, §11.201(d)(5).

The former superintendent failed to monitor and enforce the district's compliance with the purchasing requirements in the TEC and the TGC. This failure allowed certain board members and certain district employees to contract with individuals who facilitated a kickback scheme involving district construction projects. The district was unable to produce documentation supporting the board's selection of architectural services, the selection of a construction manager agent, or the competitive procurement of construction services for any construction or facility improvement project since 2004. From 2004 through 2013, the district has completed several projects including the North Elementary School, the West Elementary School, a technology building, a library, a fine arts building, a middle school classroom, a gymnasium, a football stadium, and a science laboratory.

On April 8, 2014, Michael R. Vela, former PISD board president, and Jose Guadalupe Vela Jr., former PISD transportation and maintenance director, pleaded guilty in federal court to conspiracy and bribery charges regarding a "pay to play" scheme involving PISD construction expenditures over the past several years.

On August 11, 2014, Omar Vela and Michael Vela were convicted and sentenced to federal prison for public corruption. Omar Vela received a sentence of 10 years, and Michael Vela received a sentence of 6 years.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Finding 5: The PISD board members and the former superintendent failed to file conflict-of-interest affidavits that disclosed the nature and extent of their substantial interest in businesses or property in which they knowingly had a conflict of interest before voting or deciding on matters involving those businesses or that property, in violation of the Texas Local Government Code (TLGC), §§171.001(1), 171.001(2), 171.002(a), and 171.004(a). The board members and the former superintendent also failed to file conflict-of-interest disclosure statements and disclosure questionnaires within seven business days of transacting business with the district when they or their family members owned and/or operated businesses that were also vendors of the district, in violation of TLGC, §§176.003(a)(2)(A)(ii), 176.003(b), 176.003(c), 176.004(1)(A), 176.005(c), and 176.006(f), which in turn constitutes violations of the TEC, §11.1511(b)(9) and §11.1511(b)(15) on the part of the board of trustees and TEC, §11.201(d)(5) on the part of the former superintendent.

The TLGC, Chapter 171, requires a board member or a superintendent who is acting as a local public official to file an affidavit disclosing the nature and extent of his or her interest in a business entity before voting or deciding on any matter that has a special economic effect on that business. The public official is then required to abstain from further participation in that matter.

The PISD board members' failure and the former superintendent's failure to do so is made evident individually and collectively by the following instances:

- A. The former PISD board president, Michael Vela, failed to file a conflict-of-interest affidavit and disclosure statement within seven days of transacting business with the district during his appointment to the PISD board of trustees as required by the TLGC, §171.004. He failed to disclose his father's substantial interest in the district's catering vendor, Board Room Bar and Grill, which his father—Jose Guadalupe Vela Jr., former PISD transportation and maintenance director—owns. He also failed to disclose his brother's—Orlando Vela, former PISD property and risk manager—substantial interest in the district's maintenance supply vendor, Borderline Supply Company.
- B. PISD board member Juan T. Vela, the uncle of former board president Michael Vela, failed to file a conflict-of-interest affidavit and disclosure statement within seven days of transacting business with the district during his appointment to the PISD board of trustees. He failed to disclose his brother's substantial interest in the district's catering vendor, Board Room Bar and Grill, which his brother—Jose Guadalupe Vela Jr., former PISD transportation and maintenance director—owns. Juan T. Vela also failed to disclose his nephew's substantial interest in the district's maintenance supply vendor, Borderline Supply Company, which his nephew—Orlando Vela, former PISD property and risk manager—owns.

- C. Raul Martinez Sr., PISD board member, failed to file a conflict-of-interest affidavit and disclosure statement within seven days of transacting business with the district during his appointment to the PISD board of trustees. He failed to disclose his substantial interest and joint ownership in the district's transportation maintenance vendor, R&M Mechanic.
- D. Raul Martinez Jr., PISD board member and son of board member Raul Martinez Sr., also failed to file a conflict-of-interest affidavit and disclosure statement within seven days of transacting business with the district during his appointment to the PISD board of trustees. He failed to disclose his substantial interest and joint ownership in the district's transportation maintenance vendor, R&M Mechanic.
- E. Fernando Castillo, former PISD superintendent, failed to file a conflict-of-interest affidavit with the district before contracting with consultant Ms. Stephanie Sullenger, his daughter-in-law, during his appointment as superintendent. He failed to disclose his familial relationship with Ms. Stephanie Sullenger, a former professional services consultant for the district.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Finding 6: The former superintendent failed to manage the day-to-day operations of the district, which included implementing district policies that enforce and comply with conflict-of-interest disclosure laws. The former superintendent failed to ensure that district employees filed conflict-of-interest disclosure statements with the district and failed to ensure that district vendors filed conflict-of-interest disclosure questionnaires with the district within seven business days of transacting business with the district, in violation of the TEC, §11.201(d)(5); and the TLGC, §171.003 and §176.005(c).

The TLGC, Chapter 176, requires local school administrators who are acting as local government officers to file a conflict-of-interest disclosure statement with the district if they or their family members own or operate a business that is a vendor with the district. The laws also require district vendors to file a conflict-of-interest questionnaire with the district if the vendor employees or the vendor employee family members have a business relationship with the school or its local officers.

The former superintendent's failure is made evident individually and collectively by the following instances:

- A. The former superintendent failed to file a conflict-of-interest disclosure statement with the district before the sale of his personal vehicle to the district through the district's senior accountant, Juan Hernandez.
- B. The former superintendent failed to establish and implement policies and procedures to ensure that conflict-of-interest and disclosure laws were enforced throughout multiple levels of PISD management as evidenced by the widespread lack of disclosure forms.
- C. The former PISD business manager, Ana Vela, and her husband and former PISD property and risk manager, Orlando Vela, both failed to file conflict-of-interest and disclosure statements with the district disclosing their ownership and substantial interest in the district's maintenance supply vendor, Borderline Supply Company.
- D. The former superintendent failed to ensure that all related-party vendors such as the Board Room Bar and Grill (owned by Jose Guadalupe Vela Jr.), the Borderline Supply Company (owned by Orlando Vela), and R&M Mechanic (owned by Raul Martinez Sr. and Raul Martinez Jr.) had conflict-of-interest questionnaires on file.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Finding 7: The former superintendent failed to manage the day-to-day operations of the district, which included ensuring that PISD's record retention policies, procedures, and schedules were in compliance with the Texas State Library and Archives Commission requirements, in violation of the TEC, §11.201(d)(5); and the TLGC, §203.041 and §203.025.

The former superintendent's failure is made evident individually and collectively by the following instances:

- A. The former superintendent failed to file certified copies of the district's board-approved record retention policies, procedures, and retention schedules with the Texas State Library and Archives Commission (TSLAC), the state agency that monitors compliance with state record management laws. This is a violation of the TLGC, §203.041.

- B. The former superintendent failed to file the name and office or position of the Record Retention Management Officer (RMO) with TSLAC in violation of the TLGC, §203.025. The RMO serves as the agent approved by the board and designated by the district to be responsible for ensuring that district documentation is maintained in the manner prescribed by law. Investigators confirmed with TSLAC that the district has not complied with state record retention laws since 1995.
- C. Investigators confirmed that the district is unable to adequately safeguard or maintain copies of financial records, contracts, or files to ensure oversight and control over its finances and operations as a result of nonexistent record retention schedules, policies, procedures, and a designated RMO district employee.

PISD Response:

PISD agreed with the finding.

TEA Analysis of PISD response:

Based upon PISD's response, the finding stands.

Required Corrective Actions

- 1. The PISD board of trustees and district administration must establish and implement a strong policy and procedures manual that incorporates internal controls and segregation of duties over all functions of the business office functions in order to safeguard the taxpayers' and students' assets.**
- 2. The PISD board of trustees should immediately establish a strong policy reflective of Local Government Code, §171 and §176, to include district employees in positions of authority and to require posting affidavits of business interest and disclosure statements of conflicts of interest on the district's website.**
- 3. The PISD board of trustees must immediately direct the superintendent and legal counsel to implement action to recover the \$6,500 paid to the former superintendent's daughter-in-law.**
- 4. The PISD board of trustees must immediately engage an independent auditor to review all payments to Borderline Office Supplies and the Boardroom Bar and Grill for fiscal years 2011, 2012, 2013, and 2014 and to proceed with legal action to recover any unsupported payments.**
- 5. The PISD board of trustees must immediately implement a policy that requires board approval of the superintendent's travel and miscellaneous expense reimbursements.**
- 6. The PISD board of trustees must immediately establish a policy mandating an inventory management system that includes a listing of significant consumable items, controlled assets, and capital assets and provides procedures for disposal of surplus property.**
- 7. The PISD board of trustees must immediately establish a policy that requires all board members and district employees to file reimbursement vouchers with appropriate supporting receipts for expenses incurred when travelling for district business. Additionally, for educational and conference events, board members and employees must submit evidence of attendance or of course completion with their reimbursement voucher.**
- 8. The PISD board of trustees must immediately engage an independent auditor to review all board member and district employee travel expense payments for fiscal years 2011, 2012, 2013, and 2014; and to implement action to either recover unsupported payments or to issue an IRS Form 1099 Miscellaneous Income to those individuals who have received unsupported payments from the district.**
- 9. The PISD board of trustees must immediately establish a policy requiring all board members to attend training regarding the fiduciary responsibilities of a trustee to the school district and statutory compliance with purchasing laws.**

10. The district must immediately adopt rules and procedures regarding related party transactions, travel documentation, general purchasing procedures, approval of vendors, credit card purchases, facility security, and accounting for significant consumable items, controllable assets, and capital assets.
11. The district must immediately adopt rules and procedures regarding the procurement of construction professionals and construction services in compliance with statutory requirements.
12. The district must immediately adopt rules and procedures regarding the implementation of a records retention program in compliance with statutory requirements.
13. District management must submit a bi-weekly report to the TEA detailing the progress made by the board and the administration in the implementing the above requirements beginning 10 days after receipt of this report.

TEA Actions

1. The Office of School Finance will recommend to the Commissioner of Education that the 2014-15 accreditation of PISD be lowered and that a board of managers be appointed. If a Board of Managers is appointed, the Board will be responsible for completing these corrective actions.

**Progreso Independent School District
Schedule of Expenditures to Borderline Office Supplies**

Requisition Date	Requisition No.	Requisition Approved?	Invoice Date	Invoice No.	Invoice Amount	Comment
no date	none	Yes	3/8/2013	20135	\$ 932.57	Approved by Ana Vela
no date	none	Yes	11/14/2012	19711	3,812.45	Approved by Ana Vela
no date	none	Yes	1/4/2013	20012	3,107.43	Approved by Ana Vela
no date	none	Yes	8/21/2012	2901	2,408.12	Approved by Ana Vela
Total Expenditures					\$ 10,260.57	

**Progreso Independent School District
Schedule of Board Room Bar and Grill Expenditures
Fiscal Years 2011, 2012 and 2013**

Sequence	Check Number	Check Date	Check Amount
1	23001	08/23/2013	\$ 978.95
2	22934	08/16/2013	492.28
3	22935	08/16/2013	3,224.00
4	22661	06/17/2013	1,585.75
5	22099	05/03/2013	1,043.80
6	21954	04/17/2013	1,938.00
7	21872	04/03/2013	2,628.55
8	21698	03/22/2013	3,206.25
9	21586	03/06/2013	1,995.11
10	21312	02/12/2013	2,362.50
11	21131	01/25/2013	1,518.75
12	21093	01/24/2013	1,703.15
13	20931	01/11/2013	2,428.25
14	20828	12/21/2012	556.64
15	20777	12/19/2012	1,620.00
16	20734	12/12/2012	2,160.03
17	20515	11/27/2012	1,413.00
18	20516	11/27/2012	1,450.55
19	20402	11/08/2012	2,298.10
20	20403	11/08/2012	1,058.50
21	20360	11/02/2012	1,940.25
22	20313	10/30/2012	912.50
23	20314	10/30/2012	2,388.55
24	20206	10/18/2012	2,380.80
25	20152	10/11/2012	405.00
26	20153	10/11/2012	3,250.35
27	20082	10/10/2012	876.00
28	20078	10/09/2012	3,435.45
29	20079	10/09/2012	233.80
30	20061	10/08/2012	2,840.45
31	19918	09/28/2012	768.50
32	19789	09/25/2012	371.25
33	19790	09/25/2012	2,709.05
34	19756	09/14/2012	371.25
35	19757	09/14/2012	3,110.45
36	19713	09/12/2012	2,266.85
37	19714	09/12/2012	797.50
38	19150	08/31/2012	(1,363.40)
39	19677	08/31/2012	1,097.00
40	19678	08/31/2012	675.92
41	19679	08/31/2012	2,304.15
42	19706	08/31/2012	1,363.40
43	19632	08/24/2012	2,845.15

**Progreso Independent School District
Schedule of Board Room Bar and Grill Expenditures
Fiscal Years 2011, 2012 and 2013**

Sequence	Check Number	Check Date	Check Amount
44	18663	08/22/2012	(2,845.15)
45	19554	08/14/2012	3,847.50
46	19555	08/14/2012	1,147.50
47	19150	06/07/2012	1,363.40
48	19005	05/25/2012	125.00
49	18947	05/22/2012	1,647.50
50	18715	05/04/2012	1,077.55
51	18663	04/25/2012	2,845.15
52	18467	04/05/2012	2,020.45
53	18378	03/30/2012	1,533.70
54	18275	03/21/2012	2,957.95
55	18276	03/21/2012	1,212.90
56	18122	03/05/2012	2,336.35
57	18061	02/29/2012	1,721.50
58	17919	02/22/2012	3,133.45
59	17803	02/03/2012	337.50
60	17804	02/03/2012	2,801.25
61	17671	01/20/2012	1,755.00
62	17672	01/20/2012	373.62
63	17578	01/13/2012	1,687.50
64	17515	01/06/2012	1,248.75
65	17436	12/16/2011	719.20
66	17284	12/13/2011	1,242.50
67	17285	12/13/2011	657.25
68	17192	12/02/2011	1,653.75
69	17111	11/29/2011	687.40
70	17112	11/29/2011	1,114.00
71	16964	11/07/2011	2,168.65
72	16926	11/02/2011	2,508.55
73	16918	11/01/2011	149.70
74	16814	10/24/2011	2,462.60
75	16815	10/24/2011	1,880.00
76	16746	10/14/2011	2,916.25
77	16664	10/07/2011	2,580.20
78	16583	10/04/2011	1,566.05
79	16496	09/23/2011	2,509.35
80	16455	09/16/2011	2,415.85
81	16410	09/12/2011	2,154.95
82	16394	09/09/2011	540.00
83	16360	09/05/2011	2,322.50
84	16328	08/29/2011	1,742.00
85	16294	08/26/2011	697.32
86	16259	08/22/2011	752.25

**Progreso Independent School District
Schedule of Board Room Bar and Grill Expenditures
Fiscal Years 2011, 2012 and 2013**

Sequence	Check Number	Check Date	Check Amount
87	16204	08/11/2011	2,254.00
88	16205	08/11/2011	560.50
89	15692	06/03/2011	500.00
90	15618	05/31/2011	9,087.15
91	15511	05/24/2011	280.00
92	15512	05/24/2011	180.00
93	15513	05/24/2011	911.40
94	15406	05/13/2011	552.00
95	15407	05/13/2011	450.00
96	15408	05/13/2011	650.00
97	15409	05/13/2011	550.00
98	15410	05/13/2011	967.75
99	15300	05/06/2011	592.50
100	15301	05/06/2011	732.50
101	15201	04/15/2011	1,252.50
102	15002	04/07/2011	1,762.50
103	14942	04/01/2011	2,251.25
104	14771	03/24/2011	455.00
105	14772	03/24/2011	2,582.50
106	14767	03/11/2011	3,801.25
107	14651	03/04/2011	2,104.00
108	14493	02/23/2011	2,988.75
109	14442	02/18/2011	2,985.00
110	14366	02/11/2011	1,997.50
111	14331	02/09/2011	2,132.50
112	14222	01/28/2011	3,073.75
113	14155	01/21/2011	1,992.25
114	14115	01/19/2011	1,774.25
115	14099	01/14/2011	1,375.00
116	14100	01/14/2011	236.25
117	14101	01/14/2011	405.00
118	13848	12/20/2010	1,269.00
119	13849	12/20/2010	1,011.20
120	13850	12/20/2010	1,685.75
121	13701	12/10/2010	2,417.25
122	13666	12/03/2010	1,419.00
123	13667	12/03/2010	1,874.50
124	13525	11/19/2010	3,006.50
125	13526	11/19/2010	668.96
126	13484	11/12/2010	2,163.75
127	13388	11/09/2010	2,693.75
128	13275	11/01/2010	2,298.25
129	13151	10/22/2010	2,378.75

**Progreso Independent School District
Schedule of Board Room Bar and Grill Expenditures
Fiscal Years 2011, 2012 and 2013**

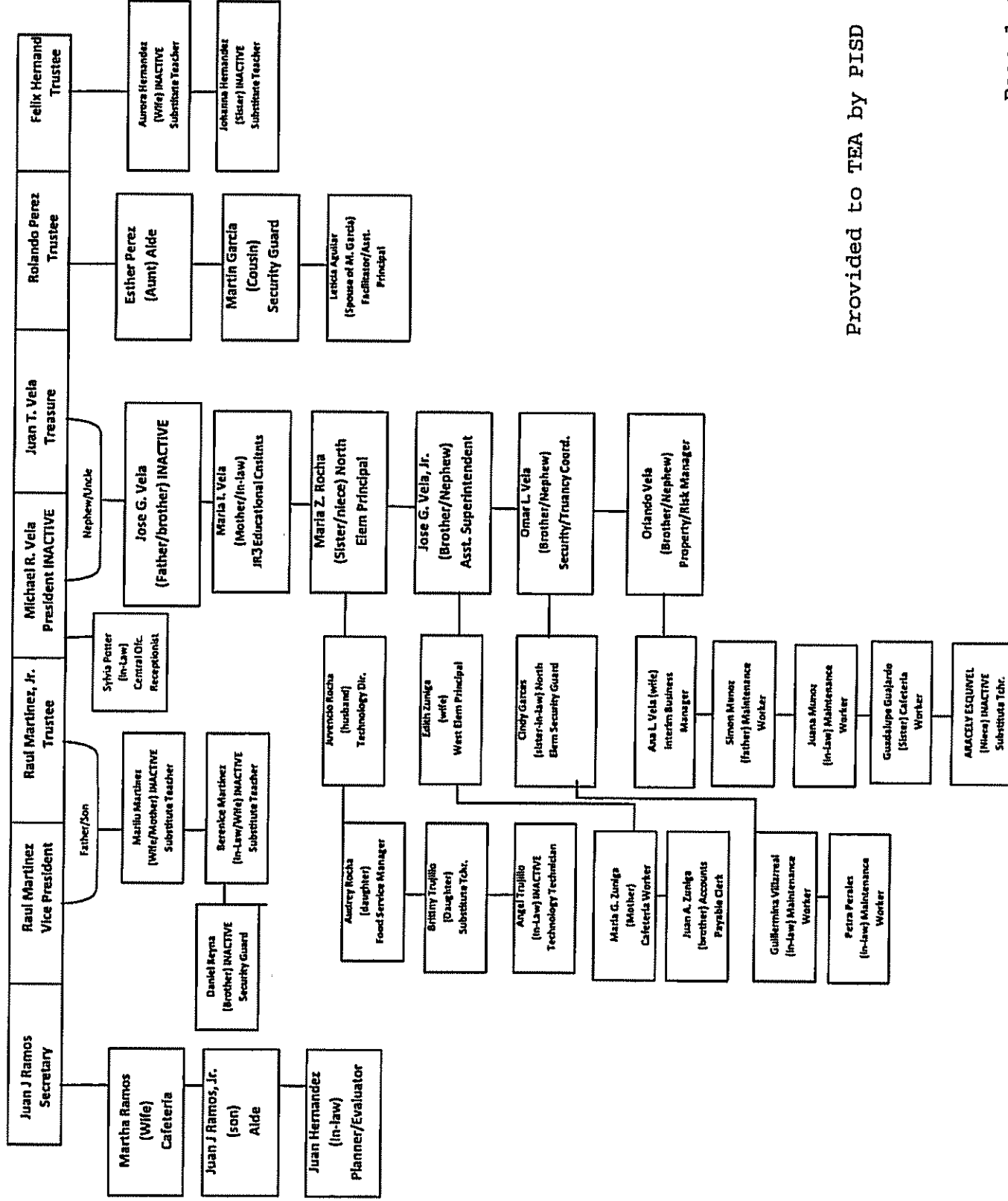
Sequence	Check Number	Check Date	Check Amount
130	13152	10/22/2010	2,116.25
131	13153	10/22/2010	1,560.00
132	13047	10/11/2010	573.75
133	13048	10/11/2010	1,745.00
134	12955	10/06/2010	708.75
135	12922	09/30/2010	1,745.00
136	12923	09/30/2010	396.50
137	12808	09/21/2010	1,745.00
138	12809	09/21/2010	32.00
139	12725	09/15/2010	1,080.00
140	12702	09/10/2010	332.50
141	12709	09/10/2010	2,203.50
142	12710	09/10/2010	1,287.50
	Total Expenditures	\$	229,260.53

**Progreso Independent School District
Schedule of Credit Card Charges**

Sequence	Date	Restaurant Name	Charge Amount
1	1/9/2013	Ciro's Restaurant Weslaco	\$ 35.02
2	1/11/2013	Poncho's Restaurant McAllen TX	138.53
3	1/11/2013	Joses Fiesta Tex Mexi Res Weslaco	24.40
4	1/24/2013	PF Changs #9838 McAllen TX	86.27
5	1/28/2013	Ciros Restaurant Weslaco, TX	56.85
6	1/31/2013	Ciros Restaurant Weslaco, TX	30.47
7	2/1/2013	Ciros Restaurant Weslaco, TX	42.33
8	2/6/2013	Ciros Restaurant Weslaco, TX	30.20
9	2/7/2013	Alameda Restaurant	24.07
10	2/8/2013	Sunrise Café Weslaco TX	29.40
11	2/13/2013	Lubys Café #0187 Weslaco TX	14.26
12	2/15/2013	Lubys Café #0187 Weslaco TX	24.64
13	2/15/2013	Ciros Restaurant Weslaco, TX	47.25
14	2/19/2013	PF Changs #9838 McAllen TX	353.43
15	2/22/2013	Cabritos Nuevo Leon Rest McAllen, TX	118.71
16	2/22/2013	Sunrise Café Weslaco TX	40.45
17	2/25/2013	Ciros Restaurant Weslaco, TX	42.33
18	3/4/2013	Santa Fe Steakhouse McAllen TX	238.15
19	3/8/2013	Cabritos Nuevo Leon Rest McAllen, TX	113.23
20	3/7/2013	Ciro's Pharr TX	37.18
21	3/12/2013	Ciros Restaurant Weslaco, TX	37.45
22	3/21/2013	Lubys Café #0126 Pharr TX	22.16
23	3/22/2013	PF Changs #9838 McAllen TX	100.94
24	3/29/2013	Casa De Marisco, Weslaco, TX	65.27
25	4/3/2013	Cabritos Nuevo Leon Rest McAllen, TX	123.41
26	4/10/2013	Joses Fiesta TexMex Re 956-9689440	50.00
27	4/12/2013	SQ Jose Gonzalez McAllen	417.50
28	4/16/2013	Ciros Restaurant Weslaco, TX	47.47
29	4/17/2013	Lubys Café #0126 Pharr TX	23.23
30	4/23/2013	PF Changs #9838 McAllen TX	54.35
31	4/27/2013	Pappadeaux #56 Pharr TX	77.67
32	4/30/2013	PF Changs #9838 McAllen TX	220.18
33	5/1/2013	Mariscos Estrella Del Ma Weslaco TX	21.61
34	5/2/2013	Cabritos Nuevo Leon Rest McAllen, TX	171.93
35	5/6/2013	El Dorado Restaurant Weslaco TX	23.22
36	5/8/2013	Lubys Café #0187 Weslaco TX	49.36
37	5/9/2013	Kato Sushi Weslaco	92.98
38	5/13/2013	Santa Fe Steakhouse McAllen TX	344.99
39	5/14/2013	Pappadeaux #56 Pharr TX	88.77
40	5/15/2013	PCC 9662 South Padre I TX	72.10
		Total	\$ 3,631.76

SOURCE: Visa Monthly Statements

Progreso Independent School District
Schedule of Board and Staff Family Relationships



Provided to TEA by PISD



PROGRESO INDEPENDENT SCHOOL DISTRICT
TEA Recognized District
"A College and Career Readiness District"
P.O. Box 610
Progreso, TX 78579
Phone: (956) 565-3002 Fax: (956) 565-2128

Board of Trustees

Juan J. Ramos, Jr.
President

Raul Martinez
Vice-President

Juan T. Vela
Secretary

Lco Rodriguez
Treasurer

Raul Martinez, Jr.
Felix Hernandez, Jr.
Juan Garcia, Jr.

Dr. Ismael Cantu
Interim Superintendent

Jose G. Vela, Jr.
Assistant Superintendent

October 29, 2014

Mr. Michael Richmond
Division of Financial Compliance
Texas Education Agency
1701 North Congress Avenue
Austin, Texas 78701

Dear Mr. Richmond:

Progreso ISD is in receipt of the Texas Education Agency's Special Accreditation Investigation Preliminary Investigative Report (#2013-08-0131). The school district is in agreement with Findings 1, 2, 3, 4, 5, 6, and 7. The District does have a comment regarding Finding 1, as it relates to the Board of Trustees failure to ensure implementation of internal controls and procedures, through the Superintendent, to protect the district's resources from fraud, waste, and abuse in violation of Texas Education Code 11.151(b)(9).

A concern was brought to my office recently regarding a school employee by the name of Juvencio Rocha, District Technology Director. Although an employee of the District, he conducted business in the school district as is reflected in the attached documents forwarded yesterday to the FBI. We have not found vendor disclosures or any other documentation declaring conflict of interest since he had a brother in law and an uncle in the school board. Furthermore, as of today, we have been unable to find district records indicating that bids were solicited or standard business office procedures were followed including that these servers were ever recorded in the fixed asset ledger. Lastly, as of today, RCI a fixed assets inventory firm conducting a fixed assets inventory this week, plus a conservator and I visually inspected a site where two of the servers were supposed to be installed, and have found no evidence that these servers are on school grounds. If you have any questions, please call me at (956) 451-1990.

Ismael Cantu, Ph.D
Interim Superintendent
Progreso ISD

School Vision
"Students will be inspired to search, discover, experience and apply knowledge in a safe creative environment"
School Mission
Every student in Progreso ISD will graduate with an Associate's Degree and or a career license

TEXAS EDUCATION AGENCY
SCHOOL GOVERNANCE

Monitor/Conservator Quarterly Report

Submit Quarterly Report to: Ronald Rowell

E-mail: ronald.rowell@tea.state.tx.us

Subject Line: Quarterly Monitor/Conservator Report for (LEA Name)

Contact Information: (512) 475-3697

School District: Progreso Independent School District

County-District #: 108-910

Name: Richard J. Clifford & Hermelinda H. Romeros

☐ Monitor

☐ Conservator

☒ Management Team

1. Report for the following quarter:

- ☐ First Quarter (January, February, March)
- ☒ Second Quarter (April, May, June)
- ☐ Third Quarter (July, August, September)
- ☐ Fourth Quarter (October, November, December)

2. Current Status of the Identified Issues:

- ☐ Initial Review – first quarterly report
- ☐ Meeting objectives for the quarter
- ☐ Exceeding objectives for the quarter
- ☐ Concerned (little or no improvement or progress)
- ☒ Highly concerned (specific concerns detailed below in #8)
- ☐ Other - _____
- ☐ Final review – recommendation for removal

3. Board Meetings. Please document in the space provided below the dates of Board Meetings during the time period of this report. Indicate for each meeting whether an agenda was posted, whether a quorum was present and whether the meeting was attended by the monitor/conservator.

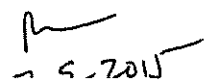

- 5-2015

Exhibit D

Date(s) of Board Meeting Regular, Special, or Emergency	Posted Agenda? Attach copy(s) of posted agenda	Quorum?	Attended by Monitor/Conservator?
4/20/2015-Regular	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No	X Yes <input type="checkbox"/> No
5/11/2015-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
5/18/2015-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No
5/25/2015-TASB WKSH	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
5/25/2015- Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
6/18/2015-Special –Sup't Interviews	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No
6/19/2015-Special –Sup't Interviews	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No
6/24/2015-Special –Sup't Interviews	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No
6/25/2015-Special –Sup't Interviews	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No
6/29/2015-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No

4. Visits to LEA. Please document in the space provided below the date, time and general purpose for any on-site visits to the LEA.

Date/Time	Contact	Purpose
4/14/2015	Superintendent, board president, business office staff, contractor	Met with superintendent, business office staff and technology building contractor for foundation and steel re billing, missing supplies and walk through of building. Reviewed board agenda items with superintendent and business manager; business operations update
4/20/2015	Superintendent, board president, legal counsel	Reviewed district finances and prepared list of items to be discussed with superintendent. Prepared pending business items for business manager to address in budget amendment.
7 pm	Board	Board meeting cancelled – no quorum
4/21/2015	Superintendent & Business Manager	Met with superintendent to review district issues, reviewed board agenda support; met with business manager re revenue & expenditure projections and items to address in budget amendment
5/6/2015	Superintendent & Business Manager	Met with superintendent and business manager to review supporting documentation for budget amendment and revenue projections using current ADA; explain SOF reductions for 11-12 and 12-13 TEA ADA adjustments and impact on current year funding
5/11/2015	Superintendent , TASB consultant	Met with TASB consultant and superintendent to review salary study and make necessary changes
7 pm-7:40 pm	Board	Attend board meeting
5/19/2015	Superintendent, legal counsel & business staff	Met with superintendent, legal counsel and business staff re budget amendment; summer major repairs and budget amendment to reflect amounts needed; salary study and need to report to teachers prior to last day of possible salary increases
5/22/2015	Superintendent,	Met with superintendent and business staff to review budget

	business office staff	amendment and board meeting agenda items
5/25/2015	Superintendent, legal counsel, Business Office Staff	Attend TASB salary workshop and discuss salary increases for 15-16 and funding
3 pm – 8:25	Board	Attend board meeting
5/26/2015	Superintendent, Business Manager, legal counsel	Set timeline for June board meetings, strategy for budgeting for TASB salary study implementation and discuss district issues
6/29/2015	Superintendent , Business office staff	Met with superintendent & business office staff to review board meeting packet and discuss future board meetings and budget workshop dates; conference call with Fitch Rating Agency
7:00 pm-10:15		Attend board meeting
6/30/2015	Superintendent	Tour campus being prepared for fiscal year 2015-2016 and discuss prior board meeting

5. LEA Progress

TEA Charge	Directive	Corrective Action	Results/Evaluation of Implementation	Timeline
Develop Improvement Plan within the first 90 days to address casual factors or barriers.			Completed-attached to July quarterly report	July 2014
Review the current board policies and practices related to governance, financial management, and business operations.			On going	
Review the district's compliance with fingerprinting, and criminal history record review requirements.			Completed and ongoing	Initial compliance completed March 17, 2014

Procure professional services of an education service center in Financial and Business Operations areas.	#16-District uses Skyward software and requested district look into ESC software to facilitate ESC providing business services	District contracted with ESC1 for Finance services in 14-15 and student services in 15-16	In Progress	Finance Conversion rescheduled for September 1, 2015
Procure external professional services in federal grants management and provide oversight with IDEA-Part B and Title I-Part A grants.		ESC I to assist in this area Staff attended training March 23, 2015	In Progress	October 2014 and ongoing
Training for school administration in areas of concern and develop a training schedule.		1st training provided by ESC1 in August 2014 2nd training provided by ESC1 in September 2014	In Progress and ongoing Initial training by ESC1 August 26, 2014 2nd training by ESC1 September 11, 2014 3rd training on Purchasing by ESC1 November 4th training on Human Resources by ESC1 December 16, 2014	Summer 2014 and ongoing
Attend board meetings and executive sessions		1st board training June 11th, board attended TASA conference in September.	During this quarter all board meetings have had quorums	Ongoing, 2 members have not met 10 hrs. training
Recommend any additional actions TEA may need				

6. New Recommendations or Directives made during this Reporting Period. Attach copy of recommendations or directives.

Date Submitted	Due Date	Recommendations/Directives	Progress on Directives
4/22/2015	Immediate	See Attached #23	Addressed
4/30/2015	Immediate	See Attached #24	Addressed

7. Exit Strategy and Timeline. Please document your strategy to exit from the school so that they may function on their own and your timeline for removal.

Exit Strategy	Timeline
Based on noted board practices below TEA board of managers should be placed at district	August 31, 2015

8. Implementation Efforts. Please provide a brief description of the LEA's overall implementation, including any issues or concerns.

Governance:

The Management Team has now been in place since February 2014. There have been two board elections during that time with five new board members being elected, three in May of 2014 and two in May of 2015. Two of those elected have a background either in finance or leadership experience that could assist the district in moving forward in a positive manner. The other three members have limited experience, one being employed by the City of Progreso and the two newly elected members both being college students. The board continues to be split and there is little consensus building evident among the board. There are still two board members remaining from the board that was in place when the Management team was assigned and they seem to be aligned with the three younger members thus forming what appears to be a 5-2 board when all are in attendance. Three of the board officers have one year experience or less with two of them being elected in May 2015. During the previous year board meetings were consistently conducted with less than the full board in attendance, mostly with 5 members and some with a minimum of 4. The regular April meeting was cancelled due to the lack of a quorum and meetings in May and June were conducted with 6 members in attendance.

The Management team has issued numerous directives during the year and has had to disallow four actions taken by the board during public meetings. The board hired a Business Manager in February on a 3-2 vote and on June 25, 2015 selected a lone finalist for Superintendent of the district on a 4-2 vote. The lone finalist has limited experience in leadership of a school district having served as teacher, vice-principal and interim superintendent for 6 months of a small district (669 ADA) and principal of a Montessori school. He is currently serving as an Adult Education Supervisor with ESC 1.

The Interim Superintendent, an experienced school leader, continues to express concern with board actions and has provided the Management team with documentation regarding those concerns. Recently at the June 29 regular board meeting he expressed concern with the action by the board regarding the awarding of a roofing contract without the board allowing him to make his recommendation. The board later allowed him to make his recommendation but then awarded the contract to a firm other than the one recommended by the Superintendent. The Management team has directed the Superintendent and board to postpone action on the roofing bid while the Management team reviews procedures and documents related to said bid.

Finance:

The Interim Superintendent and Board President continued to insist on providing a pay increase to employees during this second quarter. The management team had been telling them since December that there would be no pay increase but the board president pressed this issue on the May 25 board meeting. The Management team had to publicly tell the board that there would not be a pay increase in the current fiscal year.

On June 29 the management team, superintendent and business staff had a conference call with Fitch Ratings on the district finances for a possible revision on the district's rating. Items addressed were the TEA claw back for over reporting of ADA in 11-12, 12-13, and 13-14; if the debt service tax rate had been increased for 14-15 in order to fund the debt payments; provide an update on audit findings for 2014; provide projections for general fund operating results for fiscal year 2015 and estimated increase if any to the general fund fund balance. When the interim superintendent informed them that the board named a lone finalist for superintendent and gave his work experience their comment was that his background was a little on the thin side.

On the June 29 board packet there were several bids but one in particular needed more work prior to presentation. The tabulation sheet had an addition error of \$110,000, staff did not know the square footage for the roof job, staff did not know who had attended the mandatory pre-bid conference and what companies had done the actual walk through of the roof. One vendor met the bid specifications because the bid he submitted included insulation while the other 3 bids did not. The one vendor that met specifications was also the high bidder and the vendor that corrected the bid total at the board meeting. The board president did not wait for the interim superintendent to make a recommendation, while the vendor was addressing the board about the tabulation error and the work that the bid would entail, the board president proceeded to speak with the other board members and he made the motion to award the bid to the low bidder, his motion was seconded and approved with no further discussion.

The district's board president has been the same person since May 2014. It is his practice to always make the first motion and then another board member seconds the motion and then the item is approved with no discussion.

The district is still undergoing an audit by the U. S. Department of Labor, Wage & Hour Division that was started in January 2015. The investigator informed us that at the latest the report will be available by August 2015 but was trying to get the report to the district by the last of June. No report has been received by the district.

The district is undergoing a conversion from Skyward to TxEIS. The 2015-2016 budget is being prepared in the TxEIS software but all financial transactions for payroll and cash disbursements are still being processed on Skyward. September may be the first month that the district will go live with the TxEIS software.

9. Recommendations.

A review of the board's actions over the past year, concerns over district finances and the board's inattention to district finances leaves us with no choice but to request that a board of managers be put in place as soon as possible.

Richard Clifford
Signature of Monitor/Conservator

7/9/15
Date of Report

Donald L. H. R. R. R.
Signature of Monitor/Conservator

7/9/15
Date of Report

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **25th** of **May 2015** at **5:00 PM** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- Call meeting to order**
- A1 Pledge of Allegiance/Texas Flag
 - A2 Prayer
 - A3 Recognition of Student Academic/Extra-Curricular Achievements
 - A4 Public Audience
Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.
 - A5 Approval of School Board Minutes:
January 19, 2015 – Regular Meeting; January 27, 2015 – Special Meeting;
February 16, 2015 – Regular Meeting
- B- Superintendent's Report**
Discussion and possible action on the following:
- B1 District Reports
 - a. United States Border Patrol Active Training
 - b. STAAR Testing Results
 - c. Preliminary STAAR SSI
 - d. Teacher and Staff Service Awards
 - B2 Moving 7th/8th Grade Early College to DTMS
 - B3 Designation of East Elementary as 5th/6th Grade
 - B4 Designation of West Elementary and North Elementary as PK3-4th Grade Campus
 - B4 Early Release State Waiver
 - B5 2015-2016 Instructional Calendar
 - B6 2015 Summer School Programs
 - B7 Employee Summer Work Schedule
- C- Support Services/Facilities**
Discussion and possible action on the following:
- C1 AEP – Inspection Utility Poles
 - C2 Red Cross – Disaster Designation Building (DTMS/PHS)
- D- Curriculum & Instruction:**
Discussion and possible action on the following:
- D1 Campus Activities Reports
 - a. North Elementary
 - b. West Elementary
 - c. Dorothy Thompson Middle School
 - d. Progreso High School
 - D2 Progreso High School request for student field trips:
 - a. Drama Club May 9, 2015
 - b. JROTC May 16, 2015
 - c. FCCLA May 16, 2015

- D3 Progreso High School Overnight Trip
 - a. PHS Band State Competition: May 23 – 26, 2015
- D4 Memo of Agreement between PISD, Hidalgo County and TMC Migrant Seasonal Head Start August 1, 2015 to May 30, 2016
- D5 Dual Enrollment for Regular High School – Dual2Degree
- D6 Resolution of the Board of Trustee of the Progreso Independent School District to Approve Immediate Implementation Senate Bill 149

E- Student Services:

Discussion and possible action on the following:

- E1 Region One ESC School District Commitment Form for PEIMS Cooperative 2015-2016
- E2 Interquest Detection Canines Services for August 2015 – May 2016
- E3 Region One ESC Operations Management Support Services COOP for 2-3A Districts June 1, 2015 – May 2016

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. Jean's Restaurant: \$ 15,004.80
 - b. Labatt Food Service: \$ 12,680.86
 - c. Region 1 ESC: \$ 15,204.00
 - d. Linebarger Goggan Blair & Sampson: \$ 10,853.73
 - e. Direct Energy Business: \$ 52,769.85
 - f. AT&T: \$ 11,492.35
 - g. O'Hanlon, McCollom & Demerath: \$ 24,550.53
 - h. Dell Marketing: \$43,382.50
 - i. Direct Energy: \$54,968.45
 - j. Student Alternatives Program: \$15,680.00
- F4 Tax Collection Report
- F5 Budget Amendments
- F6 Authorizing Construction Management Services for Technology Building
- F7 TASB/Direct Energy Electricity Contract Extension
- F8 Investment Policy
- F9 Resolution for Bank Signatures
- F10 Region One ESC E-Rate Contract Addendum

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 Action on PISD Statements of Impact for the following Texas Open Enrollment Charter School expansion amendments:
 - a. Harmony Science Academy San Antonio
- G3 TASB Update 102 – First Reading

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.

- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations and possible interviews for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Discuss related to procedures and timetable for hiring of Superintendent.
- (d) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (e) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (f) Level III Grievance: Ricardo Salinas
- (g) Discussion with Counsel concerning pending litigation including:
 - 1. Technology Building
 - 2. TEA Special Accreditation Residency Rule
 - 3. Unemployment insurance claim of Juvencio Rocha
 - 4. Litigation with Texas education Agency concerning Average Daily Attendance Audit
- (h) Discussion regarding Superintendent's Search Procedures and Timelines
- (i) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

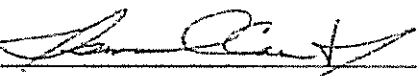
I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Discussion and possible action on hiring of administrative & professional, instructional and non-instructional personnel
- (b) Discussion and possible action on hiring of non-professional Clerical/Technical and Auxiliary personnel
- (c) Discussion and possible action on Superintendent's recommendations concerning resignations, terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees.
- (d) Discussion and possible action concerning Level III Grievance: Ricardo Salinas

K- Adjournment

Dated this 22nd day of May 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 22nd day of May 2015 at 5:00 PM.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 22nd day of May 2015 – Progreso Independent School District

By: , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 24th of June 2015 at 6:30 p.m. at the Progreso High School Cafeteria, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

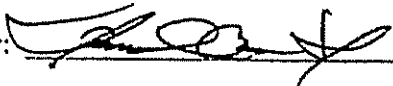
- A1 Pledge of Allegiance/Texas Flag
- A2 Prayer

B- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.

- (a) Conduct Superintendent Interviews

C- Adjournment


Dated this 20th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 20th day of June 2015 at 3:00 PM

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 20th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 25th of **June 2015** at **6:30 p.m.** at the Progreso High School Cafeteria, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag
- A2 Prayer

B- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.

- (a) Conduct Superintendent Interviews

C- Reconvene in Open Meeting to take action on the following items:

- (a) Discussion and Possible Action Concerning Superintendent Interviews

Adjournment


Dated this 20th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 20th day of June 2015 at 3:00 PM

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 20th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent


**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a SPECIAL School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 11th of May 2015 at 7:00 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call meeting to order**
A1 Pledge of Allegiance/Texas Flag
A2 Prayer
- B- **Executive Session:** Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.
- (a) Superintendent's recommendations and possible interviews for hiring of administrative & professional personnel - instructional and non-instructional
 - (b) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
 - (c) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of or suspensions of District employees
- C- **Reconvene in Open Meeting to take action on the following items:**
Discuss and take possible action on the following items:
- (a) Discussion and possible action on hiring of administrative & professional, instructional and non-instructional personnel
 - (b) Discussion and possible action on hiring of non-professional Clerical/Technical and Auxiliary personnel
 - (c) Discussion and possible action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees.

D- Adjournment


Dated this 7th day of May 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 7th day of May 2015 at 5:30 PM.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 7th day of May 2015 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

(Notice is hereby given that a **PROGRESO ISD SCHOOL BOARD WORKSHOP** concerning the **TASB SALARY STUDY** will be held on the **25th of MAY 2015 at 3:00 p.m.** at the Administration Office, Progreso, Texas, at which time the following agenda items will be discussed.

- A- Call Workshop to order
- B- Presentation by Luz Cadena on the following:
 - B1 TASB Salary Study
- C- Public Comments on the following
 - C1 TASB Salary Study
- D- Board Discussion on the following:
 - D1 TASB Salary Study
- E - Adjournment of Public School Board Workshop

Dated this 22nd day of May 2015 - Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 22nd day of May 2015 at 3:00p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 22nd day of May 2015 - Progreso Independent School District

By: , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **18th** of **June 2015** at **6:00 p.m.** at the Central Administration Building, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order


- A1 Pledge of Allegiance/Texas Flag
- A2 Prayer

B- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) Conduct Superintendent Interviews

C- Adjournment

Dated this 15th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 15th day of June 2015 at 6:00 PM

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 15th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 19th of June 2015 at 6:00 p.m. at the Central Administration Building, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance/Texas Flag

A2 Prayer

B- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551,074; 551.-076; 551,082.


(a) Conduct Superintendent Interviews

C- Reconvene in Open Meeting to take action on the following items:

(a) Discussion and Possible Action Concerning Superintendent Interviews

Adjournment

Dated this 15th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 15th day of June 2015 at 6:00 PM

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 15th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **29th** of **JUNE 2015** at **7:00 PM** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag
- A2 Prayer
- A3 Recognition of Student Academic/Extra-Curricular Achievements
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

B- Superintendent's Report

Discussion and possible action on the following:

- B1 District Reports
 - a. Student Alternatives Program, Inc. 2015-2016 Contract
 - b. Discussion of 2015-2016 Salary Options
 - c. July Board Meeting
 - d. August Board Meetings
 - August 10, 2015
 - August 24, 2015
 - e. Summer Mobile Feeding Program

C- Support Services/Facilities

Discussion and possible action on the following:

- C1 Review bids and possible selection of vendors for DTMS cafeteria and gym re-roofing project
- C2 Review bids and possible selection for DTMS refurbishing of basketball court/floor
- C3 DTMS Gym Bleachers
- C4 Select vendor for DTMS exterior door replacement
- C5 DTMS Bell System
- C5 ESC1 Operations Management Support Services Co-op for 2-3A Districts June 2015 – May 2016
- C6 Region One ESC Internet Based Services Non E-Rate 2015-2016
- C7 Review proposal and possible selection of vendor for elevator repairs in High School Auditorium Building

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 Campus Activities Reports
 - a. North Elementary
 - b. West Elementary
 - c. Dorothy Thompson Middle School
 - d. Progreso High School
- D2 School Health and Related Services (SHARS) Administration Agreement June 1, 2015 – May 31, 2018

D3 DTMS Uniform Policy 2015-2016

E- Student Services:

Discussion and possible action on the following:

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. 3D System Inc: \$ 18,402.50
 - b. AT&T: \$ 11,606.48
 - c. CRC: \$14,780.00
 - d. Dell Marketing: \$ 16,928.38
 - e. Direct Energy Nodal Charges: \$ 22,447.92
 - f. Direct Energy: \$ 59,600.37
 - g. Kenney Bonded Warehouse: \$10,731.00
 - h. STC: \$41,408.60
 - i. Surescore Inc: \$15,151.25
 - j. O'Hanlon, McCollom, Demerath Legal Service: \$59,153.96
 - k. TASB: \$211,614.00
- F4 Tax Collection Report
- F5 Budget Amendments for 2014-15
- F6 Preliminary Summary of Finance Estimates 2015-2016 School Year
- F7 Preliminary Budget Information 2015-2016 School Year
- F8 2015-2016 Budget and Tax Rate Planning Calendar
- F9 Request for Bids for School -wide copiers
- F10 Region One ESC – Business, Student Contracted Services Annual Subscription
- F11 Setting Date for Public Meeting to Discuss 2015-2016 Proposed Budget and Tax Rate
- F12 Approval of District External Auditor
- F13 Athletic Insurance for 2015-2016

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 TASB Update 102 – Second Reading

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) Discuss Superintendent's personnel update with the Board
- (b) Superintendent's recommendations and possible interviews for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Discussion related to procedures and timetable for hiring of Superintendent.
- (d) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (e) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (f) Conduct Level III Grievance Hearing, if closed hearing requested: Ricardo Salinas
- (g) Discussion regarding Superintendent's Selection
- (h) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members
- (i) Discussion concerning salary adjustment for misclassified employees

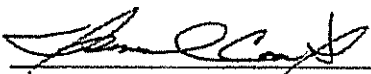
I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Discussion and possible action on hiring of administrative & professional, instructional and non-instructional personnel
- (b) Discussion and possible action on hiring of non-professional Clerical/Technical and Auxiliary personnel
- (c) Discussion and possible action on Superintendent's recommendations concerning resignations, terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees.
- (d) Discussion and possible action concerning Level III Grievance: Ricardo Salinas
- (e) Discussion and possible action concerning Superintendent selection

K- Adjournment

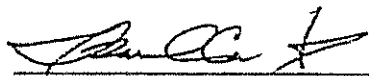
Dated this 26th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 26th day of June 2015 at 12:00 PM.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 26th day of June 2015 – Progreso Independent School District

By: , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a Special School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 18th of May 2015 at 6:00 P.M. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

B- Governance

Review and take appropriate action on the following:

B1 Official Canvassing of Progreso ISD School Trustee Election Results

B2 Presentation of Election Certificates and Administration of Oath of Office

B3 Discussion and Possible Action to Reorganize Board -District Policy
BDAA(Local)

**C- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074;
551.- 076; 551,082.**

(a) Superintendent's Search Update

**D- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items**

(a) Superintendent's Search Update

E- Adjournment

Dated this 15th day of May 2015 – Progreso Independent School District

By: Ismael Contreras, Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 15th day of May 2014 at 4:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 15th day of May 2015 – Progreso Independent School District

By: Ismael Contreras, Superintendent

April 22, 2015

Ismael Cantu, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

Dear Dr. Cantu:

This letter serves as official notification of the directed action discussed today. We are directing this under the authority cited in Texas Education Code §39.111(c) (1).

Directive 23. Please proceed in paying invoices that you deem appropriate.

Please contact us if you need clarification on this item.

Respectfully,

Richard Clifford
Hermelinda Romero

Richard Clifford
Hermelinda Romero
Management Team

XC: Ron Rowell, Texas Education Agency

April 30, 2015

Ismael Cantu, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

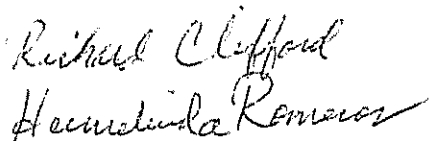
Dear Dr. Cantu:

This letter serves as official notification of the directed action discussed today. We are directing this under the authority cited in Texas Education Code §39.111(c) (1).

Directive 24. Please proceed with the student field trips listed in the April 20th board agenda.

Please contact us if you need clarification on this item.

Respectfully,

Handwritten signatures of Richard Clifford and Hermelinda Romero.

Richard Clifford
Hermelinda Romero
Management Team

XC: Ron Rowell, Texas Education Agency

TEXAS EDUCATION AGENCY
SCHOOL GOVERNANCE

Monitor/Conservator Quarterly Report

Submit Quarterly Report to: Ronald Rowell
E-mail: ronald.rowell@tea.state.tx.us
Subject Line: Quarterly Monitor/Conservator Report for (LEA Name)
Contact Information: (512) 475-3697

School District: Progreso Independent School District

County-District #: 108-910

Name: Richard J. Clifford & Hermelinda H. Romeros

☐ Monitor ☐ Conservator ☒ Management Team

1. Report for the following quarter:

- ☒ First Quarter (January, February, March)
☐ Second Quarter (April, May, June)
☐ Third Quarter (July, August, September)
☐ Fourth Quarter (October, November, December)

2. Current Status of the Identified Issues:

- ☐ Initial Review – first quarterly report
☐ Meeting objectives for the quarter
☐ Exceeding objectives for the quarter
☐ Concerned (little or no improvement or progress)
☐ Highly concerned (specific concerns detailed below)
☒ Other -Progress evident however critical issues will require continued team work
☐ Final review – recommendation for removal

3. Board Meetings. Please document in the space provided below the dates of Board Meetings during the time period of this report. Indicate for each meeting whether an agenda was posted, whether a quorum was present and whether the meeting was attended by the monitor/conservator.

Date(s) of Board Meeting Regular, Special, or Emergency	Posted Agenda? Attach copy(s) of posted agenda	Quorum?	Attended by Monitor/Conservator?
1/19/2015-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
1/27/2015-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
2/16/2015-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
3/11/2015-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
3/23/2015- Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Exhibit E

*Per
4-8-2015*

4. Visits to LEA. Please document in the space provided below the date, time and general purpose for any on-site visits to the LEA.

Date/Time	Contact	Purpose
1/12/2015	Superintendent, business office staff	Meeting with rangers re investigation; meeting with auditors re audit deadline; assist staff with audit journal entries and SEFA schedule
1/13/2015	Superintendent, external auditors	Meeting with TASB; review January 19 board agenda; meeting with auditors and call to engineer re technology building; assist staff with audit
1/19/2015	Superintendent & legal counsel, Business Office Staff	Met with superintendent to review district issues, reviewed board agenda; assist staff with audit entries; call to auditor to get an update on audit and scheduled presentation
6:45 pm-8:56	Board	Attend board meeting
1/27/2015	Superintendent & Business Office Staff	Review final AFR; conference call to auditor re audit; tie audit fund balance amounts to general ledger for PEIMS submission
5 pm- 5:34 pm	Board	Attend board meeting
2/10/2015	Superintendent , staff	Assist superintendent and staff with business manager interviews; meet with business office staff to review pending business functions
2/11/2015	Superintendent, staff	Assist superintendent and staff with business manager interviews;
2/16/2015	Superintendent, legal counsel, Business Office Staff	Review board agenda supporting documentation; discuss personnel recommendations and terminations with superintendent;
7 pm – 9:58		Attend board meeting
2/17/2015	Superintendent, legal counsel, Business manager	Meeting with superintendent & legal counsel to negotiate business manager salary; introduction to business manager; discuss conversion to TXEIS timelines and backing up of Skyward data
3/3/2015	Superintendent, Business Manager, wage & hour investigator	Meeting with business manager to review audit, update on district's finances and overview of business office staff; wage and hour investigator provided update on district findings; meeting with superintendent to review ICRP
3/11/2015.	Superintendent , Business office staff	Site visit of future administration offices; discuss superintendent search, timeline for business office budget amendment, and TxEIS conversion
6:30 pm-8:30		Attend special board meeting-superintendent search firm presentations
3/12/2015	Superintendent, TASB consultant	Draft TASB Salary Study presented and analyzed; discuss district issues; review listing of items for 3/23/15 board meeting
3/23/2015	Superintendent, legal counsel, business office staff	Meeting with superintendent & legal counsel to discuss new superintendent salary and obtain surrounding area superintendent's salary information; review supporting documentation for board agenda; discuss financial issues
7:30 pm – 9:35		Attend board meeting

3/24/2015	Superintendent, legal counsel, business manager	Reviewed board member travel documents; update from business manager on business functions and discuss district issues
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5. LEA Progress

TEA Charge	Directive	Corrective Action	Results/Evaluation of Implementation	Timeline
Develop Improvement Plan within the first 90 days to address casual factors or barriers.			Completed-attached to July quarterly report	July 2014
Review the current board policies and practices related to governance, financial management, and business operations.			On going	
Review the district's compliance with fingerprinting, and criminal history record review requirements.			Completed and ongoing	Initial compliance completed March 17, 2014
Procure professional services of an education service center in Financial and Business Operations areas.	#16-District uses Skyward software and requested district look into ESC software to facilitate ESC providing business services	District contracted with ESC1 for Finance services in 14-15 and student services in 15-16	In Progress	Finance Conversion rescheduled for June 1 or July 1, 2015

Procure external professional services in federal grants management and provide oversight with IDEA-Part B and Title I-Part A grants.		ESC I to assist in this area Staff attended training March 23, 2015	In Progress	October 2014 and ongoing
Training for school administration in areas of concern and develop a training schedule.		1st training provided by ESC1 in August 2014 2nd training provided by ESC1 in September 2014	In Progress and ongoing Initial training by ESC1 August 26, 2014 2nd training by ESC1 September 11, 2014 3rd training on Purchasing by ESC1 November 4th training on Human Resources by ESC1 December 16, 2014	Summer 2014 and ongoing
Attend board meetings and executive sessions		1st board training June 11th, board attended TASA conference in September.	During this quarter all board meetings have had quorums	Ongoing, 2 members have not met 10 hrs. training
Recommend any additional actions TEA may need.				

6. New Recommendations or Directives made during this Reporting Period. Attach copy of recommendations or directives.

Date Submitted	Due Date	Recommendations/Directives	Progress on Directives
2/5/2015	Immediate	See Attached #12	Addressed

7. Exit Strategy and Timeline. Please document your strategy to exit from the school so that they may function on their own and your timeline for removal.

Exit Strategy	Timeline
Hired business manager in February; district to receive TASB Pay Study in May; superintendent scheduled to be hired in June and conversion to TxEIS scheduled for June 1 or latest July 1	August 31, 2015

8. Implementation Efforts. Please provide a brief description of the LEA's overall implementation, including any issues or concerns.

Governance:

The board election has been called for May 9, 2015 with two places up for election. The two incumbents did not file for re-election and there have been two candidates file for each place. Five board members attended the TASB Winter Governance and Legal Seminar held in January in Corpus Christi. One of those attending will not be running for re-election and the other incumbent did not attend the seminar. The board of trustee's Vice-President attended a three hour credit board training held in Progreso in October. He has not attended any further training for the year and only acquired the three hours during the previous year. The board members are in the process of completing pre-registration for board training being provided by ESC Region 1.

The Board hired the superintendent search firm, Fountainhead Education, at a special meeting during March 2015 and has begun the search for the new superintendent. The firm prepared a schedule for the Board with the goal of having a new Superintendent named at the June 29, 2015 board meeting.

The board continues to support the superintendent's personnel recommendations which included the termination of the districts technology director. The board hired a new business manager on a 3-2 vote and he began his duties in February.

The board filed litigation against TEA regarding findings of an audit on attendance for the 2011-2012 and 2012-2013.

No additional action has been taken regarding the standstill on construction of the technology facility in the district.

The Interim Superintendent and Board President continue to insist on providing a pay increase of some type to employees during the current budget year. The pay increase was not budgeted in the 2014-2015 budget. The Management team continues to advise the board that it will not be authorized by the Management Team during this current budget year. The district is in the process of receiving a TASB Pay Study that will allow the board to adopt a pay increase for all district employees and better align pay for personnel during the 2015-2016 school year.

Finance:

The district's financial audit was approved on January 27, 2015 and uploaded to the TEA website. Other filing requirements of the USDC Report, Single Audit 2014 and SEC Rule 15c2-12 continuing bond disclosure were also done prior to February 28, 2015. The district went from 22 findings in the prior year to 10 finding in the current audit. The district added to the general fund fund balance \$380,991 but had an overall reduction to the prior year beginning fund balance of \$1,618,744 for the state revenue funding reduction for the TEA ADA audits for 2011-2012 and 2012-2013. The yearend general fund fund balance is \$4,096,244 and the two month district operating amount is approximately \$3,200,000. Fiscal year 2013-2014 ADA revenue reductions are still pending but the district has filed a lawsuit against TEA addressing the ADA revenue reductions.

The business manager was hired in the latter part of February and is reviewing the business procedures, staffing, payables, federal programs drawdowns and will be analyzing the budget to actual expenditures. We have requested an amended budget for board presentation in the month of April.

The district is undergoing an audit by the U. S. Department of Labor, Wage & Hour Division. We were

informed by the investigator that she is looking at the ancillary workers who were required under the terms of employments to get a tuberculosis test, finger printing and/or food certifications and were not reimbursed for their out of pocket costs. As we understand any out of pocket costs including time and mileage if on their time or prior to employment are reimbursable costs to the employee. The investigator is also interviewing the food service workers who were employed for 30 hours per week and may have come in earlier or stayed later and were not reflecting the hours actually worked; stipend pay versus time and a half for employees doing two jobs and the weighted average calculations for two jobs when time and a half is involved. The investigator informed us that at the latest the report will be available by August 2015.

The district is undergoing a conversion from Skyward to TxEIS. During March and April payroll will be implemented and the final conversion should take place by June 1 or the latest July 1. The 2015-2016 budget will be prepared in the TxEIS software.

9. Recommendations.

We anticipate being at the district through August 2015 to oversee the implementation of TxEIS, TASB Pay Study, preparation of the 2015-216 budget, hiring of new superintendent , May board elections, Wage and Hour investigation, and the resolution of the TEA ADA audits.

Oversight and guidance is necessary to keep the district moving forward and for the safeguarding of district funds to maintain a two month operating fund balance. The management team has to continuously remind the board of the district's available balances in order to prevent them from using district funds for other purposes.

<u>Richard Clifford</u>	<u>3/31/2015</u>
Signature of Monitor/Conservator	Date of Report
<u>Hermilinda H. Romero</u>	<u>3/31/2015</u>
Signature of Monitor/Conservator	Date of Report

Directive 12

TO: Dr. Ismael Cantu, Interim Superintendent
From: Richard Clifford, Hermelinda Romeros, TEA Management Team
Re: Interim Superintendent authority to conduct Criminal Background checks
Date: 2/5/2015

After inquiring with TEA I was informed that as Interim Superintendent you have the authority to conduct and review criminal background checks on all school personnel, as a result and under the authority of Texas Education Code S39.111(c) (1) we are directing you to conduct any and all criminal background checks on potential or current employees that you deem appropriate for the welfare of the district.


XC: Ron Rowell, TEA

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **PUBLIC HEARING** concerning the 2013/2014 Texas Academic Performance Report will be held on the 19th of **JANUARY 2015** at **6:45 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- Call Public Hearing to order
- B- Presentation by Administrator for Curriculum & Instruction on the following:
B1 2013/2014 Texas Academic Performance Report
- C- Public Comments on the following
C1 2013/2014 Texas Academic Performance Report
- D- Board Discussion on the following:
D1 2013/2014 Texas Academic Performance Report
- E - Adjournment of Public Hearing

Dated this 16th day of January 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 16th day of January 2015 at 9:00 a.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 16th day of January 2015 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **19th** of **January 2015** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag - DTMS
- A2 Prayer - DTMS
- A3 Recognition of Student Academic/Extra-Curricular Achievements
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

A5 Board Minutes

- a. October 20, 2014: Public Hearings, Regular Meeting
- b. November 17, 2014: Regular Meeting

B- Superintendents Report

Discussion and possible action on the following:

- B1 District Report
 - a. Board Appreciation Month
 - 1. Recognition of Board Members by Campuses
 - b. Audit special Board meeting January 26, 2015
 - c. Discussion of March, 2015 Regular Board Meeting
 - d. TASB salary timelines
 - e. Security camera update
 - f. Transition from Skyward to TEXAS system

C- Support Services/Facilities

Discussion and possible action on the following:

- C1 Technology Building
- C2 Review bids and possible selection for DTMS re-roofing of gymnasium
- C3 Review bids and possible selection for DTMS refurbishing of Basketball court/floor project

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report

d. Progreso High School

1. STC Dual Enrollment Overnight Field Trip College Tours:
February 5 -6, 2015 and February 26-27, 2015

E- Student Services:

Discussion and possible action on the following:

- E1 PEIMS Report
- E2 Parental Involvement Activity Report
- E3 Transportation/Maintenance Report

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. AT&T District Phones: \$ 11,489.43
 - b. AT&T District Phones: \$ 11,491.63
 - c. Direct Energy Business District Electricity Usage: \$53,275.70
 - d. Systems Design Cafeteria System and Software: \$ 24,060.50
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 TASB Update 101 - 2nd Reading

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072;
551.074; 551.-076; 551.082.

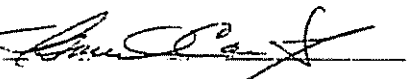
- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including teachers
- (e) Discussion with Counsel regarding TEA Special Accreditation Report
- (f) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Discussion and possible action on hiring of administrative & professional personnel, instructional and non-instructional
- (b) Discussion and possible action on hiring of non-professional personnel Clerical/Technical and Auxiliary
- (c) Discussion and possible action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees
- (d) Discussion and possible action to authorize appropriate legal action in response to TEA Special Accreditation Report concerning Average Daily Attendance and enrollment practices.

K- Adjournment

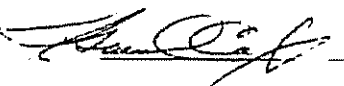
Dated this 16th day of January 2015 – Progreso Independent School District

By:  , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 15th day of January 2015 at 3:30 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 16th day of January 2015 – Progreso Independent School District

By:  , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 27th of January 2015 at 5:00 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance/Texas Flag

A2 Prayer

B- Superintendents Report

Discussion and possible action on the following:

B1 Kelly Miller Circus Agreement

C- Finance:

Discussion and possible action on the following:

C1 Presentation of 2013-2014 annual school financial audit by Pattillo, Brown & Hill, L.L.

D- Curriculum & Instruction

Discussion and possible action on the following:

D1 Memo of Understanding for the Transforming Early Childhood Community Systems (TECCS) as Part of the Texas Home Visiting Program between Easter Seals Rio Grande Valley and Progreso ISD

E- Adjournment

Dated this 23rd day of January 2015 -- Progreso Independent School District

By:  , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 23rd day of January 2015 at 3:00pm.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 23rd day of January 2015 -- Progreso Independent School District

By:  , Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **16th** of **February 2015** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag (West Elem.)
- A2 Prayer (West Elem.)
- A3 Recognition of Student Academic/Extra-Curricular Achievements
 - a. Perfect Attendance
 - b. Special Olympics competition results
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.
- A5 Board Minutes: Regular Meeting December 15, 2014

B- Superintendent's Report

Discussion and possible action on the following:

- B1 District Report:
 - a. Memorandum of Understanding with Institutions of Higher Education
 - b. Wage and Hour Audit
 - c. Residency Policy
 - d. Texas Public School Week
 - e. Modified Schedule for State Assessment Days Waiver
- B2 Appointment of Records Management Officer

C- Support Services/Facilities

Discussion and possible action on the following:

- C1 FAFSA Completion Agreement

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report
 - d. Progreso High School
- D2 Overnight Student Travel
 - a. PASF State Convention, San Antonio, TX April 17 – 18, 2015
 - b. USA Skills Cosmetology State Competition, Corpus Christi, TX April 17 – 18, 2015

- c. FCCLA State Competition, Corpus Christi, TX April 9 – 11, 2015
- d. UIL Regional Academics, Corpus Christi, TX April 23 – 25, 2015
- e. STEMS Trip, Big Ben National Park, March 11 -15, 2015

E- Student Services:

Discussion and possible action on the following:

- E1 PEIMS Report
- E2 Parental Involvement Activity Report
- E3 Transportation/Maintenance Report

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. Patillo, Brown & Hill, L.L.P.: \$39,000.00
 - b. ATT: \$11,494.94
 - c. Labatt Food Service: \$13,247.85
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund
- F6 Approval of E-Rate proposals and or bids for E-Rate Round 18 FY 2015-2016

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 Consider and approve the Progreso ISD May 9, 2015 General Election Order and Notice for Places 6 and 7
- G3 Authorization to enter into Joint Election Agreement with the City of Progreso Lakes, Texas pursuant Tex. Educ. Code § 11.0581.
- G4 Authorization to enter into contract with Hidalgo County Department of Elections to manage May 2015 elections.
- G5 Action on PISD Statements of Impact for the following Texas Open Enrollment Charter School expansion amendments:
 - a. Vanguard Academy Charter School

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.

- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations and possible interviews for hiring of administrative & professional personnel - instructional and non-instructional, including but not limited to:
 - 1. Band Director
 - 2. Business Manager
- (c) Discuss recommendations for procedures and timetable for hiring of Superintendent.
- (d) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary


- (e) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including, but not limited to:
 - 1. Juvencio Rocha, Technology Director
- (f) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Discussion and possible action on hiring of administrative & professional personnel, instructional and non-instructional, including but not limited to:
 - 1. Band Director
 - 2. Business Manager
- (b) Discussion and possible action on hiring of non-professional personnel – Clerical/Technical and Auxiliary
- (c) Discussion and possible action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees, including but not limited to:
 - 1. Juvencio Rocha, Technology Director

K- Adjournment


Dated this 13th day of February 2015 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 13th day of February 2015 at 4:20pm.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 13th day of February 2015 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a SPECIAL School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 11th of March 2015 at 6:30 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- Call meeting to order
 - A1 Pledge of Allegiance/Texas Flag
 - A2 Prayer
- B- Governance
 - Discussion and possible action on the following:
 - B1 The Board will consider and take appropriate action on presentations by Superintendent Search Consultants
- C- Adjournment

Dated this 6th day of March 2015 -- Progreso Independent School District

By: [Signature], Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 6th day of March 2015 3:30pm.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 6th day of March 2015 -- Progreso Independent School District

By: [Signature], Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a REGULAR School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 23rd of March 2015 at 7:30 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call meeting to order**
 - A1 Pledge of Allegiance/Texas Flag
 - A2 Prayer
 - A3 Recognition of Student Academic/Extra-Curricular Achievements
 - a. PHS Soccer Boys and Girls Team
 - A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

- B- **Superintendent's Report**

Discussion and possible action on the following:

 - B1 District Report:
 - a. TASB Policy Review Audit
 - b. Region One School Board Association May 15-16, 2015
 - c. TASB Summer Leadership Institute June 11-13, 2015
 - d. March/April STAAR Testing Calendar
 - e. Superintendent's Campuses Walk-Through Report

- C- **Support Services/Facilities**

Discussion and possible action on the following:

- D- **Curriculum & Instruction:**

Discussion and possible action on the following:

 - D1 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report
 - d. Progreso High School
 - D2 Overnight Student Travel
 - a. Meet in the Middle: San Antonio, TX May 22 – 23, 2015
 - b. Athletic Boys & Girls Soccer: Regional/State if qualify
 - c. Athletic Boys & Girls Track : Regional/State if qualify
 - d. Athletic Boys & Girls Golf: Regional/State if qualify

E- Student Services:

Discussion and possible action on the following:

- E1 Transportation/Maintenance Report
- E2 PEIMS Report

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. Dell: \$ 23,704.33
 - b. Dell: \$ 25,898.00
 - c. Direct Energy Business (February): \$ 51,184.43
 - d. Direct Energy Business (January): \$ 101,777.10
 - e. NCS Pearson Inc: \$ 12,980.00
 - f. Promaxima Manufacturing, MFG LTD: \$ 28,060.12
 - g. Texas Laundry Services: \$ 24,705.00
 - h. Dell: \$43,382.50
 - i. AT&T: \$11,483.10
 - j. Skyward: \$36,756.00
 - k. Student Alternative Program: \$17,360.00
 - l. O'Hanlon & Associates Legal Fees: \$62,744.16
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551,074; 551.-076; 551,082.

- (a) Discuss Superintendent's Personnel Update with the Board.
- (b) Superintendent's recommendations and possible interviews for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Discuss related to procedures and timetable for hiring of Superintendent.
- (d) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (e) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including
- (f) Discussion with Counsel concerning pending litigation including: IDEA Group
- (g) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

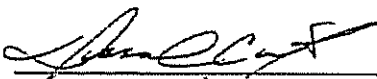
I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Discussion and possible action on hiring of administrative & professional personnel, instructional and non-instructional
- (b) Discussion and possible action on hiring of non-professional personnel – Clerical/Technical and Auxiliary
- (c) Discussion and possible action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees
- (d) Discussion and possible action concerning pending litigation including: IDEA Group

K- Adjournment

Dated this 13th day of March 2015 – Progreso Independent School District


By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 13th day of March 2015 at

4:30 pm

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 13th day of March 2015 – Progreso Independent School District

By: , Interim Superintendent

TEXAS EDUCATION AGENCY
SCHOOL GOVERNANCE

Monitor/Conservator Quarterly Report

Submit Quarterly Report to: Ronald Rowell

E-mail: ronald.rowell@tea.state.tx.us

Subject Line: Quarterly Monitor/Conservator Report for (LEA Name)

Contact Information: (512) 475-3697

School District: Progreso Independent School District

County-District #: 108-910

Name: Richard J. Clifford & Hermelinda H. Romeros

☐ Monitor ☐ Conservator ☒ Management Team

1. Report for the following quarter:

- ☐ First Quarter (January, February, March)
- ☐ Second Quarter (April, May, June)
- ☐ Third Quarter (July, August, September)
- ☒ Fourth Quarter (October, November, December)

2. Current Status of the Identified Issues:

- ☐ Initial Review – first quarterly report
- ☐ Meeting objectives for the quarter
- ☐ Exceeding objectives for the quarter
- ☐ Concerned (little or no improvement or progress)
- ☐ Highly concerned (specific concerns detailed below)
- ☒ Other -Progress evident however critical issues will require continued team work
- ☐ Final review – recommendation for removal

3. Board Meetings. Please document in the space provided below the dates of Board Meetings during the time period of this report. Indicate for each meeting whether an agenda was posted, whether a quorum was present and whether the meeting was attended by the monitor/conservator.

Date(s) of Board Meeting Regular, Special, or Emergency	Posted Agenda? Attach copy(s) of posted agenda	Quorum?	Attended by Monitor/Conservator?
10/6/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
10/20/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
11/10/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
11/17/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
12/15/2014- Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Exhibit F

Dr
1-4-2015

4. **Visits to LEA.** Please document in the space provided below the date, time and general purpose for any on-site visits to the LEA.

Date/Time	Contact	Purpose
10/6/2014	Superintendent and RC	Met with superintendent to review district issues, technology bldg.; trip to auto vendor re receipt documentation
7 pm-10 pm	Board	Attend board training
10/7/2014	Superintendent, ESC 1	Meeting with ESC 1 regarding transportation route reimbursement, access construction/modifications of technology building for completion, walk through with principal and superintendent
10/10/2014	Superintendent & Business Office Staff	Meeting with business staff to review status of general ledger for audit; direct and assist them regarding the balance sheet 13-14 cash reconciliations, account payables and grant receivables; prior year account payables and grant receivable balances still on the books
10/20/2014	Superintendent & Legal Counsel	Meeting with superintendent and legal counsel to review board agenda, made revisions to FIRST management report
6pm-10:30pm	Board	Attend board meeting
10/21/2014	Superintendent, legal counsel	Discuss with superintendent and legal counsel district building projects and necessary repairs; review TEA letter in reference to Castillo and required response; met with fixed asset vendor to discuss physical inventory
10/28/2014	Business Office Staff, Food Service Director, Superintendent	Met with business office staff to direct on audit schedules, closing of general ledger; met with Food Service Director on commodity inventory, August meal receivable and purchased inventory; walk through cleaned up storage areas
10/29/2014	Business Office Staff, Superintendent	Met with business office staff to assist with the audit schedules; met with fixed asset vendor for an update on the physical inventory; and met with the superintendent on the required FIRST board of trustees disclosures, filing and posting to the district's website
10/31/2014	Business Office Staff	Meeting with fixed asset vendor on physical inventory issues; work with business office staff on cash, accounts receivable and other balance sheet accounts; instruct on process for federal grant balancing of revenues and expenditures
11/3/2014	Business Office Staff	Assist staff with accounts payable problem and cash out of balance; assist with balance sheet account reflecting correct balance
11/4/2014	Business Office Staff	Assist staff with yearend federal program revenue recognition, receivables and balance funds
11/5/2014	Superintendent, legal counsel and principal	Meeting to discuss technology building classroom options, review plans, capacity, equipment, district priority projects, and funding
11/6/2014	Superintendent, legal counsel, engineer, business office staff	Meeting with engineer to tour technology building, review building plans, discuss options, and tour other areas needing repairs; assist staff with audit schedules
11/10/2014	Superintendent, legal counsel	Review prior district computer purchases and discuss other district issues
5:30-7:10		Attend board meeting

11/11/2014	Superintendent, legal counsel, business office staff	Review capital projects available funds, strategize on subcontractor options and getting cost estimates for completion of technology building, assist with year-end preparation for audit
11/17/2014	Fixed Asset Consultant, Business Office Staff	Meeting with fixed asset consultant regarding required work and schedules for audit; assist staff with payroll account analysis
7-8:45	Board Trustees	Attend board meeting
11/18/2014	Business Office Staff	Assist staff with audit schedules, review journal entries, account analysis and work on 14-15 budget analysis
11/24/2014	Superintendent, Business Office Staff	Work on 14-15 budget to actual expenditures analysis, payroll account analysis; meet with superintendent to review year end fund balance and 14-15 projected expenditures
12/15/2014	Superintendent, Legal Counsel, Business Office Staff	Review board agenda documentation, bids, payments etc.; conference call to audit firm re status of current year audit, discuss current year budget, engineer report on technology building, immigrant student transporting and employee incentive pay
6:45-9:50	Board Trustees	Attend board meeting
12/16/2014	Superintend, Legal Counsel, board members	Conference call to TASB re salary study; discussion on district finances in relation to district request for December incentive pay; bus drivers possible boycott and TEA ADA liability

5. LEA Progress

TEA Charge	Directive	Corrective Action	Results/Evaluation of Implementation	Timeline
Develop Improvement Plan within the first 90 days to address casual factors or barriers.			Completed-attached to July quarterly report	July 2014
Review the current board policies and practices related to governance, financial management, and business operations.			On going	

Review the district's compliance with fingerprinting, and criminal history record review requirements.			Completed and ongoing	Initial compliance completed March 17, 2014
Procure professional services of an education service center in Financial and Business Operations areas.	#16-District uses Skyward software and requested district look into ESC software to facilitate ESC providing business services	District contracted with ESC1 for Finance services in 14-15 and student services in 15-16	In Progress	Finance Conversion rescheduled for January 2015
Procure external professional services in federal grants management and provide oversight with IDEA-Part B and Title I-Part A grants.		ESC1 to assist in this area	In Progress	October 2014 and ongoing
Training for school administration in areas of concern and develop a training schedule.		1st training provided by ESC1 in August 2014 2nd training provided by ESC1 in September 2014	In Progress and ongoing Initial training by ESC1 August 26, 2014 2nd training by ESC1 September 11, 2014 3rd training on Purchasing by ESC1 November 4th training on Human Resources by ESC1 December 16, 2014	Summer 2014 and ongoing
Attend board meetings and executive sessions		1st board training June 11th, board attended TASA conference in September.	During this quarter all board meetings have had quorums	Ongoing, 2 members have not met 10 hrs. training
Recommend any additional actions TEA may need				

6. New Recommendations or Directives made during this Reporting Period. Attach copy of recommendations or directives.

Date Submitted	Due Date	Recommendations/Directives	Progress on Directives
10/6/2014	Immediate	See Attached #21	Addressed
12/17/2014	Immediate	See Attached # 22	Addressed

7. Exit Strategy and Timeline. Please document your strategy to exit from the school so that they may function on their own and your timeline for removal.

Exit Strategy	Timeline

8. Implementation Efforts. Please provide a brief description of the LEA's overall implementation, including any issues or concerns.

Governance:

The Board has completed additional training thru TASB regional conferences held at locations in the Valley area during November and December 2014. Four of the seven board members attended all some of the sessions along with the Interim Superintendent. Two board members have failed to complete required training to date, one is the current Vice-President of the Board and has also been absent at the majority of the meetings during the last quarter. There has not been full board attendance at any meetings during the October, November or December meetings. The board also chose to extend the Interim Superintendent's contract through the end of August 2015 and have indicated they will begin to search for the new superintendent in late Spring 2015 with the goal of having the new superintendent selected for the start of the 2015-2016 school year.

The technology facility continues to be at a standstill. The Management team had requested through the Interim Superintendent and School attorney that an Engineer be engaged to evaluate the status of the Facility in an effort to gauge the projected cost to complete the project. The engineer was contracted with a projected completion of his findings to the management team prior to the Thanksgiving Holidays, but requested an extension to mid-December. The team has not received the report as of January 6, 2015.

The district experienced two break-ins at its facilities during November and December. The first break-in was in the administrative offices with computers and surveillance equipment taken. Office files were ransacked but district staff cannot tell if any records are missing. The second break-in took place in the middle school and computers were also taken. Both incidents were reported by the Interim Superintendent to the Progreso Police department. The Management team has requested copies of the police reports on both break-ins and as of Jan. 6, 2015 have not been provided any of the reports. The Interim Superintendent reports that he has been unable to secure copies of the reports from the Police Department.

Finance:

Listed below are the areas that were addressed during the fourth quarter:

Audit-Extensive assistance and long working days were necessary in order to get the general ledger ready for audit. The district's books required major clean up since the balance sheet accounts had balances coming forward from two year's prior. Because the district received a qualified audit opinion on the prior year's audit on the fixed assets and lack of supporting documentation for expenditures, the services of RCI Records Consultants were secured. The consulting firm performed an extensive fixed asset inventory and provided updated printouts for the district to maintain. Additionally, the management team secured the services of ESC1, as part of their overall contract with the district, to provide a consultant to reconcile the fixed asset records to RCI reports, district purchases/invoices and prepare the fixed asset audit schedules. The business staff informed us that in prior year's in order to get ready for audit the district would secure the services of consultants to get the general ledger ready. The district had hoped to have the books ready and to the auditor by November 1st but did not meet that deadline. The general ledger was provided to the auditors on November 24th. We have been in contact with the auditors throughout the process and they have informed us that the audit should be ready prior to January 28.

Business Manager Position- The district tried filling the business manager position by listing it on their website, ESC1 and other organizations but received limited responses. The position has also been advertised in the newspaper and the district continues to receive limited responses with applicants having little to no extensive school district business experience. The district plans to fill this position in January.

Software Conversion-When the district first contracted with ESC1 to convert from Skyward to TXEIS the target conversion date was set for November 1 however it is now scheduled to take place this January due to the required year end reporting. The district will need to produce W-2's, 1099's and generate the fourth payroll quarterly report in January. The yearend reporting process will be easier for the staff if all the data is in one software system.

Special Accreditation Investigation- The district received on December 16, 2014 from the TEA the final report on the on-site Special Accreditation Investigation on the district's attendance records. The report does not reflect the dollar amount impact to the district because the revised ADA figures will have to be forwarded to the funding division to generate revised Summary of Finance reports for the district. As of January 6 TEA posted updated summary of finance printouts reflecting overpayments to the district for 2011-2012 and 2012-2013 of \$552, 910 and \$1,021,885, respectively. The 2013-2014 overpayment amount is still pending. The district is hopeful they can meet with the agency in January to reduce the dollar amount and spread the repayment of revenue over several years.

Incentive Pay-Right before the Christmas break, the superintendent, board and legal counsel pushed for an incentive pay increase to employees. The management team had to be very persuasive and firm that district funds could not currently be used for that purpose. Repeatedly, we addressed the factors that needed to be resolved prior to such a consideration. The district currently has these unknowns; financial audit has not been completed, audited fund balance amount is not known, repayment of revenue amount to TEA has not been finalized, current year budget status is not known, technology building estimated cost to complete is not known and TASB salary study report has not been completed. A directive addressing these concerns was given to the superintendent prior to the holidays. The Management team is highly concerned that the leadership of the board and administration continued to pursue this action even after the management team advised against it.

9. Recommendations.

Continued oversight and guidance is necessary in order for the district to move forward and meet its outstanding obligations to all parties concerned. Board member elections will be taking place this coming May and board members are strategizing to maintain their positions by recommending actions that win favor with employees. These actions involve the use of district funds. Funds that must be

safeguarded until current financial obligations are met and the district is financially sound. The board must continue to be regularly informed of the district's financial condition to prevent the unnecessary use of district funds and to restore an operating fund balance.

Hamlinde H. Rameau
Signature of Monitor/Conservator

11/7/2015
Date of Report

Richard Clifford
Signature of Monitor/Conservator

11/7/2015
Date of Report

October 6, 2014

Ismael Cantu, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

Directive 21

Dear Dr. Cantu:

Under the authority cited in Texas Education Code §39.111(c) (1), please proceed on obtaining the services of an engineer to determine the costs to complete the technology building.

Please contact me if you need clarification on this item.

Respectfully,


Hermelinda Romero, Conservator

XC: Richard J. Clifford, Management Team
Ron Rowell, Texas Education Agency

December 17, 2014

Ismael Cantu, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

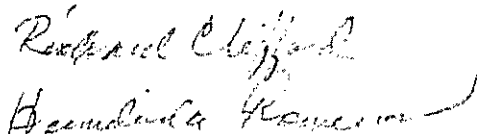
Dear Dr. Cantu:

This letter serves as official notification of the directed action discussed yesterday. We are directing this under the authority cited in Texas Education Code §39.111(c) (1).

Directive 22. Effective immediately, no salary increases of any type may be paid by the district. This directive is needed due to impending revised summary of finances from the Texas Education Agency addressing significant reductions of student average daily attendance (ADA); TASB pay systems review report has been completed, received, and board approved; and the 2013-2014 fiscal year audit has been completed, presented, and board approved.

Please contact me if you need clarification on this item.

Respectfully,

The block contains two handwritten signatures. The first signature, "Richard Clifford", is in cursive and appears to be written in blue ink. The second signature, "Hermelinda Romero", is also in cursive and appears to be written in blue ink. Both signatures are positioned one above the other.

Richard Clifford
Hermelinda Romero
Management Team

XC: Ron Rowell, Texas Education Agency

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**


Notice is hereby given that a **BOARD TRAINING** of the Board of Trustees of the Progreso I.S.D. will be held on the 6th of October 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call meeting to order**
 - A1 Pledge of Allegiance
 - A2 Prayer

- B- **Superintendent Report**
 - Review and take appropriate action on the following
 - B1 Board Training

C- Adjournment


Dated this 1st day of October 2014 -- Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 1st day of October at 5:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 1st day of October 2014 -- Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **PUBLIC HEARING** concerning the Progreso High School 2014-2015 Optional Flexible School Day Program will be held on the 20th of **OCTOBER 2014** at 6:00 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call Public Hearing to order**
- B- **Presentation by Administrator for Curriculum & Instruction on the following:**
 - B1 Progreso High School 2014-2015 Optional Flexible School Day
- C- **Public Comments on the following**
 - C1 Progreso High School 2014-2015 Optional Flexible School Day
- D- **Board Discussion on the following:**
 - D1 Progreso High School 2014-2015 Optional Flexible School Day
- E - **Adjournment of Public Hearing**

Dated this 16th day of October 2014 – Progreso Independent School District

By: Ismael Cantu, Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 16th day of October 2014 at 9:00 a.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 16th day of October 2014 – Progreso Independent School District

By: Ismael Cantu, Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **PUBLIC HEARING** concerning the Progreso ISD rating on the State Financial Accountability System will be held on the 20th of **OCTOBER 2014** at **6:30 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call Public Hearing to order**
- B- **Presentation by Business Manager on the following:**
 - B1 School District's rating on the State's Financial Accountability System
- C- **Public Comments on the following**
 - C1 School District's rating on the State's Financial Accountability System
- D- **Board Discussion on the following:**
 - D1 School District's rating on the State's Financial Accountability System
- E - **Adjournment of Public Hearing**

Dated this 16th day of October 2014 – Progreso Independent School District

By: Ismael Contreras, Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 16th day of October 2014 at 9:00 a.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 16th day of October 2014 – Progreso Independent School District

By: Ismael Contreras, Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 20th of **October 2014** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag
- A2 Prayer
- A3 Recognition of Student Academic/Extra-Curricular Achievements
 - a. Homecoming parade float contest winner
 - b. Campus with highest attendance rate for the 1st 6 week
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.
- A5 School Board Minutes

B- Superintendents Report

Discussion and possible action on the following:

- B1 District Reports
- B2 Special Board meeting for November 3, 2014
- B3 Records Retention Proposal
- B4 Fixed Asset Management Program Proposal
- B5 TASB Salary/Stipend Study
- B6 Extra Duty compensation change: Professional \$28 and Support Staff \$15
- B7 District Recovery Plan update

C- Support Services/Facilities

Discussion and possible action on the following:

- C1 Athletics Department
 - a. DTMS Gym Floor Proposal
 - b. Washer/Dryer
- C2 Movement of central office canopy to North Elementary

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report
 - d. Progreso High School
- D2 Athletics Department: Athletic Stipend Proposal

E- Student Services:

Discussion and possible action on the following:

- E1 Optional Flexible School Day Program 2014-2015 for Progreso High School
- E2 Success Maker (Pearson)
- E3 TSI (High School): Training and Resources
- E4 SAT and ACT (High School): Training and Resources
- E5 TSI (Middle School): Training and Resources

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a) McAllen ISD student fee: \$10,000.00
 - b) Direct Energy: \$133,732.10
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund
- F6 Budget Amendment for the Debt Service Fund
- F7 Purchasing Cooperatives
 - a. REGION I PURCHASING COOP
 - b. REGION I-CNP(CHILD NUTRITION PROGRAM) COOP
 - c. GOODBUY PURCHASING PROGRAM REGION II
 - d. BUY BOARD COOP
 - e. STATE OF TEXAS COOP PURCHASING
 - f. TCPN -COOPERATIVE PURCHASING NETWORK FOR PUBLIC SCHOOLS
 - g. TEXAS DEPT OF INFORMATION RESOURCES (DIR)
 - h. TXMAS- TEXAS MULTIPLE AWARD SCHEDULES

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 100

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.

- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including
- (e) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Hiring of administrative & professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

K- Adjournment

Dated this 16th day of October 2014 -- Progreso Independent School District

By: Ismael Cantero, Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 16th day of October 2014 at 9:00 a.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 16th day of October 2014 -- Progreso Independent School District


By: Ismael Cantero, Interim Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **Special** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **10th of November 2014 at 5:30 p.m.** at the Progreso High School Technology Building, Progreso, Texas at which time the following agenda items will be discussed.

- A- Call meeting to order
- B- Walk Thru of the following facilities:
 - a. Technology Building
 - b. Cosmetology Department
 - c. Weight Room
 - d. Boys Locker Room
 - e. Current Vocational Building
 - f. DTMS Old Agriculture Classroom
 - g. DTMS Gymnasium
- C- Executive Session at Dorothy Thompson Middle School Library: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.
 - (a) Discussion concerning Superintendent's contract
- D- Reconvene in Open Meeting on the following items:
Discuss and take possible action on the following items:
 - (a) Discuss district capital needs
 - (b) Action on Superintendent's contract
- G- Adjournment


Dated this **7th** day of November 2014 – Progreso Independent School District

By:  , Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the **7th** day of November 2014 at **4:30pm**

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this **6th** day of November 2014 – Progreso Independent School District

By:  , Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a REGULAR School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 17th of November 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag - PHS
- A2 Prayer - PHS
- A3 Recognition of Student Academic/Extra-Curricular Achievements
 - a. Special Olympics Recognition
 - b. PHS Boys Cross Country
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.
- A5 School Board Minutes
September 15, 2014 – Regular Meeting

B- Superintendents Report

Discussion and possible action on the following:

- B1 Academic Report
- B2 Engineer Report on CATE Building
- B3 FIRST Corrective Action Plan
- B4 Advertising for Business Manager
- B5 Thanksgiving Early Release
- B6 Christmas Events

C- Support Services/Facilities

Discussion and possible action on the following:

- C1 Report on Agriculture Farm incident/corrective action
- C2 Report on Fine Arts Facilities Needs
- C3 Status Report on DTMS Gym floor
- C4 Authorization to Issue Request for Competitive Sealed Proposals for Dorothy Thompson Middle School Gym Roof Repairs.

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 Campus Activities Report
 - a. North Elementary Report/Campus Improvement Plan
 - b. West Elementary Report/Campus Improvement Plan
 - c. Dorothy Thompson Middle School Report/Campus Improvement Plan
 - d. Progreso High School/Campus Improvement Plan
- D2 Memo of Understanding: Hidalgo County Head Start Program 2014-2015
- D3 North Elementary Priority Campus Plan

E- Student Services:

Discussion and possible action on the following:

- E1 PEIMS Report
- E2 Migrant Activity Report
- E3 Parental Involvement Activity Report
- E4 Transportation/Maintenance Report

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Annual Investment Report
- F3 P.O./Payment Request over \$10,000.00
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund
- F6 Budget Amendment for the Debt Service Fund

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 DC (Local) Hiring & Firing of at-will personnel
- G3 DCA (Local) Probationary Contracts
- G4 DCB (Local) Term Contracts
- G5 DCD (Local) At-Will Employment
- G6 DCE (Local) Other Types of Employment
- G7 District Open Enrollment Designation

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.

- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (e) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Hiring of administrative & professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

K- Adjournment


Dated this 14th day of November 2014 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 14th day of November 2014 at 4:15 pm.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 14th day of November 2014 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **PUBLIC HEARING** concerning the Progreso North Elementary Federal Accountability Improvement Plan will be held on the **15th** of **DECEMBER 2014** at **6:45 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call Public Hearing to order**
- B- **Presentation by Progreso North Elementary Principal on the following:**
 - B1 Progreso North Elementary Federal Accountability Improvement Plan
- C- **Public Comments on the following**
 - C1 Progreso North Elementary Federal Accountability Improvement Plan
- D- **Board Discussion on the following:**
 - D1 Progreso North Elementary Federal Accountability Improvement Plan
- E - **Adjournment of Public Hearing**

Dated this 10th day of December 2014 – Progreso Independent School District

By: Ismael Cantu, Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 10th day of December 2014 at 11:00 am.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 10th day of December 2014 – Progreso Independent School District

By: Ismael Cantu, Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **15th of December 2014 at 7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag - DTMS
- A2 Prayer - DTMS
- A3 Recognition of Student Academic/Extra-Curricular Achievements
 - a. DTMS Student Council
 - b. DTMS 6th Grade Student Recognition
 - c. District Attendance Recognition
 - d. PHS THSCA Academic All-State Award Recipients
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

B- Superintendents Report

Discussion and possible action on the following:

- B1 District Report
 - a. RCI: Fixed Assets
 - b. RCI: Records Retention
 - c. District Updates

C- Support Services/Facilities

Discussion and possible action on the following:

- C1 Review bids and possible selection for DTMS re-roofing of gymnasium
- C2 Review bids and possible selection for DTMS refurbishing of Basketball court/floor project
- C3 Update on Technology Building

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 District Improvement Plan
- D2 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report
 - d. Progreso High School
- D3 Read 180 renewals
- D4 PHS: Special Olympics Winter Games, Austin, TX: February 5-8, 2015
- D5 PHS: Progreso Varsity Soccer Team, Pleasanton, TX: January 9-10, 2015

E- Student Services:

Discussion and possible action on the following:

- F1 PEIMS Report
- F2 Migrant Activity Report
- F3 Parental Involvement Activity Report
- F4 Transportation/Maintenance Report

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Annual Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. Direct Energy: \$55,258.72
 - b. STC Fall 2014 Dual Enrollment fee: \$28,896.88
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund
- F6 Budget Amendment for the Debt Service Fund
- F7 Review bids and possible selection for vehicle & error and omissions insurance
- F8 Review bids and possible selection for fuel & oil supplies
- F9 2014 Financial Audit Update

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 District Open Enrollment Designation
- G3 TASB Update 101 1st Reading

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.


- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (e) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Hiring of administrative & professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

K- Adjournment


Dated this 9th day of December 2014 - Progreso Independent School District

By:  , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 9th day of December 2014 at 3:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 9th day of December 2014 - Progreso Independent School District

By:  , Interim Superintendent

TEXAS EDUCATION AGENCY
SCHOOL GOVERNANCE

Monitor/Conservator Quarterly Report

Submit Quarterly Report to: Ronald Rowell

E-mail: ronald.rowell@tea.state.tx.us

Subject Line: Quarterly Monitor/Conservator Report for (LEA Name)

Contact Information: (512) 475-3697

School District: Progreso Independent School District

County-District #: 108-910

Name: Richard J. Clifford & Hermelinda H. Romeros

☐ Monitor ☐ Conservator ☒ Management Team

1. Report for the following quarter:

- ☐ First Quarter (January, February, March)
- ☐ Second Quarter (April, May, June)
- ☒ Third Quarter (July, August, September)
- ☐ Fourth Quarter (October, November, December)

2. Current Status of the Identified Issues:

- ☐ Initial Review – first quarterly report
- ☐ Meeting objectives for the quarter
- ☐ Exceeding objectives for the quarter
- ☐ Concerned (little or no improvement or progress)
- ☐ Highly concerned (specific concerns detailed below)
- ☒ Other -Progress evident however critical issues will require continued team work
- ☐ Final review – recommendation for removal

- 3. Board Meetings.** Please document in the space provided below the dates of Board Meetings during the time period of this report. Indicate for each meeting whether an agenda was posted, whether a quorum was present and whether the meeting was attended by the
monitor/conservator.

Per
15-2014

Date(s) of Board Meeting Regular, Special, or Emergency	Posted Agenda? Attach copy(s) of posted agenda	Quorum?	Attended by Monitor/Conservator?
7/28/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
8/6/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
8/18/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
8/28/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
9/15/2014- Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

4. Visits to LEA. Please document in the space provided below the date, time and general purpose for any on-site visits to the LEA.

Date/Time	Contact	Purpose
7/16/2014	Interim Superintendent	Initial meeting with interim superintendent to discuss district issues, cover budget calendar, status of business operations and community concerns Discussed items needing immediate attention and provided pertinent documents
7/17/2014	Superintendent, ESC 1 Deputy Directors	Met with ESC 1 staff regarding contract for finance and student software, HR services, business office oversight and timeline planning for conversion
7/18/2014	Superintendent & Business Office Staff	Met with superintendent and business office staff for superintendent to get an understanding of each staff members responsibilities, get an update on business operations, delegate staff assignments, address budget amendment and also addressed debt service meeting debt payment concern
7/21/2014	Superintendent & ESC 1 programmers	Met with ESC 1 programmers to discuss conversion timeline and implementation, assisted the superintendent with district staffing
7/23/2014	Superintendent , Business Office staff	Meeting with district staff and superintendent to receive an update on business operations, provide direction and assign functions, assist superintendent with 7/28/14 board agenda items & review
7/28/2014	Board president Legal Counsel Superintendent	Reviewed board agenda items, student insurance concerns, and analyze ESC 1 contract services
7pm-9:45pm		Attend board meeting
7/29/2014	Superintendent/legal counsel	Met with superintendent regarding personnel concerns, election issues and staff allegations
	Superintendent & Hidalgo Co Sheriff	Meeting with sheriff and investigator regarding staff allegations

7/30/2014	Superintendent & Business Office Staff	Meeting to address budget concerns, end of year software conversion, audit and work on Fitch rating responses
8/4/2014	Superintendent & Business Office Staff	Prepared response for Fitch Rating conference call, update from staff on budget , conference call and review district staffing
8/6/2014	Superintendent & AD	Meeting with Superintendent & AD re staffing issues and stipend amounts
6:30 – 7:47 pm	Board	Attend board meeting
8/7/2014	Board President/ Superintendent/Business Office Staff	Conference call with Fitch Rating, assist staff with budget and work on staffing reductions with superintendent and board president
8/8/2014	Superintendent Business office staff	Assist superintendent with staff reductions, work on budget & Fitch Rating conference call
8/11/2014	ESC1	Work with ESC1 staff on budget, fund balance analysis, tax revenues, conference call with Fitch Rating and call t TEA re EDA/IFA funding
8/12/2014	ESC1	Work with ESC1 staff on 14-15 budget and work with Hidalgo Co tax assessor staff on tax notice
8/18/2014	Superintendent	Meeting to review agenda items, explain budget to superintendent and prepare for board meeting
6:30 -7:55	Board Trustees	Attend board meeting
8/19/2014	Staff & Superintendent	Meeting with staff and Superintendent on special education and DTMS staffing, special education application and 8/28 board agenda items needed
8/26/2014	ESC1 staff/ Business office staff	Work with ESC1on final budget amendment, 14-15 budget revisions, state compensatory HB5 end of course funding and review latest enrollment and ADA verification documentation
8/28/2014	Superintendent, Business Office Staff, Legal Counsel	Review board agenda items, assist staff with 14-15 budget corrections, format final budget amendment for board meeting, and explain budget and tax rate to superintendent and counsel
6:30 -9:45	Board Trustees	Attend Board Meeting
8/29/2014	Superintendent/ ex-employee	Interview ex-employee re allegations during Castillo's employment
9/8/2014	Superintendent, principal	Review rain damage at DTMS, walk through portables & technology building, storage areas and discuss engineering purchases with teacher
9/9/2014	Superintendent /legal counsel & maintenance staff	Discuss technology building approach with counsel, walk through technology building and excess supplies storage areas at transportation and maintenance

9/11/2014	Business Office staff	Assist staff with yearend analysis of balance sheet accounts in order for district to be ready for audit
9/15/2014	External auditors, superintendent, legal counsel & Business staff	Met with auditors to go over timeline for anticipated fieldwork and audit presentation; reviewed board agenda items, discussed construction for technology building and DTMS roof and personnel issues
7:00 – 9:25	Board of Trustees	Attend Board Meeting
9/16/2014	Superintendent , legal counsel	Reviewed prior superintendent salary calculations, discuss technology building completion and DTMS roof replacement, district recovery plan update, schedule board training and board meetings dates
9/23/2014	Business Office Staff	Assist staff with yearend balance sheet account analysis and on site visit of manufacturing and engineering equipment at high school

5. LEA Progress

TEA Charge	Directive	Corrective Action	Results/Evaluation of Implementation	Timeline
Develop Improvement Plan within the first 90 days to address casual factors or barriers.			Completed-attached to July quarterly report	July 2014
Review the current board policies and practices related to governance, financial management, and business operations.			On going	
Review the district's compliance with fingerprinting, and criminal history record review requirements.			Completed and ongoing	Initial compliance completed March 17, 2014

Procure professional services of an education service center in Financial and Business Operations areas.	#16-District uses Skyward software and requested district look into ESC software to facilitate ESC providing business services	District contracted with ESC1 for Finance services in 14-15 and student services in 15-16	In Progress	Finance Conversion scheduled for November 1
Procure external professional services in federal grants management and provide oversight with IDEA-Part B and Title I-Part A grants.		ESC1 to assist in this area	In Progress	October 2014 and ongoing
Training for school administration in areas of concern and develop a training schedule.		1st training provided by ESC1 in August 2014 2nd training provided by ESC1 in September 2014	In Progress and ongoing Initial training by ESC1 August 26, 2014 2nd training by ESC1 September 11, 2014	Summer 2014 and ongoing
Attend board meetings and executive sessions		1 st board training June 11 th , board is scheduled to attend TASA conference in September.	During this quarter all board meetings have had quorums	Ongoing and board should have 10 hours by end of September 2014
Recommend any additional actions TEA may need				

6. New Recommendations or Directives made during this Reporting Period. Attach copy of recommendations or directives.

Date Submitted	Due Date	Recommendations/Directives	Progress on Directives
7/25/2014	Immediate	See Attached #10	Addressed
7/29/2014	Immediate	See Attached # 11	Addressed
9/11/2014	Immediate	See Attached #12	Addressed
9/16/2014	Immediate	See Attached #20	Addressed

7. Exit Strategy and Timeline. Please document your strategy to exit from the school so that they

may function on their own and your timeline for removal.

Exit Strategy	Timeline

8. Implementation Efforts. Please provide a brief description of the LEA's overall implementation, including any issues or concerns.

Governance:

Governance:

The Management team has begun to observe a shift in board governance during the third quarter. During the month of August, the management team had to disallow two actions by the board. The first involved a recommendation by the Superintendent not to contract with the city of Progreso police department to provide security to the district; the second involved a recommendation regarding personnel action recommended by the Superintendent.

Two of the three new board members attended training for new board members hosted by ESC 1 in September and two current board members attended a legislative review for board members also hosted by ESC 1. Five board members, two existing and three new members along with the Superintendent attended the TASA/TASB state conference in Dallas at the end of September. An additional training is scheduled for early October in the ISD for board members and will focus on Budget/finance and HR issues.

The Superintendent recommended significant reductions in force in order to balance the budget and is currently working with the management team as he prepares recommendations to take to the board in November regarding the resumption of the construction project that has been on hold since the early fall of 2013. He also continues to address over staffing in the maintenance and transportation departments in addition to other issues with all ancillary personnel. He has also begun the implementation of a SBDM program in the district.

While the board has only had one meeting during the current quarter with full attendance all other meetings had at least 5 members in attendance. The meetings also continue to have excellent attendance by the community.

The management team believes that the board needs to consider changing the district policy regarding Superintendent Authority in relation to employment termination of ancillary employees. Currently the Superintendent only has the authority to suspend with or without pay and the board then makes the final decision regarding the employee's employment in the district. This has and will continue to place the board in a position of being involved in personnel decisions that in the management team's observation will cause division on the board and prevent the board from working as a team. The management team will be recommending additional training for the board focusing on team building and consensus building.

Finance:

The district is facing some challenging financial and implementation issues that require the expertise of a good business manager. An individual that can address these issues should be on board as soon as feasible. Listed below is a recapitulation of the business concerns that the district will be facing within the current fiscal year.

Fitch Ratings downgrades the Progreso Independent School District bonds from Rating Watch Negative (A-) and assigns a Negative Outlook (BB+), a four notch decline. The key rating drivers were:

- Deteriorating Finances
- Financial Management Lapses
- Budget Pressures in Fiscal 2015 and Beyond
- State Conservators Assigned
- Mixed Debt Profile
- Weak Tax Base
- Limited But Stable Economy

Prolonged delays in appointing permanent leadership positions, lack of progress in resolving the district's numerous audit findings in the fiscal 2015 audit and in restoring structural balance to the operating and debt service funds, or inability to provide consistently reliable data will lead to a rating downgrade or withdrawal of the rating.

Copy of report attached.

The TEA conducted an on-site special accreditation investigation of the district's attendance records and has submitted a preliminary report to the district. The district was counting non-Texas residents as part of its average daily attendance, reported perfect attendance at one of the campus and overstated the free and reduced-price lunch counts for one month. Based on these findings, the Agency reflects a preliminary calculation of overpayments to the district for 2011-2012 and 2012-2013 at \$1,808,752. The district has appealed the findings and has submitted documentation to the Agency. The district is awaiting the response from the Agency for the two years reviewed and the 13-14 fiscal years. In anticipation of the possible reclaiming of the prior year's overfunding, the district reduced the state revenue amount by 100 ADA from the 14-15 revenue projections and did the same for the 13-14 fiscal year state funding revenue.

The 2014-2015 budgeted expenditures were considerably reduced in order to generate excess funds to add to fund balance and for the repayment of prior state revenue overfunding. The district's business office will need to consistently monitor the expenditures to budget to stay within budget.

The district was in the process of constructing a technology building when the architect was indicted for bribery which halted the construction. The project has been on hold since early fall of 2013. The building infrastructure and building materials left on the premises have been exposed to the elements. In order to prevent further damage to the building, we foresee at a minimum the roof and siding being constructed to enclose the building. We have requested legal counsel to secure the services of an engineer to estimate the costs to complete the building. The full completion of the building and furnishings will be dependent on the ADA liability outcome and district financial status as of year-end.

During our on site visit of the technology building, we were shown some of the costly manufacturing and engineering equipment that has been purchased for the technology building. Approximately half of the equipment is in use and the other half is still in boxes and crates. The equipment was bought in 2009-2010 and 2010-2011 using ARRA of 2009, Title XIV, State Fiscal Stabilization Funds (266) and ESEA, Title I, Part A, Improving Basic Programs-ARRA (Stimulus) (285). The career and technology program

previously had a high enrollment but recently the enrollment has declined and some of the staff has moved on.

The district has contracted with Region One to install the TXEIS software program and the conversion should be taking place on or about November 1.

TASB has also been contracted to provide the district with a compensation study by December 15, 2014. The superintendent would like to align salaries with the surrounding areas and will be reviewing the TASB recommendations to possibly implement in the 15-16 fiscal year.

The external auditors are scheduled to start the audit fieldwork on October 7 and the district is striving to have the general ledger ready by November 1. The books still need extensive analysis of the balance sheet accounts and year end entries to be ready for audit. Region One and myself have been assisting the district with some of the necessary tasks but the district needs someone on site to oversee that the tasks are taking place and to hold staff accountable.

9. Recommendations.

Considerable improvement in the district has taken place since the interim superintendent came on board and we would like to see this continue. Therefore, we are recommending to the board that the current superintendent's contract be extended to August 31, 2015, or later, in order to maintain consistency and improvement in the district. We will recommend that it be done very soon in order to move forward in the employment of the other key district positions. The business functions of the district are a major driving force for district improvement and need to get addressed as soon as the district can employ a capable business manager.


Signature of Monitor/Conservator

10/6/14
Date of Report


Signature of Monitor/Conservator

10/6/14
Date of Report

NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **28th** of **JULY 2014** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

A3 Recognition of Student Academic/Extra-Curricular Achievements

A3 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

B- Superintendents Report

Discussion and possible action on the following:

B1 District Reports

B2 District Recovery Plan Update

B3 TEA Average Daily Attendance Audit and PISD Response

B4 Discussion of PK Program

B5 Property/Vehicle/Student/Workers Comp Insurance Update

B6 Discussion of Progreso ISD Organizational Chart

C- Support Services/Facilities

Discussion and possible action on the following:

D- Curriculum & Instruction:

Discussion and possible action on the following:

D1 Campus Activities Report

a. North Elementary Report

b. West Elementary Report

c. Dorothy Thompson Middle School Report

d. School Of Choice

e. Progreso High School

D2 Instructional Materials Allotment and TEKS Certification, 2014-2015

E- Student Services:

Discussion and possible action on the following:

- E1 TECH-Prep Chicago, IL, August 2-5, 2014
- E2 Hidalgo County Juvenile Justice Alternative Education Program (JJAEP) Memorandum of Understanding 2014-2015
- E3 Rio Grande Valley Rehab Plus Patient Therapy Service, LP DBA Personnel Services Agreement 2014-2014

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. Direct Energy: Electricity Services : \$178,277.04
 - b. TASB Risk Management Fund (Property): \$302,306.00
 - c. Insight: E-Rate Cable Project: \$113,571.47
 - d. Linebarger Tax Collection Attorney Fees for June 2014: \$11,006.05
 - e. Wells Fargo Interest on bonds: \$568,117.49
- F4 Tax Collection Report
- F5 Budget Amendment for the General Fund
- F6 Budget Amendment for the Debt Service Fund
- F7 Setting date for public meeting to discuss 2014-2015 budget and proposed tax rate
- F8 Region One ESC Business Office/Student Contracted Service/Annual Subscription

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 99
- G3 TASB Policy Update Academic Achievement Graduation EIF (Local)

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.

- (a) Personnel Matter
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including
- (e) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members


I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Personnel Matters
- (b) Hiring of administrative & professional personnel, instructional and non-instructional
- (c) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (d) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

K- Adjournment

Dated this 24th day of July 2014 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 19th day of June 2014 at 6:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 24th day of July 2014 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 6th of **August 2014** at **6:30 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call meeting to order**
A1 Pledge of Allegiance
A2 Prayer
- B- **Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.**
- (a) Personnel Matter
 - (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
 - (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
 - (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including
- C- **Reconvene in Open Meeting to take action on the following items:**
Discuss and take possible action on the following items:
- (a) Personnel Matters
 - (b) Hiring of administrative & professional personnel, instructional and non-instructional
 - (c) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
 - (d) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

D- Adjournment

Dated this 31st day of July 2014 – Progreso Independent School District

By: Ismael Cantu, Superintendent by Joe G. Vela

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 31st day of July at 5:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 31st day of July 2014 – Progreso Independent School District

By: Ismael Cantu, Superintendent by Joe G. Vela

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**


Notice is hereby given that a **BUDGET WORKSHOP** of the Board of Trustees of the Progreso I.S.D. will be held on the 18th of August 2014 at 6:30 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call meeting to order**
 - A1 Pledge of Allegiance
 - A2 Prayer

- B- **Superintendent Report**
 - Review and take appropriate action on the following
 - B1 Budget Workshop

C- Adjournment

Dated this 15th day of August 2014 – Progreso Independent School District

By:  . Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 15th day of August at 5:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 15th day of August 2014 – Progreso Independent School District

By:  . Superintendent

Notice is hereby given that a **SPECIAL** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 18th of August 2014 immediately following the Budget Workshop at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Student Services:

Review and take appropriate action on the following:

A1 Progreso Police Department Service Agreement

B- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) Personnel Matter
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including


C- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Personnel Matters
- (b) Hiring of administrative & professional personnel, instructional and non-instructional
- (c) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (d) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

D- Adjournment

Dated this 15th day of August 2014 – Progreso Independent School District

By: . Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 15th day of August at 5:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 15th day of August 2014 – Progreso Independent School District

By: . Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **PUBLIC HEARING** concerning the proposed adoption, by the Board of Trustees of the Progreso I.S.D of a Budget for the 2014-2015 school year and both Maintenance & Operations and Debt Service Tax Rates for the 2014-2015 school year will be held on the 28th of AUGUST 2014 at 6:30 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

- A- **Call Public Hearing to order**
- B- **Presentation by Superintendent on the following:**
 - B1 Proposed 2014-2015 Budget
 - B2 Proposed 2014-2015 Tax Rates
- C- **Public Comments on the following**
 - C1 Proposed 2014-2015 Budget
 - C2 Proposed 2014-2015 Tax Rates
- D- **Board Discussion on the following:**
 - D1 Proposed 2014-2015 Budget
 - D2 Proposed 2014-2015 Tax Rates
- E - **Adjournment of Public Hearing**

Dated this 25th day of August 2014 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 25th day of August 2014 at 6:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 25th day of August 2014 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 28th of **AUGUST 2014** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance/Texas Flag
- A2 Prayer
- A3 Recognition of Student Academic/Extra-Curricular Achievements
- A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

A5 School Board Minutes:

- Regular Meeting February 17, 2014

B- Superintendents Report

Discussion and possible action on the following:

- B1 District Reports
- B2 2014-2015 Employee Handbook
- B3 Discussion of Progreso ISD Organizational Chart

C- Support Services/Facilities

Discussion on the following:

D- Curriculum & Instruction:

Discussion and possible action on the following:

- D1 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report
 - d. School Of Choice
 - e. Progreso High School

E- Student Services:

Discussion and possible action on the following:

- E1 TEKS Resource Systems Contract
- E2 Renewal of contract with Renaissance Learning

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund for 2013-2014 school year
- F6 Budget Amendment for the Debt Service Fund for 2013-2014 school year
- F7 Adoption of 2014-2015 Budget
- F8 Adoption of annual Maintenance & Operations and Debt Service Tax Rates for Tax Year 2014
- F9 Review bids from possible vendors, and award contract for Worker's Compensation coverage for District Employees.
- F10 Student Tuition Rates for 2014-2015
- F11 Need for disposition and possible disposition methods for F250 Trucks owned by District

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 100 (First Reading)
- G3 GT Policy EHBB (Local) Update

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.

- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including
- (e) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members
- (f) Hear Level III Grievance of Ana Vela pursuant to District Policy DGBA (Local)

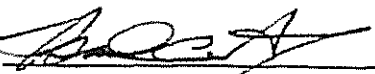
I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Hiring of administrative & professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees
- (d) Appropriate action on Level III Grievance of Ana Vela pursuant to District Policy DGBA (Local)

K- Adjournment


Dated this 25th day of August 2014 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 25th day of August 2014 at 6:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 25th day of August 2014 – Progreso Independent School District

By: , Interim Superintendent

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 15th of **September 2014** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance/Texas Flag

A2 Prayer

A3 Recognition of Student Academic/Extra-Curricular Achievements

A4 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes.

Delegations of more than five persons shall appoint one person to present their views before the Board.

A5 School Board Minutes

B- Superintendents Report

Discussion and possible action on the following:

B1 District Reports

B2 Discussion of Progreso ISD Organizational Chart

B3 Technology Building

B4 Dorothy Thompson Middle School Building Needs

B5 Campus/District SBDM

B6 Financial Coding Training of Administrators

C- Support Services/Facilities

Discussion and possible action on the following:

C1 Safety Audit

D- Curriculum & Instruction:

Discussion and possible action on the following:

D1 Campus Activities Report

a. North Elementary Report

b. West Elementary Report

c. Dorothy Thompson Middle School Report

d. School Of Choice

e. Progreso High School

D2 School of Choice

E- Student Services:

Discussion and possible action on the following:

- E1 Grad Point (Pearson) Contract Renewal
- E2 DMAC Renewal
- E3 Region One Early Childhood Intervention 2014-2015 Memo of Understanding

F- Finance:

Discussion and possible action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a) TASB Risk Management - \$38,111.00
 - b) Direct Energy - \$60,892.68
 - c) CRC - items for West Elementary \$10,199.00
 - d) CRC - items for North Elementary \$32,520.00
 - e) CRC - items for North Elementary \$24,922.01
 - f) Labatt Food Service - items for Food Service \$22,018.22
 - g) Oak Farm - items for Food Service \$13,510.82
- F4 Tax Collection Report
- F5 Budget Amendments for the General Fund
- F6 Budget Amendment for the Debt Service Fund
- F7 Student Tuition Rates for 2014-2015
- F8 Request to conduct auction of school surplus equipment and materials

G- Governance:

Discussion and possible action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 100

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551,082.


- (a) Discuss Superintendent's Personnel Update with the Board
- (b) Superintendent's recommendations for hiring of administrative & professional personnel - instructional and non-instructional
- (c) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (d) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including
- (e) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Hiring of administrative & professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

K- Adjournment

Dated this 12th day of September 2014 – Progreso Independent School District

By: , Interim Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 12th day of September 2014 at 5:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at (956) 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 12th day of September 2014 – Progreso Independent School District

By: , Interim Superintendent

Directive 10

To: Dr. Ismael Cantu, Interim Superintendent
From: R.J. Clifford, TEA Conservator
Re: District Legal Counsel
Date: 7/25/2014

Dr. Cantu,

As per our conversation on 7/24/2014 and under the authority cited in Texas Education Code S39.111(c)(1) I am directing that you notify Mr. Kevin Ohanlon, Progreso ISD legal counsel and request his attendance at the Regular Board meeting of July 28th, 2014.

XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency

Directive 11

To: Dr. Ismael Cantu, Superintendent
From: R.J. Clifford, TEA Conservator
Re: Bd. President's request of Executive Session recording
Date: 7/29/14

After inquiring with TEA I was informed that tape recordings and minutes from Executive sessions of Board meetings must be sealed and placed in the school vault. They can only be accessed by Court Order.

As a result and under the authority of Texas Education Code S39.111(c)(1) I am directing you to not authorize the release of the minutes or tape recording of any Executive Session of the Progreso ISD board without a Court order.

XC: Hermelinda Romeros, Management Team
Ron Rowell, TEA

DIRECTIVE 12

To: Ismael Cantu, Interim Superintendent of Schools
From: Richard J. Clifford, TEA Conservator
Subject: Supervision of Priority 1 Campus
Date: 9/11/2014

Dr. Cantu, It has come to our attention that Jose G. Vela, Assistant Superintendent of Schools with the Progreso ISD is related to the principal at North Elementary. Under the authority of Texas Education Code S39.111(c) (1) I am issuing directive 12 that Mr. Vela may not serve in a supervisory role with the principal of that campus. Please notify me when you have determined who will serve in that capacity during the 2014-2015 school year.

September 16, 2014

Ismael Cantu, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

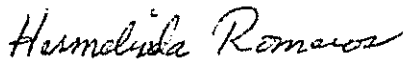
Dear Dr. Cantu:

This letter serves as official notification of the directed action discussed earlier today. I am directing this under the authority cited in Texas Education Code §39.111(c) (1).

Directive 20, Contract with the Texas Association of School Boards, Inc., HR Services Division Service Agreement for a Pay Systems Review prior to September 26, 2014 in order to meet their delivery schedule of December 2014. (Copy attached)

Please contact me if you need clarification on this item.

Respectfully,



Hermelinda Romero, Conservator

XC: Richard J. Clifford, Management Team
Ron Rowell, Texas Education Agency

Texas Association of School Boards, Inc.
HR Services Division
Service Agreement for a Pay Systems Review

Progreso ISD
August 27, 2014

I. Description of Services

TASB will evaluate district pay systems and practices and develop strategies to improve competitive pay alignment and internal equity. The scope of the review will include all employee base pay systems and pay for extracurricular duty assignments. The scope of work to be performed by TASB consultants includes the following:

1. Compile and analyze competitive job market benchmarking data.
2. Evaluate the competitive market alignment of pay structures and practices.
3. Examine internal pay equity among job incumbents.
4. Recommend a market pay strategy to achieve district goals.
5. Build or adjust pay structures to align with market benchmarks.
6. Recommend extra duty stipend schedules.
7. Develop implementation models with cost estimates.
8. Review a draft of findings and recommendations with district leadership.
9. Deliver a final report of findings and recommendations.

II. Cost

\$10,500 pay systems consulting fee plus \$2,000 extra duty stipend review, plus reimbursement of travel expenses

III. Schedule

TASB will schedule this project to begin in September and be delivered in December. To meet this delivery schedule, TASB must receive approval of this agreement before the expiration date below and must receive the electronic pay data requested from the district.

IV. Term of Agreement

This Agreement is effective upon the District's delivery (by mail or facsimile) of an executed counterpart of this Agreement to TASB and either party may rely upon a facsimile or photocopy of the Agreement for all purposes.

V. Limitation of Liability

TASB's liability under this Agreement is limited to the fees paid by the District to TASB under this Agreement. The parties agree that, in the event of a lawsuit between the parties relating to this Agreement, the prevailing party is entitled to recover reasonable and necessary attorney's fees.

VI. Cancellation of Agreement

In the event either party terminates this Agreement before the completion of services, the District will reimburse TASB for all costs incurred up to the date of cancellation and will pay TASB's fee for consulting hours actually rendered.

~~This proposal will expire on September 26, 2014~~


Cindy Clogg
Director, HR Services



HR Services

P.O. Box 400 Austin, TX 78767-0400 Fax 512.467.3506 Phone 800.580.7752

Signature of Authorized Official

District P.O. # _____

Date Approved _____

Version 5/17/2012

FITCH DOWNGRADES PROGRESO ISD, TX TO 'BB+'; OUTLOOK NEGATIVE

Fitch Ratings-Austin-11 August 2014: Fitch Ratings has downgraded the following Progreso Independent School District (the district) unlimited tax (ULT) bonds:

--\$28.5 million ULT bonds, series 2006, 2010, 2010 refunding, 2011, 2011A, 2012 to 'BB+' from 'A-'.

Fitch removes the bonds from Rating Watch Negative and assigns a Negative Outlook.

SECURITY

The bonds are secured by an unlimited property tax levied annually against all taxable property within the district. Additional security is provided by the Texas Permanent School Fund (PSF) guaranty, whose bond guaranty program is rated 'AAA' by Fitch.

KEY RATING DRIVERS

DETERIORATING FINANCES: The downgrade reflects the adverse financial impact of the district's weak governance and management practices, including a structural imbalance caused by overstaffing, counting non-Texas residents as part of its average daily attendance (ADA), and reducing its debt service tax rate below the required level.

FINANCIAL MANAGEMENT LAPSES: The district's qualified opinion on its fiscal 2013 audit along with a large number of audit findings calls into question the reliability of reported information. Board inaction delayed the district's progress in resolving many of its management shortcomings.

BUDGET PRESSURES IN FISCAL 2015 AND BEYOND: The Negative Outlook reflects the district's difficult prospects for achieving structural balance in light of the state's planned withholding of state aid overpayments. Prolonged management lapses also reduce the reliability of financial data.

STATE CONSERVATORS ASSIGNED: The Texas Education Agency (TEA) has assigned two conservators to the district with oversight authority and broad power to make and influence management decisions, including a veto of board decisions going forward. While Fitch views this action positively, the impact of enhanced oversight is still unfolding and is not yet incorporated into the rating.

MIXED DEBT PROFILE: Debt-to-market value is very high due to the low tax base wealth, and amortization is below average. However, fixed costs for debt service and retiree benefits are quite affordable due to annual state support. Future capital needs are minimal.

WEAK TAX BASE: Tax base wealth is very low and top taxpayers are moderately concentrated in agriculture. TAV growth is occurring but at a much slower rate than historical growth due to lower levels of building activity. Tax collection rates are below average.

LIMITED BUT STABLE ECONOMY: The district's economy is fairly limited with high unemployment, high poverty, and low wealth. Fitch notes that such metrics are not unusual for smaller school districts located along the U.S.-Mexico border.

RATING SENSITIVITY

GOVERNANCE IMPROVEMENTS: Prolonged delays in appointing permanent leadership positions or lack of progress in resolving the district's numerous audit findings in the fiscal 2015 audit will lead to a rating downgrade.

FINANCIAL STABILIZATION: A lack of progress in restoring structural balance to the district's operating and debt service funds will lead to a rating downgrade.

DATA RELIABILITY: Inability to provide Fitch with consistently reliable financial data could result in withdrawal of the rating.

CREDIT PROFILE

The district is located on the U.S.-Mexico border in Hidalgo County and includes the town of Progreso, a small trading center. District attendance has fluctuated in recent years but remains at around 2,000.

SCHOOL BOARD INACTION

The district's tenuous position, cited by Fitch in a press release dated Feb. 21, 2014, was compounded by the school board's repeated inability to achieve a quorum and take action on certain key items such as the appointment of an interim superintendent. Since the election of three new board members in May 2014, the board is now meeting regularly, appointed an interim superintendent, and approved a one-year contract with a state education service center (ESC). The ESC will provide business office support, financial oversight, human resources support, and student attendance support. The appointment of the interim superintendent and the ESC contract was approved by the state conservators.

FISCAL 2013 OPERATING RESULTS AND AUDIT FINDINGS

The fiscal 2013 audit posted a large \$3.1 million (15% of spending) net deficit due primarily to a \$2.3 million transfer for the completion of the science and technology building. The balance of the deficit (\$947,000 or 4.4% of spending) is due to a structural imbalance fueled by greater than budgeted staffing. The net deficit reduced the unrestricted fund balance to \$5.2 million (24.4% of spending) from \$8.4 million (42.7%) from a year prior. Liquidity remained ample at over 3.5 months of operating expenses despite the draw down.

The district received a qualified opinion on its fiscal 2013 audit plus a high 22 audit findings that echoed many of the problems discovered by TEA's investigation regarding significant gaps in internal controls and financial management practices. Although some progress has been made, management expects most of the findings will remain unresolved for the fiscal 2014 audit which is viewed negatively by Fitch.

STATE AID OVERPAYMENTS

A TEA audit revealed ADA discrepancies within the district's alternative school as well as errors in the lunch counts for the free and reduced-price lunch program. A separate TEA investigation discovered that the district had been including 100 non-Texas residents, equal to about 5% of its enrollment base in its ADA for fiscal years 2012 and 2013. These discrepancies led to the district receiving an aggregate state aid overpayment of \$1.8 million for the biennium which TEA had planned to deduct from fiscal 2015 state revenues. The district has appealed TEA's finding and contends a smaller number of non-Texas residents was counted in the district's ADA during fiscal 2012 & 2013. TEA is awaiting the district's response and will not take action for the time being.

Although fiscal 2014 state revenues were not officially part of the TEA's investigation, TEA has indicated similar overpayments for 100 non-Texas residents were received by the district during this period. As a result, the fiscal 2014 budget was amended to reflect \$659,000 (3% of general fund

revenue) in unearned revenue. The timing of TEA's claw back for fiscal 2014 overpayments has not yet been determined.

FISCAL 2014 FINANCIAL PRESSURES

The new management team froze expenses and deferred certain expenditures in response to fiscal 2013's structural imbalance and the impending claw back of state revenues. Year to date cash is adequate at \$5.5 million and management projects balanced operations are possible. However, Fitch notes that any overpayments will be posted as a liability (unearned revenue), leading to a significant fund balance decline.

FISCAL 2015 BUDGET PRESSURE

The proposed fiscal 2015 budget is still under development but management has indicated that it will reflect the loss of all 100 ADA disputed by TEA as non-eligible. To offset the loss of about \$750,000 in state revenue, management will propose a reduction in staffing. The new administration has identified substantial overstaffing in maintenance personnel and other non-teaching positions. Fitch will monitor the board's willingness to right size district staffing and enable prudent financial management.

DEBT SERVICE SHORTFALL

Annual state support for debt service comprises a high 80% of unlimited tax bond debt service but is based on local taxing effort. A reduction of \$0.05 per \$100 TAV in the fiscal 2014 debt service tax rate led to a \$300,000 (13% of spending) shortfall in local and state revenues for state support. To offset this shortfall, the district transferred a similar amount from the general fund (equal to 1.5% of spending), further exacerbating fiscal 2014 budget pressures. The new administration is investigating this discrepancy and plans to budget a debt service tax rate increase of \$0.0425 (for a total of \$0.33) to fully fund its debt service obligation in the proposed fiscal 2015 budget.

2010 BOND PROJECT ON HOLD

Construction of the science and technology building, funded with voter approved 2010 bonds, was halted eight months ago after the project's architect/contractor was arrested on federal bribery charges. The project is 70% complete but Fitch notes that costs are likely to increase under a new contractor.

Management's goal is to restart the project once its financial position is stabilized. TEA's substantial debt service support of the project's bonds may complicate the project's financing if such support is withdrawn due to its inactive status.

LIMITED BUT STABLE ECONOMY

Tourism, agriculture and trade with Mexico are the leading sectors of commerce in Hidalgo County. The Progreso-Nuevo Progreso International Bridge, expanded in 2003, has also enhanced the area's role in foreign trade activity. Unemployment rates in the county historically have been significantly higher than state and national levels. The May 2014 unemployment rate of 8.6% is down from 10.5% a year-prior but remains well above the state and national averages of 5.1% and 6.1%, respectively. Likewise, local wealth indicators traditionally have lagged significantly behind state and national averages, with market value per capita a low \$25,000 and per capita income equal to only 37% of the national average.

District taxable assessed valuation (TAV) has rebounded modestly over the last three years and recouped a 6.4% reappraisal losses posted in fiscal 2011. This deceleration is significant compared with an average annual growth rate of about 14% from fiscal years 2006 to 2010. Moderate taxpayer concentration exists, with the top 10 taxpayers accounting for 12% of TAV.

The 2014 district population is small and estimated at just over 8,000. Student ADA in the district remained flat in recent years before declining by 2% in fiscal 2014. The district is budgeting a 5%

reduction in ADA in fiscal 2015 to reflect the elimination of all non-Texas residents identified by TEA.

VERY LOW PROPERTY WEALTH BRINGS SUBSTANTIAL STATE SUPPORT

A major determinant in the amount of state financial aid for Texas school districts is local property wealth levels. The district's property wealth per student is among the lowest in state and, therefore, the district is heavily dependent on state aid for operating and debt service support. State financial support has consistently represented at or around 80% of general fund revenues and totaled 83% in fiscal 2013; local property taxes account for less than 10%. Tax collections, typical of the border region, are somewhat weak but have improved in recent years due to a change in delinquent tax collection procedures.

ELEVATED DEBT RATIOS WITH AFFORDABLE FIXED COSTS DUE TO STATE SUPPORT

The district's debt-to-market value ratio is very high at 16.4%, reflecting the very low property wealth levels. Debt per capita is more moderate at \$3,859. The district's substantial state debt service support, which when applied as a cost offset, reduces annual debt service costs to a low 1.8% of governmental expenditures.

The pace of principal repayment remains below average at 40% in 10 years. Debt service is level over the medium term and descends thereafter through maturity. Current facility capacity is projected as adequate over the next five years.

District employees participate in the Teacher Retirement System of Texas (TRS), a cost sharing, multiple-employer pension system. Contributions are substantially made by plan members and the State of Texas on behalf of the district, significantly reducing the annual retiree costs for the district. The district's annual required contribution for pension and other post-employment benefits equaled \$292,000 or a nominal 1.2% of fiscal 2013 governmental expenditures. Combined fixed costs for debt service and pension and OPEB ARCs consumed only 2.9% of fiscal 2013 governmental spending.

TEXAS SCHOOL FINANCE LITIGATION

In February 2013, a district judge ruled that the state's school finance system is unconstitutional. The ruling, which was in response to a consolidation of six lawsuits representing 75% of Texas school children, found the system 'inefficient, inequitable, and unsuitable and arbitrarily funds districts at different levels...' The judge also cited inadequate funding and districts' inability to exercise 'meaningful discretion' in setting tax rates as constitutional flaws in the current system.

The judge agreed to reopen testimony in January 2014 after the Texas legislature restored \$4.5 billion in school funding in its 2013 session. The increased funding levels apply to school district budgets in fiscal years 2014 and 2015. The judge will determine if the additional funding affected arguments made during the trial. It is anticipated that the original ruling, if upheld, will ultimately be appealed to the state supreme court.

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In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors.

Applicable Criteria and Related Research:

--'Tax-Supported Rating Criteria' (Aug. 14, 2012);

--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 14, 2012).

Applicable Criteria and Related Research:

U.S. Local Government Tax-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=685314

Tax-Supported Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686015

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TEXAS EDUCATION AGENCY
SCHOOL GOVERNANCE

Monitor/Conservator Quarterly Report

Submit Quarterly Report to: Ronald Rowell

E-mail: ronald.rowell@tea.state.tx.us

Subject Line: Quarterly Monitor/Conservator Report for (LEA Name)

Contact Information: (512) 475-3697

School District: Progreso Independent School District

County-District #: 108-910

Name: Richard J. Clifford & Hermelinda H. Romeros

☐ Monitor ☐ Conservator ☒ Management Team

1. Report for the following quarter:

- ☐ First Quarter (January, February, March)
- ☒ Second Quarter (April, May, June)
- ☐ Third Quarter (July, August, September)
- ☐ Fourth Quarter (October, November, December)

2. Current Status of the Identified Issues:

- ☐ Initial Review – first quarterly report
- ☐ Meeting objectives for the quarter
- ☐ Exceeding objectives for the quarter
- ☐ Concerned (little or no improvement or progress)
- ☒ Highly concerned (specific concerns detailed below)
- ☐ Other _____
- ☐ Final review – recommendation for removal

3. Board Meetings. Please document in the space provided below the dates of Board Meetings during the time period of this report. Indicate for each meeting whether an agenda was posted, whether a quorum was present and whether the meeting was attended by the monitor/conservator.

Exhibit H

PR
7-16-2014

Date(s) of Board Meeting Regular, Special, or Emergency	Posted Agenda? Attach copy(s) of posted agenda	Quorum?	Attended by Monitor/Conservator?
4/14/2014-Special	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No	X Yes <input type="checkbox"/> No
4/28/2014-Regular	X Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes X No	X Yes <input type="checkbox"/> No
5/19/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
5/27/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
6/11/2014- Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
6/17/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
6/23/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No

4. Visits to LEA. Please document in the space provided below the date, time and general purpose for any on-site visits to the LEA.

Date/Time	Contact	Purpose
4/7/2014	Supt & business office staff	Meeting to get status on business tasks of March 28
		Review personnel files and make copies
	Superintendent	Provide an update on vans used to transport children from Mexico
	Board President	Discuss approach to superintendent search and superintendent exit package
4/8/2014	Superintendent	Reported that he has not received the testing incident report from the assistant superintendent; discussed business manager position; mobile radios billing and deactivation; and board agenda items for board member arrested and charges filed against district asset and risk manager
	Superintendent, attorney & board president	Worked with board president on contacting superintendent search consultants, review special board meeting agenda items and agree to the terms of superintendent exit package
	Accounting staff	Reviewed bank reconciliations and noted corrections that need to be made; instructed staff on entries needed to record indirect cost
		Worked on updating the business manager's job description and the newspaper ad for the vacancy advertising
4/14/2014	Business manager	Reviewed staff prepared SOF, audit proposal and update on business office work flow
	Superintendent	Met to address payable issues
	Board president/legal counsel	Met re board agenda items, possible lack of a quorum and process for superintendent search presentations
	6:00 pm-	Board meeting- no quorum, presentations of superintendents search consultants did not materialize

4/15/2014	Superintendent	Met to review next board meeting agenda, district ADA, budget amendment and revenue projections. Also met with Superintendent to discuss lost buses and bills in excess of \$10,000.
	District PEIMS staff	Worked with staff to run district ADA printouts
		Debrief TEA on district issues
4/28/2014	Superintendent, legal Counsel, business manager	Reviewed in detail with district staff required supporting documentation for board agenda items; schedule May meetings; requested district original budget and current ADA
	Superintendent	Most of business office staff did not report to work because today was the start of early voting
		<u>Scheduled board meeting did not make-no quorum present</u>
4/29/2014	Board president	Met with board president re prior night's lack of quorum at board meeting and community climate
	Business office staff	Reviewed business operational issues and provided direction
	Legal Counsel	Provided draft copy of district plan for our review and revisions
		Debrief TEA on district issues
5/14/2014	Superintendent/legal counsel	Debriefed on election results and rescheduling of 5/14/14 meeting to 5/19/14; staff terminations and non-renewals
	Business manager	Instruct staff to advertise audit RFQ and reviewed Progreso audit response
	Board President	Debrief management team on board reorganization
5/15/2014	Business office staff	Obtained contract and disbursements on JR3 vendor; reviewed board travel
	Superintendent & staff	Management team toured high school and early college campus
	Superintendent	Discussed board travel documentation concerns and receipts posting; assigning of AP function and budget concerns
	TEA	Debriefed TEA on district issues
5/19/2014	Superintendent	Reviewed Migrant counts, spoke with Superintendent and reviewed preliminary Bd. agenda for May 27 meeting.
		Attended Sp. Board meeting. Board reorganized. New Bd. president Juan J. Ramos.
5/20/2014	Board members	Met individually with newly elected Bd. members.
5/27/2014	Accounting Staff	Reviewed 2010,2011,& 2013 -1099 filed; 2012 1099s not

	<p>Board President, Legal Counsel, Business manager</p> <p>Business manager/legal counsel</p>	<p>filed or found; requested vendor sorts</p> <p>Reviewed board agenda supporting documentation and determined what items would be tabled or action items</p> <p>Reviewed staff's budget amendment and SOF</p> <p><i>Attended board meeting</i></p>
5/28/2014	<p>Board member</p> <p>Consultant</p> <p>Board President</p> <p>Management Team</p> <p>TEA Staff</p>	<p>Meeting to discuss his work schedule and board meeting non-attendance</p> <p>Provided with format of needed printouts in order to determine district financial status</p> <p>Debriefed on tentative summer board meetings dates in order to generate 2014/2015 budget, set tax rate, approve final budget amendment, hire interim superintendent, business manager, federal programs director and close 2013/2014 general ledger</p> <p>Strategize to determine timelines and board meeting dates for summer months</p> <p>Debriefed on district issues</p>
6/5/2014	Business office staff	<p>Reviewed tax revenue postings, ADA update, IDEA invoice copies, and reviewed budget printouts</p> <p>Reviewed applicant files</p>
6/6/2014	Board President, VP	<p>Interviewed 9 applicants for Business Manager and Federal Programs director</p> <p>Work on balancing budget</p>
6/11/2014	<p>Board President, VP</p> <p>Board Members</p>	<p>Interviewed 1 more applicant, conducted audit RFQ evaluation</p> <p>Work with consultant on budget balancing</p> <p>Board Training</p> <p>Discuss with RC interim superintendent process</p>
6/12/2014	<p>Legal Counsel</p> <p>Board President</p> <p>Superintendent</p> <p>TEA Staff</p>	<p><i>Reviewed Improvement Plan and other operational issues.</i></p> <p>Reviewed meeting dates, Supt. exit, Business Manager selection and Interim Superintendent search process.</p> <p>Reviewed staffing issues.</p> <p>Debriefed on District issues</p>

6/17/2014	Business Office Staff	Obtained final ADA, checked on tax revenue postings and budget entries
	Board Trustees	Attended board meeting
6/18/2014	Business Office Staff	Reviewed board travel documents, checked on applicant references, assist staff with budget amendment and journal entries to close out prior year P & L to fund balance
		Debriefed TEA staff on district issues
6/23/2014	Business Office Staff	Assisted with budget amendment for board agenda, obtain pay scale for applicants
	Legal Counsel-RB	Reviewed final contracts and recovery plan, discuss audit firm RFQ, review board agenda
	Superintendent/legal counsel	Reviewed audit RFQ and recommendation
		Finalized reference checks on business manager applicants
6/24/2014	Business Office Staff	Attended board meeting
		Assisted with closing of prior year P & L to fund balance
	Interim Superintendent	Discussed TEA findings, provided relevant data, and other district issues

5. LEA Progress

TEA Charge	Directive	Corrective Action	Results/Evaluation of Implementation	Timeline
Develop Improvement Plan within the first 90 days to address casual factors or barriers.			Completed-attached to the quarterly report	
Review the current board policies and practices related to governance, financial management, and business operations.			On going	

Review the district's compliance with fingerprinting, and criminal history record review requirements.			Completed and ongoing	Initial compliance completed March 17, 2014
Procure professional services of an education service center in Financial and Business Operations areas.	#16-District uses Skyward software and requested district look into ESC software to facilitate ESC providing business services	Interim Superintendent has scheduled a meeting on July 17 to address this service	In Progress	Complete by September 1, 2014
Procure external professional services in federal grants management and provide oversight with IDEA-Part B and Title I-Part A grants.			In Progress	Complete by August 1, 2014
Training for school administration in areas of concern and develop a training schedule.			In Progress and ongoing	Summer 2014 and ongoing
Attend board meetings and executive sessions		1 st board training June 11 th , board is scheduled to attend TASA conference in September.	2 board meetings in April had no quorums, after elections had quorums at board meetings	Ongoing and board should have 10 hours by end of September 2014
Recommend any additional actions TEA may need				

6. **New Recommendations or Directives made during this Reporting Period.** Attach copy of recommendations or directives.

Date Submitted	Due Date	Recommendations/Directives	Progress on Directives
4/16/2014	Various	See attached #3-6	
4/16/2014	Various	See attached #9-15	Some addressed
5/8/2014	5/15/2014	See Attached #7	
5/12/2014	5/27 & 6/23	See Attached #16	Not addressed
5/29/2014	Immediate	See Attached #17-19	In Progress
6/15/2014	Immediate	See Attached #9	Addressed

7. **Exit Strategy and Timeline.** Please document your strategy to exit from the school so that they may function on their own and your timeline for removal.

Exit Strategy	Timeline

8. **Implementation Efforts.** Please provide a brief description of the LEA's overall implementation, including any issues or concerns.

Governance:

The Board scheduled three regular and four special meetings during the 2nd quarter. No meetings were able to be held in April due to lack of attendance and being unable to establish a quorum. Only one meeting during the quarter had full board attendance and none of the special meetings had more than four members in attendance. A board training session was held in early June and had four members in attendance. Following the board election in May three new members were elected. One of the newly elected members was selected by the board to be the board president. He has no experience as a school board member but has been serving as a member of the city council for the city of Progreso. He resigned his position on the city council and also had resigned his employment with the school district in the spring. The board did vote to an agreement with the Superintendent for his resignation. With the agreement the Board advertised, interviewed and selected an Interim Superintendent who is scheduled to begin his duties on July 18th. With his selection the Superintendent will exit the District on July 17th. The Management team continues to have concerns regarding the operation and conduct of the board. The board president had to be given a directive not to consider former Superintendents of the Progreso ISD as candidates for the Interim Superintendent's position. In addition the Board President has been very adamant in wanting a particular candidate for the Business Manager's position named as the new Business Manager. The particular candidate has served as Business Manager previously in the Progreso ISD and most recently has been serving as Business Manager and as a consultant in Municipalities in the area. In addition the Management team has had numerous phone calls regarding the activities of the Board President as he campaigns for his candidates for election on the city council of Progreso. It does not appear that the board is united in its service on the school board. The Management team is very concerned about its ability to address the critical issues that will need to be dealt with in order for the District to move forward in a constructive and positive manner. A Directive was given to the Superintendent regarding the disposition of surplus school buses in previous years. Only one bus could be accounted for, thus there were two buses unaccounted for. The Superintendent contacted the authorities and reported them as stolen. Subsequently one bus was located at the property of the school board vice president who indicated he had intended to purchase the bus. The records indicated that the district never received payment for the bus and the board member was directed to return the bus to the school district. The management team has not been able to confirm if that has occurred. The remaining bus is still unaccounted for.

Finally, one board member was arrested in April and charged with transporting marijuana. He was incarcerated for several weeks before he was released. He attended the regular meeting in May and informed the board that he did not intend to resign from the board. He has not been at any other meetings since then. The management team was informed that he had a hearing scheduled for July 1st but has not heard any information regarding the hearing.

Finance:

The district continues to operate in a reactive mode addressing the day to day issues with little or no direction to the staff in addressing TEA findings and audit findings pertaining to district finances and budgeting. District staff maintains the daily operations, prepare accounts payable checks, payroll checks and bank reconciliations, but lack direction from administration on all other business functions that they should perform. There is no direct oversight or monitoring of the staff to determine if they are on task or if the work is being properly and timely performed.

Trying to address business functions takes much more of our time and effort because staff is not thoroughly knowledgeable on the computer software system and do not have the accounting and purchasing background required. Ten directives were given to the district during this quarter and the only ones addressed pertained to memos to correct situations and to curtail purchases, travel and employment expenditures. The remaining directives which require more in depth work and expertise were either not addressed or we had to perform them ourselves.

At the beginning of April, we requested the district's approved budget and were consistently given a 3 page summary, which did not agree with the general ledger. Approximately two months later, we discovered that the district operated without a budget on the general ledger until the latter part of October. At that time, the staff was instructed to key in a budget, but no one was responsible to determine if it was in agreement with the one approved by the board. The result was an unbalanced budget, with the function budgets significantly overstated or understated when compared to the board approved summary.

The district twice advertised for a business manager. A few more qualified applicants were received on the second attempt, but the board president took such a personal and active interest in the selection process that it was decided to wait until the interim superintendent was selected.

The district's recovery plan was prepared by legal counsel, with the management's team input, with no active role by the district.

We did not receive prompt and complete cooperation from the superintendent, who intentionally provided only piecemeal responses to our requests, which made our goals more difficult and time-consuming to attain.

District operations will continue to be tenuous until all board of trustees meet and are fully engaged in improving the affairs of the district.

9. Recommendations.

The new board has now been in place for a little more than a month. The management team does not believe that they will be able to move the district forward in a positive manner and thus are recommending consideration for the replacement of the Board of Directors with a Board of Managers for the following reasons:

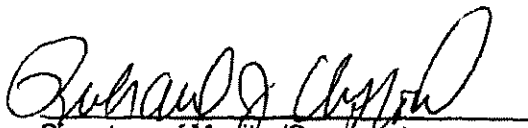
As previously noted, several board members would purposely abstain from attending board meetings, in order for a quorum not to be met. These actions effectively brought the district's decisions

to a stand-still. It appears that a majority of the board members are affiliated under the previous leadership. It does not appear that the last election changed this majority and that the district will operate under similar conditions as before, and there is no indication that the composition of the board will change in the near future.

The head business office staff members are not qualified to perform their tasks and are not properly trained or supervised. The board president resists the hiring of qualified, independent department heads.

It is unclear what the future holds for the district in so far as to what will happen with the legal standing of one board member arrested on illegal drug charges. It is uncertain what a special board election will bring to the district.

The arrests and convictions of prior board members and staff have been highly publicized, and the public, not only in this community, but throughout the state, are outraged and demand change.


Signature of Monitor/Conservator

7/10/2014
Date of Report


Signature of Monitor/Conservator

7/10/14
Date of Report

PROGRESO INDEPENDENT SCHOOL DISTRICT

Report 1

District Recovery Plan

I. PREAMBLE

On January 16, 2014 the Progreso Independent School District received a notification from Commissioner of Education Michael Williams of the appointment of a Management Team under the provisions of Tex. Educ. Code §39.111. The members of the management team were Dr. Richard Clifford and Ms. Hermelinda Romeros. The District did not object to the Commissioner's decision and at a Special Board meeting of the Progreso ISD board of Trustees called for that purpose, the management team was introduced to the District by Ron Rowel the Division Director of the Texas Education Agency's Governance Division. The appointment of the Management Team was, in turn, based upon the Final report of a Special Accreditation Investigation dated November 4, 2013. The District did not contest the findings contained in the report.

II. BOARD REORGANIZATION

At the time of the insertion of the TEA management team, the Board of Trustees was operating in a somewhat chaotic fashion. Many meetings had to be cancelled due to the lack of a quorum of trustees. The Board President had been appointed to the Board of Trustees on in November 2013. Her appointment had been made necessary due to the indictment and subsequent resignation of the former Board President.

Also, at the time of the appointment of the Management Team the Board of Trustees was in the midst of a highly contested election cycle, for which elections were successfully held on May 10, 2014. After the election the Board of trustees was successfully reorganized and new Board officers were elected by the Trustees at a Special meeting held on May 19, 2014. At the following meeting, held on May 27, 2014, all Trustees were in attendance. Since the May 10, 2014 elections, there has been a quorum at every meeting.

It is the position of the Board of Trustees that it has successfully reorganized itself and is ready to assume the responsibilities of providing leadership and direction for the district.

III. BOARD TRAINING

After preliminary assessment of the circumstances within the District, the management team has identified Board training as a critical component in assuring effective oversight of continuing District operations. Due to the pending elections, it was determined to commence the training program after the May 2014 election cycle. The first joint training session was held on

June 11, 2014 and dealt with the identification of Trustee roles and responsibilities with four members present. All training was conducted by TEA registered trainers.

The Management Team has set the number of target hours to be attended by Progreso ISD Trustees at at least ten (10) training hours during the next twelve month period. Topics to be included in the training will be:

- Ethics
- Financial Accountability
- The Role and responsibility of the independent Auditor
- Budgeting and the school finance system
- Financial oversight
- Team Building_____

The first training session (3 hours) for the Board was successfully conducted by Mr. George McShan on June 11, 2014. Other training sessions will be scheduled in the near future.

IV. KEY PERSONNEL REORGANIZATION

The Board understands that the process of restoring public confidence in the Progreso Independent School District as an effective organization will require that key positions within the organization be staffed by new personnel. The Board has identified the following key positions that will need to be filled as an integral part of the staff reconstitution. The following positions within the District have been identified for transition. Vacancies have been created in the program areas listed below. In order to restore public confidence, no person employed by PISD in any of the positions listed below will be retained in their former position.

- Superintendent
- Business Manager/Chief Financial Officer
- Federal Programs Director
- Purchasing Director
- Transportation Director

The District, has posted the positions of Interim Superintendent, Business Manager and Federal Programs Director to be filled as soon as an appropriate candidate has been identified, recommended, and hired by the Board of Trustees. Interviews have been conducted for the Business Manager Position with input from Conservator Romeros. The Transportation Director position has been filled with a new Interim Director. The entire central administration will be reorganized upon the appointment of a new Superintendent.

The Management Team has recommended that the Board of Trustees target the appointment of a new permanent Superintendent for early 2015, and the Board immediately seek the services of an interim Superintendent to serve until that time. The District has posted the Interim Superintendent, Business Manager, and Federal Programs Director positions each of the

foregoing positions, will be filled by interviewing candidates, vetting the candidates with the Management Team and final approval of the selected candidate by the Board of Trustees for employment.

V. COMPLIANCE WITH TEX. EDUC. CODE CHAPTER 22, SUBCHAPTER C

The Progreso ISD has completed and the Management Team has verified the completion of all fingerprinting and criminal history background checks required by the provisions of Tex. Educ. Code Chapter 22, Subchapter C.

VI. REVIEW OF POLICIES AND PRACTICES/ STRATEGIC PLANNING

A review of Progreso ISD Board Policies has begun. In the recent months the Board has adopted a new strict nepotism policy, tightened restrictions on absenteeism, required maintenance employees to wear uniforms to enhance security. Additional policy reviews will be conducted over the ensuing twelve month period. The reviews will be targeted as a Board follow-on to Board training received as identified in Section III, above.

In addition to the policy review identified above, the management Team has recommended, and the Board of Trustees will undertake, beginning with the selection of a new permanent Superintendent in 2015, the responsibility of creating, over the ensuing twelve month period the development of an intermediate range (5 year) strategic plan for the district. The objective of the strategic planning effort will be to engage the Board of Trustees, PISD staff, parents, and community members in a dialogue in order to determine the most effective ways in which the Progreso Independent School District may efficiently serve the needs of all of its key constituencies. The idea is to generate a much higher level of community interest in the affairs of the District, which in-turn will enhance community oversight and interest.

VII. PROCUREMENT OF ESC SERVICES

The Progreso Independent School District has [REDACTED]

VIII. FINANCIAL STATEMENT FINDINGS

In order to ensure the re-establishment of financial control environment; meet the requirements of the Texas Education Agency; assure full compliance with provisions of the Texas Education and federal law and regulation governing school district fiscal operations; and restore public confidence in the integrity of school district operations the Board of Trustees of the

Progreso Independent School District has determined that it is in the best interest of the District to reconstitute the District's Business Office and other related functions set forth in this plan.

A. ORGANIZATION

Recent investigations, audits, and special audits performed by Texas Education Agency Staff and the District's independent auditors have led the Board to the conclusion that all of the District's business and compliance functions are in need of reconstitution. Therefore, the Superintendent will prepare and present for approval by the Management Team, and review and comment by the Board of Trustees, a new organizational chart for the Business Department. The Organizational Chart should articulate the supervisory and reporting relationship and the proposed duties for each position within the district's Business office. Job Descriptions for each of the proposed positions shall be approved by the Management Team, and presented for review and comment by the Board of Trustees.

B. SPECIFIC TASKS

1. Cash Disbursement Transaction Controls

2012-13 Audit Finding (2013-1)

Task: Ensure that purchase orders and invoices are filed for all appropriate transactions and should be in a secure area that only authorized individuals have access.

Corrective Action: Business Office will assign an Accounts Payable employee with specific responsibility to maintain files. When assigned accounts payable employee is out person designated to process accounts payable shall be given training on required process. As Purchase Orders are closed, assigned employee will confirm presence of all pertinent backup/documentation. All documentation will be stored in a secure filing system where only the Superintendent, Business Manager, and the assigned A/P employee will have access to these documents. Any other person requesting access to a file will be required to make written request. Such request shall be retained for later inspection. File review by requestor will only be allowed on site. On a quarterly basis Business Manager will review files with assigned A/P employee to ensure that all pertinent information is still attached to Purchase Orders. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employee:

Deadline:

2. Asset/Inventory Control Environment

2012-13 Audit Finding (2013-2)

Task: Ensure all assets are tagged and added to an inventory list that details location and value; including assets that do not meet the \$5,000 threshold for capitalization.

Corrective Action: The district will continue its current practice of assigning, placing, and recording identification numbers (tags) on all fixed assets. A district-wide inventory will be conducted to establish a new inventory baseline of physical assets. See item VIII B 10, below. The inventory will be compared to pre-existing list of assets. Assets identified as missing will be reported to the Board, the Conservators, and where appropriate, to law enforcement. The list of missing assets will be reviewed by location and, appropriate, new security procedures will be implemented. The district's fixed asset subsidiary ledger will be adjusted for missing fixed assets and for fixed assets found not in the subsidiary ledger. Building access policies and key distribution policies will be analyzed, and where appropriate, they will be modified to enhance security. Procedures for fixed asset control will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employee: Board of Trustees will approve inventory vendor.

Deadline:

3. Financial Statement Preparation

2012-13 Audit Finding (2013-3)

Task: Ensure employees in Business Department have sufficient training in financial reporting and footnote presentation in order for its financial statements to comply with GAAP.

Corrective Action: Employees of the Progreso ISD Business Office will be required to receive specific training leading to Texas Association of School Business Officials (TASBO) certification on issues in financial reporting, financial management, financial statement preparation and GAAP requirements for governmental and school district operations. Specific training will be approved by Conservators. On an ongoing basis Business Office staff will receive regular ongoing training on selected appropriate fiscal management topics. The training and TASBO Certification requirement will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employee: Business Manager

Deadline:

4. Timely Annual Audit Preparation

2012-13 Audit Finding (2013-4)

Task: Ensure that Annual School Financial Audit required by Texas Education Code § 44.009(d) is approved by the board of trustees and filed with the Texas Education Agency not later than the 150th day after the end of the fiscal year for which the audit was made.

Corrective Action: District will provide an ASCII file to the Independent Auditor covering the entire previous fiscal year no later than November 1st of each fiscal year. With this submission date, independent auditors will be requested to complete all field work by November 30, with a target date to finish the annual School Financial Audit for the previous fiscal year of December of each year. The deadlines will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employee/Vendor: Business Manager, Auditor

- Deadlines:**
- * November 1- ASCII file to independent auditor
 - * November 30. All field work to be completed by independent auditor (included as a condition of auditor's contract)
 - * Regularly scheduled December meeting- Audit completed and presented (included as a condition of auditor's contract)

5. Timely State & Federal Fund Reimbursement Management

2012-13 Audit Finding (2013-5)

Task: Ensure that all claims for reimbursement of Federal and State funds need to be made on a timely and regular basis and that appropriate documentation substantiating such claims must be kept by management to make available for review by external auditor and/or regulatory agencies.

Corrective Action: All claims for reimbursement of Federal and State Funds will be made at month end. Appropriate documentation will be attached. Documentation will include, at a minimum: copy of the Notice of Grant Award (NOGA); General Ledger Expense report; and expense worksheet including the approved NOGA amount; expenses claimed by category, and balance to expend. District staff will maintain documentation in a binder by grant/fund #, approved NOGA's, FASRG fund number description page, drawdowns and general ledger printouts corresponding to each drawdown. Both the Accountant and the Business Manager will be safeguarding these records. These procedures will be written down, placed into a Business

Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employees: Business Manager,-Accountant

Deadline: Monthly

6. Timely Filing and Posting of Require Conflict of Interest Disclosure Statements

2012-13 Audit Finding (2013-6)

Task: Ensure that District should obtains conflict of interest disclosure statements from individuals as needed and post them on the school website as required by compliance with Texas Local Government Code § 176.009.

Corrective Action: Business Manager will obtain timely and current conflict of interest disclosure statements from Board Members and Employees and from vendors required to file them under State or federal law. Business Manager will be responsible for posting the Conflict of Interest Statements on the District's internet website. Progreso ISD Business Manager will review compliance and report to the Superintendent on a quarterly basis. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employee: Business Manager

Deadline: As required and Quarterly review

7. Establishing Suitable Controls for Handling Cash and Checks

2012-13 Audit Finding (2013-7)

Task: Ensure cash deposits are handled properly and monies are secured at all times. Management should also ensure that all deposits received are recorded immediately on the accounting system and deposited on a timely manner.

Corrective Action: Business office will adopt and publish to all District employees who handle cash or checks detailed, specific procedures to ensure accountability for handling both cash and paper checks. The procedures will include security requirements against loss or misappropriation, and procedures for cash verification. Such procedures will, at a minimum require daily deposits of all cash and checks with the District's depository bank. All deposits will be recorded immediately in the District's cash receipts journal. These procedures as well as appropriate training requirements will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employee: Business Manager

Deadline:

8. Establishing Suitable Controls for Accruing and Reimbursing Grant Receivables

2012-13 Audit Finding (2013-8)

Task: Ensure reconciliation of grant receivable balances every month; accrue receivables immediately when revenues are earned; ensure that all deposits are reconciled to the TEA collection report; and make timely and accurate adjustments on the system.

Corrective Action: Staff accountant and federal Programs Director will be required to reconcile all grant receivables on a monthly basis and provide a status report to the Business Manager. Receivables will be accrued as revenues are earned. All receipts will be reconciled to the TEA payment report on a monthly basis. All financial transactions will be supported with documentation. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employees: Business Manager, Federal Programs Director and Staff Accountant

Deadline: *Monthly*

9. Establishing Suitable Controls for Credit Card Transactions

2012-13 Audit Finding (2013-9)

Task: Ensure credit card account statements are safeguarded and all backup documentation is attached to them. Additionally all expenditures made through the credit cards must be reflected on the accounting system and reconciled on a monthly basis. Schedule Reference (2013-9)

Corrective Action: The Business Manager will ensure that credit card account statements are safeguarded at all times and that all backup documentation is attached to them. District will appropriately limit the number of credit cards and number of employees having access to credit cards and will issue written limitations on the purposes for which the credit cards may be used. A check out and check in ledger for credit cards shall be maintained at all times. Failure to turn in credit cards with itemized charges on a timely basis will prevent future check out and credit card must be cancelled. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Employees: Business Manager

Deadline: *Monthly*

10. Establish and Document Current List of Assets for Balance Sheet

2012-13 Audit Finding (2013-10)

Task: Conduct an inventory of all capital assets and ensure to make the appropriate adjustments to reflect the correct capital asset balances.

Corrective Action: District will conduct an inventory of all capital assets. See Item VIII B 2, above. Prior to implementation, the inventory plan will be submitted to the Conservators and the Board of Trustees for approval. Assets identified as missing and assets found not in the district's subsidiary fixed asset ledger will be reported to the Board, the Conservators, and where appropriate, to law enforcement. Items identified as missing will be deleted from the list of fixed assets and items found not on the fixed asset list will be added, the District's balance sheet will be adjusted as appropriate. In the future, all fixed assets and controlled items will be assigned an asset number upon receipt and before the item is placed into service. Procedures for fixed asset identification, inventory, and control will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Superintendent Board of Trustees

Deadline:

11. Establish and Maintain Controls over Employee Compensation

2012-13 Audit Finding (2013-11)

Task: Review all employees pay rates to ensure that they are being paid in accordance with the approved pay scale.

Corrective Action: Business Office with Human Resources Department will review the salaries and compensation rates of all PISD employees. A report will be generated within sixty days showing all discrepancies from established salary rates. The report will be presented by administration to the Conservators and the Board of Trustees. A corrective action plan will be developed and implemented not later than FY 2014-15 when annual pay rates are approved. The Human Resources Department will develop written procedures to verify all salary adjustments, including that new hires are within the applicable pay ranges for the position and certify the verification to the payroll department. The procedures will be submitted to the Conservators for approval, then adopted as PISD Regulations and placed into the Business Department Operating Handbook.

Responsible Parties: Business Manager and Human Resources Director

Deadline: September 1, 2014

12. Establish Deadlines and Procedures to Complete all Fiscal Year Transactions in a Timely Fashion

2012-13 Audit Finding (2013-12)

Task: Ensure that expenditures occurring near or after the end of the fiscal year are timely completed and recorded on the books of the District in order to ensure that the proper balance is being reflected for each fiscal year.

Corrective Action: The Superintendent has issued a directive to the Business Office and to Accounts Payable personnel to enforce a cutoff date of 08/31 for all year end Accounts Payable. Approximately thirty days prior to the end of each fiscal year, the Business Office will notify all PISD Department heads of this deadline and will monitor the progress of the proper cutoff. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager

Deadline: August 1, 2014 and August 31, 2014

13. Establish Reporting Protocol and Timely Reporting of required Board Member Training Hours

2012-13 Audit Finding (2013-13)

Task: Ensure that Board Members meet training requirements on a yearly basis in accordance with the Texas Education Code §11.159 and 19 Tex. Admin. Code §61.1.

Corrective Action: Superintendent has presented a compilation of record of Board Member Training Credits to the School Board, and will continue to do so on a quarterly basis.

Responsible Parties: Superintendent

Deadline: Beginning June 10, 2014, quarterly thereafter

14. Ensure Compliance in Procurement Activities

2012-13 Audit Finding (2013-14)

Task: Ensure compliance and documentation thereof with all State law and local policies governing procurement activities for goods and services.

Corrective Action: Business Office will assign the purchasing director with specific responsibility to maintain files. All purchasing transactions will require the purchaser's verification of the method of purchasing to be used, whether a bidding process is required, documentation verifying, where appropriate, the advertisement of the bidding opportunity, all PISD materials concerning the bid opportunity, all vendor responses, all bid tabulations, and a

record of the final action selecting the vendor, including all contract documents. All documentation will be stored in a secure filing system where only the Superintendent, Business Manager, and the assigned purchasing employee will have access to these documents. Any other person requesting access to a file will be required to make written request. Such request shall be retained for later inspection. File review by requestor will only be allowed on site. On a Quarterly basis Business Manager will review files with assigned purchasing employee to ensure that all pertinent information is contained in the purchasing files. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager, Purchasing Director

Deadline:

15. Ensure Controls over Transactions with Employees

2012-13 Audit Finding (2013-15)

Task: Ensure that all purchases through vendors are arms-length transactions and no employees act as intermediaries. Management should also ensure all loans to employees are made in accordance with 19 Tex. Admin. Code § 65.11.

Corrective Action: The Business Office will adhere to all of the procedures outlined in the Corrective Action VIII, B 14, above. In addition, in each instance in which PISD intends to make a purchase of goods or services (other than services covered by an approved employee stipend) from an employee, the Business Office will require the employee to file a disclosure of the employee's business interest, and the Business Office will require the approval of the Board of Trustees, no matter the size of the purchase, before the transaction is consummated. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager, Purchasing Director

Deadline:

16. Ensure Controls over Travel Reimbursement

2012-13 Audit Finding (2013-16)

Task: Ensure that all travel expenses are documented and approved in accordance with local policy.

Corrective Action: The Business Office will promulgate and distribute appropriate approval forms in order to ensure that all travel expenses are approved and documented in accordance with

PISD policy.. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager

Deadline: Immediately

17. Ensure Controls over Prior Period Adjustments

2012-13 Audit Finding (2013-17)

Task: Ensure all journal entries made for prior period adjustments are accurate, fully documented and justified.

Corrective Action: Business Office will develop policies and documentation requirements necessary to ensure that all entries made for prior period adjustments are correct, fully documented, justified, made on a timely basis and cleared with the external auditors. This includes the recording/posting of Audit adjusting entries on a timely basis. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager

Deadline:

18. Ensure Proper Expenditure & Documentation of all Federal Program Funds

2012-13 Audit Finding (2013-18)

Task: Ensure the proper preparation of the Schedule of Federal Awards (SEFA) in accordance with OMB Circular A-133, and identification of all federal awards received and expended; maintain a list of individual Federal programs clusters and identify the name of the pass-through entity and their pass-through number or notice of grant award number.

Corrective Action: On a quarterly basis, the Federal Programs Director, the Business Manager and the Superintendent will meet jointly to review the grant binders with the supporting documentation of NOGA's, FASRG fund number description page, drawdowns, and all expenditure printouts corresponding to the drawdowns. See item VIII B5. The last drawdown will be compared to the current general ledger and differences in expenditure amounts will be

drawn down in accordance with the program or grant requirements. At year end for the audit report, the Schedule of Expenditures of Federal Awards (SEFA), shall be prepared reflecting the federal grantor; pass through grantor, program title, federal CFDA (catalogue of Federal Domestic Assistance) number, pass-through entity identifying number and federal expenditures for the fiscal year. All of this information can be obtained from the NOGA, Financial Accountability System Resource Guide (FASRG) and the district's general ledger. These procedures will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager, Federal Program Director

Deadline:

19. Ensure Compliance with Allowable Cost Requirements in Title I Cluster and Child Nutrition Cluster of Federal Program Funds

2012-13 Audit Findings (2013-19 and 2013-20)

Task: Ensure that all employees being paid and working out of a federal grant complete, their semiannual certifications in order to meet the time and effort requirements of the programs.

Corrective Action: Human Resources Department, in conjunction with the Federal Programs director will develop and continuously updated an annual calendar to ensure that all employees being paid with Federal Funds prepare and submit signed semi-annual certifications approved and signed by supervisor after the first semester and after the last semester for the year. Personnel who are paid from more than 1 federal program (split funded) must keep monthly activity reports to comply with the time and effort requirements of the program(s) and shall be paid according to time spent on each program. The Business Office and Federal Programs Director shall further ensure that all items purchased with federal funds are necessary and reasonable for proper and efficient accomplishment of program objectives supported by adequate backup documentation. Procedures to implement this corrective action will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations.

Responsible Parties: Business Manager, Federal Program Director, Human Resources Director

Deadline:

20. Ensure Compliance with Allowable Cost Requirements in Title I Cluster and Child Nutrition Cluster of Federal Program Funds

2012-13 Audit Findings (2013-21)

Task: Ensure that equipment which has been purchased with federal funds and account for it separately, distinguishing between equipment purchased for federal program purposes and equipment purchased with district's local or state funds. Also, ensure equipment is safeguarded and location, person responsible for assets, and use is known at all times.

Corrective Action: District will conduct an inventory of all capital assets, including those purchased with federal funds. See, Items VIII, B2 and VIII, B10, above. Prior to implementation, the inventory plan will be submitted to the Conservators and the Board of Trustees for approval. Assets identified as missing will be reported to the Board, the Conservators, and where appropriate, to law enforcement. Items identified as missing will be deleted from the list of fixed assets and items found not on the fixed asset list will be added, the District's balance sheet will be adjusted as appropriate. In the future, all fixed assets and controlled items will be assigned an asset number upon receipt and before the item is placed into service. Procedures for fixed asset identification, inventory, and control will be written down, placed into a Business Department Operating Handbook and submitted to the Conservators for approval, then adopted as PISD Regulations

Responsible Parties: Business Manager, Federal Program Director, Superintendent, Board of Trustees.

Deadline:

IX. TRANSPARENCY

In order to ensure transparency to the community for its operations District staff shall post the following information:

1. The campus report card, the District's performance report, the District's accreditation status and performance rating, and a definition and explanation of each accreditation status, under Education Code 39.362.
2. All conflicts disclosure statements and questionnaires, under Local Government Code §176.009.
3. Statements regarding activities to support student health, under Education Code § 28.004.
4. Notices and agendas of Board Meetings.
5. A summary of its proposed budget concurrently with publication of the proposed budget, under Education Code § 44.0041.
6. A copy of the current adopted budget on the District's Web site until the third anniversary of the date the budget was adopted, under Education Code § 39.084.

7. A report on the District's energy usage information (costs and metered amounts) with an interface designed for ease of navigation, under Government Code § 2265.001.
8. The Board's employment policies, under Education Code § 21.204(d).
9. The date the PSAT/NMSQT will be administered and the date any college advanced placement tests will be administered, under Education Code § 29.916.
10. Information about required and recommended immunizations and procedures for claiming an exemption from immunization requirements, under Education Code § 38.019.
11. The procedure for reporting bullying established by the District's bullying policy, under Education Code § 37.0832(c).
12. Notice of a vacant position for which a certificate or license is required.
13. The District's annual AEIS Report, FIRST Report, financial compliance report and all State or Federal Program compliance reports.
14. All TEA Chapter Performance Ratings for the District and each campus including the School Report Card, including appropriate definitions and an explanation of each performance rating described by Tex. Educ. Code § 39.072(a).
15. Each Notice of accreditation-warning or accreditation-probation status, or Notice of Corrective Action received by the District.
16. Each school improvement plan for every low-performing campus, and any targeted improvement plan for any campus or the District as a whole.
17. All graduation and/or college credit plans and requirements adopted by the Board of Trustees.
18. The Superintendent's Employment Contract.
19. A summary of the District's proposed budget prior to adoption, and thereafter a copy of the District's adopted budget.
20. Proposed and adopted Maintenance & Operations and Interest & Sinking Fund tax rates and tax rate trend information for the District.
21. Federal grant awards.
22. Bill of rights for property owners whose property may be acquired by governmental or private entities through the use of eminent domain authority.
23. Employment Policies and job vacancy notices.
24. Campaign finance reports.
25. A list of immunization requirements and recommendations (in English and Spanish), a list of health clinics in the district that offer influenza vaccine, and a link to the Department of State Health Services Internet website providing procedures for claiming an exemption from requirements in § 38.001, Education Code.

26. A Statement for Public Inspection by School Health Advisory Council.
27. The District's group health coverage plan (from TRS) and report.
28. Notices of any auctions or sales of District property.
29. The dates PSAT/NMSQT and any college advanced placement tests will be administered and provide instructions for participation by a home-schooled pupil.
30. A description of District physical activity plans policies or programs.
31. *The Transition and Employment Guide for Special Education Students.*

Responsible Parties: Superintendent District webmaster.

Deadline: Continuous

Directive 3

To: Dr. Castillo, Superintendent
From: RJ Clifford, Conservator
Re: *Missing Buses*
Date: 4/16/14

Dr. Castillo, Please provide me with the following information regarding the two buses that are missing under the authority cited in Texas Education Code S39:111(c) {1}.

Title information

License #

Length of time they have been missing

Location if that can be determined

Date of Sale

Status of insurance coverage

Status of insurance coverage

Please provide this to me in writing by Wednesday, April 23rd 2014. Thank you for your attention to this matter.

XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency

Directive 4

To: Dr. Castillo, Superintendent
From: RJ Clifford, Conservator
Re: Documentation on Ana Vela
Date: 4/16/14

Dr. Castillo, please provide me with the following documentation under the authority cited in the Texas Education Code S39.111(c) (1).

All documentation intended to be used to support your recommendation to either terminate or suspend Ana Vela at the April 28th board meeting. Please provide this to me by April 22nd, 2014. Thank you for your attention to this matter.

XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency

Directive 5

To: Dr. Castillo, Superintendent
From: RJ Clifford, Conservator
Re: Board Agenda support documentation for April 28th Regular meeting
Date: 4/16/14

Dr. Castillo, In preparation for our conference call on April 23 to address the Board Agenda for the Regular meeting on April 28th, 2014 and under the authority of Texas Education Code S39.111(c) (1) please provide me with the following documents by April 22nd at close of business:

List of all bills in excess of \$10,000 that will be presented to the Board for approval
Budget amendment and supporting documents that will be presented for approval

Thank you for your attention to this request.

XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency

Directive 6

To: Dr. Castillo, Superintendent
From: R.J. Clifford, Conservator
Re: STAAR Testing Discrepancies
Date: 4/16/14

Dr. Castillo, Under the authority cited in Texas Education Code S39.111(c) (1) please provide to me the report filed by your District testing coordinator regarding cited discrepancies in the STAAR testing held through April 14, 2014 and any additional reports or documentation provided to you by members of the Progreso faculty or staff regarding any potential testing discrepancies. Provide requested documentation by April 25th, 2014. Thank you for your attention to this matter.

XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency

Directive 7

To: Dr. Castillo, Superintendent
From: R.J. Clifford, Conservator
Re: Bd. Member Training
Date: 5/8/2014

Dr. Castillo, I am responding to your inquiry of 5/7/2014 regarding a current *Progreso ISD* bd. member and the District's position on allowing conference and travel reimbursement for a bd. training to be offered by ESC Region 1 on May 16 & 17 2014. As a result of your inquiry and under the authority cited in Texas Education Code S39.111(c) (1) I am directing you to not authorize any reimbursement to any bd. member for said training. If Progreso bd. members choose to attend they will be responsible for all expenses associated with said conference. I will be providing you with a schedule for bd. training for the entire board at a later date, said training to be held in the Progreso ISD.

XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency

Directive 9

**To: Mr. Juan Ramos, Jr., President Bd. of Trustees
Members, Board of Trustees
From: R.J. Clifford, TEA Conservator
Re: Interim Superintendent of Schools Selection Process
Date: 6/15/2014**

Mr. Ramos Jr.,

As per our conversation on 6-12-2014 and under the authority cited in Texas Education Code S39.111(c)
(1) I am notifying you that I will not allow consideration by the Board of Trustees of any applicant for the position of Interim Superintendent of Schools who has previously been employed by the Progreso district as Superintendent of Schools.

**XC: Hermelinda Romeros, Management Team
Ron Rowell, Texas Education Agency**

April 16, 2014

Fernando Castillo, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

Dear Dr. Castillo:

This letter serves as official notification of the directed actions discussed this past week. I am directing these under the authority cited in Texas Education Code §39.111.

Directive 9. Prepare and mail to district vendors by April 18, 2014 a letter explaining that vendor invoices must be mailed to the district business office; binding document for the district is a district issued purchase order and that a vendor should not accept a requisition as a binding document to fill an order. Also, please request vendors to mail invoices to the business office for all outstanding balances. In conjunction with this directive, you will need to inform your administrators and all staff that go to vendors to have orders filled of the above requirements. Address during your meeting with staff that the district purchase order receiving copy documenting the receipt of goods (signature and date) must be returned to the business office. Provide sign in sheet of staff in attendance at staff meeting.

Directive 10. District paid invoices with purchase orders and receiving copy need to be placed in vendor folders in the file cabinets by April 30, 2014.

Directive 11. Provide 2013-2014 district ADA and FTE's by six week for closed six weeks for all state funding categories by April 28, 2014.

Directive 12. Include in the April 28, 2014 board agenda the annual review of the investment policy and a budget amendment for the district board approved budgets.

Directive 13. Cancel by April 28, 2014 district credit cards leaving only 2 Shell, 2 Valero and 1 Visa credit card. The Shell and Valero credit cards are to be used for district field trips and the Visa credit card will be used for travel reservations. Credit cards will be kept in a locked area and under one person's control with proper check out procedures and documentation.

Directive 14. Please schedule Mr. Perez to assist me with the Business Manager interviews on May 6, 2014.

Directive 15. Provide a copy of the 2013-2014 district approved budget by April 28, 2014.

Please contact me if you need clarification on any of these items.

Respectfully,

Hermelinda Romero, Conservator

XC: Richard J. Clifford, Management Team
Ron Rowell, Texas Education Agency

May 12, 2014

Fernando Castillo, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

Dear Dr. Castillo:

This letter serves as official notification of the directed action discussed this past Friday. I am directing this under the authority cited in Texas Education Code §39.111.

Directive 16. Please have your staff requests quotes on software systems for district student and finance data. The district needs to request pricing for each software system separately. Also request from each vendor a detail listing of the software support and the initial training hours and cost that will be provided in the annual contract amount. The vendor request should include all financial functions that the district needs such as, cash receipts, cash disbursements, payroll, general ledger, inventory, fixed assets, human resources, etc. On the student side, the software needs to meet all of the TEA reporting requirements such as scheduling, grade and discipline data, attendance, etc.

The state has already bid out the student software and has Skyward and TXEIS state approved. This would require the district requesting a quote from the education service center on the student side and comparing the line item prices with your current pricing with Skyward. Since this information is readily available by the education service center the district should schedule to receive quotes by May 27, or sooner. The pricing the district receives is negotiable.

The finance software quotes may require a little more time to prepare therefore schedule to receive quotes by June 23 or sooner to award in July 2014.

Before requesting software quotes, please review or have legal counsel review the current skyward contract and its terms and let me know if there may be a concern.

If this is something that your staff has no experience in preparing, the education service center has sample documents and Mr. Mark Garcia is available to assist them through the process.

We would like to start the implementation by September 1 therefore these timelines must be adhered to.

Please contact me if you need clarification on any of these items.

Respectfully,

Hermelinda Romeros, Conservator

XC: Richard J. Clifford, Management Team
Ron Rowell, Texas Education Agency

May 29, 2014

Fernando Castillo, Ed. D.
Progreso ISD Superintendent
Post Office Box 610
Progreso, TX 78579-0610

Dear Dr. Castillo:

This letter serves as official notification of the directed actions discussed yesterday. I am directing this under the authority cited in Texas Education Code §39.111.

Directive 17. Effective immediately, no new hires are to take place other than the 3 positions discussed this week for the interim superintendent, business manager and federal programs director. This directive will remain in place until the financial position of the district is known and an analysis of the district staffing is prepared.

Directive 18. No new purchases shall be initiated without our prior approval. Emergency exceptions for plumbing, electrical and HVAC services are exempt from this directive. Also exempt are purchases for the federal program grants that have budgeted line items. However, proper purchasing guidelines shall be followed for presentation to the board.

Directive 19. Immediately cease all out of region travel expenses for staff. Only travel that is necessary and budgeted in the federal program grants is to be allowed. Please contact us if there is other travel that is necessary and we can discuss it.

Please contact me if you need clarification on any of these items.

Respectfully,



Hermelinda Romero, Conservator

XC: Richard J. Clifford, Management Team
Ron Rowell, Texas Education Agency

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **Special** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 14th of April 2014 at 6:00 p.m. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

B- Consider presentations by Superintendent search consultants

C- Finance:

Review and take appropriate action on the following:

D- Governance:

Review and take appropriate action on the following:

D1 Contract for Election Services with Hidalgo County Elections Administrator

D2 Discuss status of Board Member Felix Hernandez, and possible Board vacancy.

E- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) *Superintendent's recommendations for hiring of administrative, professional personnel - instructional and non-instructional*
- (b) *Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary*
- (c) *Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees, including:*
 - 1. Orlando Vela, Property/Risk Management Officer
 - 2. Omar Vela, Security/Truancy Coordinator
- (d) *Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members*
- (e) *Discussion concerning Superintendent's possible separation agreement*

F- Reconvene in Open Meeting to take action on the following items:

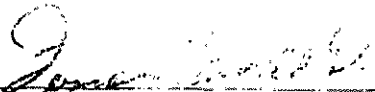
Discuss and take possible action on the following items:.

- (a) *Hiring of administrative/professional personnel, instructional and non-instructional*
- (b) *Hiring of non-professional personnel - Clerical/Technical and Auxiliary*
- (c) *Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees, including:*
 - 1. Orlando Vela, Property/Risk Management Officer
 - 2. Omar Vela, Security/Truancy Coordinator

- (d) Action concerning Superintendent's possible separation agreement
- (e) Discussion and possible action concerning commencement Superintendent search and/or the possible retention of superintendent search consultants and other matters concerning Superintendent selection process.

G- Adjournment

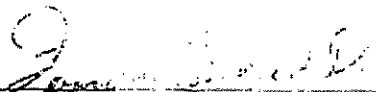
Dated this 11th day of April 2014 - Progreso Independent School District

By:  . Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 11th day of April 2014 at 5:30 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 11th day of April 2014 - Progreso Independent School District

By:  . Superintendent

NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **28th** of **April 2014** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

A3 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

A4 Approval of School Board Minutes

- January 25, 2014
- February 11, 2014

B- Superintendents Report

Review and take appropriate action on the following:

B1 *Consider presentations by Superintendent search consultants*

B2 District Reports

C- Support Services/Facilities

Review and take appropriate action on the following:

D- Curriculum & Instruction:

Review and take appropriate action on the following:

D1 Campus Activities Report

- a. North Elementary Report
- b. West Elementary Report
- c. Dorothy Thompson Middle School Report
- d. School Of Choice
- e. Progreso High School

E- Student Services:

Review and take appropriate action on the following:

E1 Overnight trips:

- a. PHS: UIL Regional Qualifiers – Corpus Christi, TX May 3, 2014
- b. PHS: Band State Competition Round Rock, TX May 23-27, 2014

F- Finance:

Review and take appropriate action on the following:

- F1 Cash Disbursements
- F2 Annual Review of District Investment Policy
- F3 P.O./Payment Request over \$10,000.00
 - a. Direct Energy: Monthly light bill for 2 months \$94,098.69
 - b. IRS: Penalty for 941 December 2013 payroll \$12,804.92
 - c. John Deere: Lawn Garden Equipment \$26,881.70
 - d. O'Hanlon & Associates: Legal Fees for February 2014 \$18,903.50
 - e. Oscar Gonzales, CPA: 2013 Audit Fees balance due \$17,000.00
 - f. Pocket Nurse: Health/Medical Supplies & Materials \$23,640.36
 - g. Region One: DMAC Services \$17,802.00
 - h. Scholastic Inc.: Read 180 Program for DTMS \$23,584.40
 - i. Scholastic Inc.: Read 180 Program for SOC \$43,883.75
 - j. Scholastic Inc.: Read 180 Program for West Elem \$21,813.20
 - k. Scholastic Inc.: Read 180 Program for North Elem \$21,783.75
 - l. South Texas College: Spring 2014 Dual Enrollment Agreement/Service \$35,211.64
 - m. Texas Education Agency: Refund for IDEA MOE July 1, 2009 - September 30, 2011 \$28,494.70
 - n. TRANE: PISD Admin cooling repairs \$15,301.72
 - o. TRANE: DTMS replace 3 rooftop units \$31,825.00
 - p. TRANE: DTMS installation of microprocessor controls/dehumidification hot-gas reheat \$35,211.64
 - q. TRANE: PISD Admin Bldg. replace 2 rooftop units for District Tech equipment \$24,585.00
- Revised total amount for TRANE: \$90,965.00
- F4 Tax Collection Report
- F5 Budget Amendments
- F6 Discussion and Action on a bid received on a struck-off property described as follows: Lot 4, Blk 1, Mrs. Mary Todd's Subdivision, Unit 1, a subdivision in the City of Progreso
- F7 Discussion and Action on Tax Resale Resolution for tax resale property
- F8 Designation of District investment Officers
- F9 District naming of Independent Investment Trainers
 - a. Texas Association of School Business Officials (TASBO)
 - b. TEXPool
 - c. LOGIC
 - d. Linda Patterson, Patterson & Associates
 - e. Texas Municipal League
 - f. TASB/Lone Star

G- Governance:

Review and take appropriate action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 97- Adoption
- G3 TASB Policy Update 98-Adoption
- G4 TASB Policy Update 99 - First Reading
- G5 Amend District Policy DH (Local) to further regulate unapproved leave.
- G6 *Discuss status of Board Member Felix Hernandez and possible Board vacancy*

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) Superintendent's recommendations for hiring of administrative, professional personnel - instructional and non-instructional
- (b) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (c) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including, but not limited to:
 - 1. Orlando Vela, Property/Risk Management Officer
 - 2. Omar Vela, Security/Truancy Coordinator
 - 3. Ana Vela
- (d) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members
- (e) Discussion concerning Superintendent's possible separation agreement
- (f) Discussion and possible action concerning commencement Superintendent search, and other matters concerning Superintendent selection process.

I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Hiring of administrative/professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees, including:
 - 1. Orlando Vela, Property/Risk Management Officer
 - 2. Omar Vela, Security/Truancy Coordinator
 - 3. Ana Vela
- (d) Action concerning Superintendent's possible separation agreement
- (e) Discussion and possible action concerning commencement Superintendent search and/or the possible retention of superintendent search consultants and other matters concerning Superintendent selection process.

K- Adjournment

Dated this 25th day of April 2014 – Progreso Independent School District

By: *Jenah Cantel, Ed.D.*, Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 25th day of April 2014 at 5:30 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 25th day of April 2014 – Progreso Independent School District

By: *Jenah Cantel, Ed.D.*, Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **Special** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **19th** of **May 2014** at **6:00 P.M.** at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

B- Governance:

Review and take appropriate action on the following:

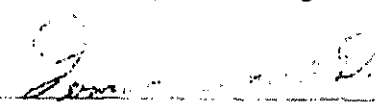
D1 Official Canvassing of Progreso ISD School Trustee Election Results

D2 Presentation of Election Certificates and Administration of Oath of Office

D3 Discussion and Possible Action to Reorganize Board -District Policy
BDAA(Local)

C- Adjournment


Dated this 16th day of May 2014 -- Progreso Independent School District

By: , Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 16th day of May 2014 at 4:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 16th day of May 2014 -- Progreso Independent School District

By: , Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **27th** of **MAY 2014** at **7:00 p.m.** at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance
- A2 Prayer
- A3 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BFD (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

- A4 Approval of School Board Minutes
 - January 25, 2014
 - February 11, 2014

B- Superintendents Report

Review and take appropriate action on the following:

- B1 District Reports
- B2 2014-2015 Instructional Calendar
- B3 TEA Instructional Waiver for Staff Development
- B4 Summer School
- B5 Summer Schedule

C- Support Services/Facilities

Review and take appropriate action on the following:

D- Curriculum & Instruction:

Review and take appropriate action on the following:

- D1 Campus Activities Report
 - a. North Elementary Report
 - b. West Elementary Report
 - c. Dorothy Thompson Middle School Report
 - d. School Of Choice
 - e. Progreso High School

E- Student Services:

Review and take appropriate action on the following:

- E1 Overnight trips:
 - a. PHS: UIL Regional Qualifiers - Corpus Christi, TX May 3, 2014
 - b. PHS: Band State Competition - Round Rock, TX May 23-27, 2014

F- Finance:

Review and take appropriate action on the following:

- F1 Cash Disbursements
- F2 Annual Review of District Investment Policy
- F3 P.O./Payment Request over \$10,000.00
 - a. Direct Energy: Monthly light bill for 2 months \$94,098.69
 - b. IRS: Penalty for 941 December 2013 payroll \$12,804.92
 - c. John Deere: Lawn Garden Equipment \$26,881.70
 - d. O'Hanlon & Associates: Legal Fees for February 2014 \$18,903.50
 - e. Oscar Gonzales, CPA: 2013 Audit Fees balance due \$22,000.00
 - f. Pocket Nurse: Health/Medical Supplies & Materials \$23,640.36
 - g. Region One: DMAC Services \$17,802.00
 - h. Scholastic Inc.: Read 180 Program for DTMS \$23,584.40
 - i. Scholastic Inc.: Read 180 Program for SOC \$43,883.75
 - j. Scholastic Inc.: Read 180 Program for West Elem \$21,813.20
 - k. Scholastic Inc.: Read 180 Program for North Elem \$21,783.75
 - l. South Texas College: Spring 2014 Dual Enrollment Agreement/Service \$35,211.64
 - m. Texas Education Agency: Refund for IDEA MOE July 1, 2009 - September 30, 2011 \$28,494.70
 - n. TRANE: PISD Admin cooling repairs \$15,301.72
 - o. TRANE: DTMS replace 3 rooftop units \$31,825.00
 - p. TRANE: DTMS installation of microprocessor controls/dehumidification hot-gas reheat \$35,211.64
 - q. TRANE: PISD Admin Bldg. replace 2 rooftop units for District Tech equipment \$24,585.00
Revised total amount for TRANE: \$90,965.00
 - r. Gateway: File cabinets, shredder & other furniture \$13,027.98
 - s. Labatt Food Service: Cafeteria Food Items \$22,142.55
 - t. Labatt Food Service: Cafeteria Food Items \$12,446.19
 - u. Labatt Food Service: Cafeteria Food Items \$20,039.18
 - v. Oak Farms Dairy: Dairy Products & Juice Items \$13,246.65
 - w. Rehab Plus: Speech Therapy, ARD's, IEP's, etc Jan 2014 \$10,720.00
 - x. Rehab Plus: Speech Therapy, ARD's, IEP's, etc April 2014 \$10,885.00
- F4 Tax Collection Report
- F5 Budget Amendments
- F6 Discussion and Action on a bid received on a struck-off property described as follows: Lot 4, Blk 1, Mrs. Mary Todd's Subdivision, Unit 1, a subdivision in the City of Progreso
- F7 Discussion and Action on Tax Resale Resolution for tax resale property
- F8 Designation of District investment Officers
- F9 District naming of Independent Investment Trainers
 - a. Texas Association of School Business Officials (TASBO)
 - b. TEXPool
 - c. LOGIC
 - d. Linda Patterson, Patterson & Associates
 - e. Texas Municipal League
 - f. TASB/Lone Star
- F10 Resolution: New Bank Signatures

G- Governance:

Review and take appropriate action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 97- Adoption
- G3 TASB Policy Update 98-Adoption
- G4 TASB Policy Update 99 - First Reading
- G5 Amend District Policy DH (Local) to further regulate unapproved leave.

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) Superintendent's recommendations for hiring of administrative, professional personnel - instructional and non-instructional
- (b) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (c) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees, including, but not limited to:
 - 1. Orlando Vela, Property/Risk Management Officer
 - 2. Omar Vela, Security/Tuancy Coordinator
 - 3. Ana Vela
- (d) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members
- (e) Discussion concerning Superintendent's possible separation agreement
- (f) Discussion and possible action concerning commencement Superintendent search, and other matters concerning Superintendent selection process.
- (g) Discuss status of Board Member Felix Hernandez and possible Board vacancy

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Hiring of administrative/professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees, including but not limited to:
 - 1. Orlando Vela, Property/Risk Management Officer
 - 2. Omar Vela, Security/Tuancy Coordinator
 - 3. Ana Vela
- (d) Action concerning Superintendent's possible separation agreement
- (e) Discussion and possible action concerning commencement Superintendent search and/or the possible retention of superintendent search consultants and other matters concerning Superintendent selection process.

K- Adjournment

Dated this 23rd day of May 2014 - Progreso Independent School District

By: [Signature] Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 23rd day of May 2014 at 5:30 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 23rd day of May 2014 - Progreso Independent School District

By: [Signature] Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **Special** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the **11th** of **June 2014** at **6:00 p.m.** at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

- A- **Call meeting to order**
 - A1 Pledge of Allegiance
 - A2 Prayer
- B- Board Training on Roles and Responsibilities of School Board and key District staff and related topics.
- C- **Adjournment**

Dated this 6th day of June 2014 Progreso Independent School District

By: , Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 6th day of April 2014 at 6:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 6th day of June 2014 – Progreso Independent School District

By: , Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a Special School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 17th of June 2014 at 6:30 p.m. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

- A- **Call meeting to order**
 - A1 Pledge of Allegiance
 - A2 Prayer
- B- **Executive Session:** Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.
 - (a) Interview candidates for interim Superintendent position
 - (b) Discussion concerning interim Superintendent candidates
- C- **Reconvene in Open Meeting**
- D- **Adjournment**

Dated this 13th day of June 2014 – Progreso Independent School District

By: *Fernando Centello, Ed.D.*, Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 13th day of June 2014 at ____ p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 563-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 13th day of June 2014 – Progreso Independent School District

By: *Fernando Centello, Ed.D.*, Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **REGULAR** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 23rd of JUNE 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas, at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

A3 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BEID (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

A4 Approval of School Board Minutes

- Regular February 17, 2014

B- Superintendents Report

Review and take appropriate action on the following:

B1 District Reports

B2 District Recovery Plan

B3 Preliminary on-site report of findings

C- Support Services/Facilities

Review and take appropriate action on the following:

D- Curriculum & Instruction:

Review and take appropriate action on the following:

D1 Campus Activities Report

a. North Elementary Report

b. West Elementary Report

c. Dorothy Thompson Middle School Report

d. School Of Choice

e. Progreso High School

E- Student Services:

Review and take appropriate action on the following:

E1 Overnight trips:

a. PHIS: JROTC, San Antonio, TX June 9 - 13, 2014

b. Band Camp, San Marcos, TX June 16 - 18, 2014

F- Finance:

Review and take appropriate action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. Direct Energy: Electricity Services for May & June \$114,971.47
 - b. Forde Ferrier, LLC: STARR Reading Materials for North \$41,566.75
 - c. O'Hanlon McCollom & Demerath: Legal Fees for March and April 2014 \$26,728.38
- F4 Tax Collection Report
- F5 Budget Amendments
- F6 Approval of District External Audit Firm

G- Governance:

Review and take appropriate action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 99
- G3 TASB Policy Update Academic Achievement Graduation EIF (Local)

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.

- (a) Discussion concerning selection of Interim Superintendent
- (b) Discussion concerning selection of Business Manager
- (c) Discussion concerning selection of Federal Program Director
- (d) Superintendent's recommendations for hiring of professional personnel --
Discussion concerning instructional and non-instructional
- (e) Discussion concerning Superintendent's recommendations for hiring of
non-professional personnel - clerical/technical and auxiliary
- (f) Discussion concerning resignations and Superintendent's
recommendations for terminations, proposed terminations, re-assignments
and proposed non-renewals of District employees
- (g) Discussion with Management Team concerning the roles and
responsibilities of public officers, i.e. Board Members

I- Reconvene in Open Meeting to take action on the following items:

Discuss and take possible action on the following items:

- (a) Discussion and possible action concerning selection of Interim Superintendent
- (b) Discussion and possible action concerning selection of Business Manager
- (c) Discussion and possible action concerning selection of Federal Program Director
- (c) Discussion and possible action concerning Superintendent's
recommendations for hiring of professional personnel Hiring of
administrative/professional personnel - instructional and
non-instructional

- (d) Discussion and possible action concerning hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (e) Action on Superintendent's recommendations concerning terminations, proposed terminations, re-assignments and proposed non-renewals or suspensions of District employees

K- Adjournment

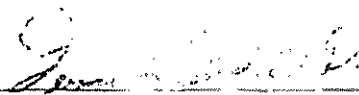
Dated this 20th day of June 2014 Progreso Independent School District

By:  Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 20th day of June 2014 at 12:00 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 20th day of June 2014 Progreso Independent School District

By:  Superintendent

TEXAS EDUCATION AGENCY
SCHOOL GOVERNANCE

Monitor/Conservator Quarterly Report

Submit Quarterly Report to: Ronald Rowell

E-mail: ronald.rowell@tea.state.tx.us

Subject Line: Quarterly Monitor/Conservator Report for (LEA Name)

Contact Information: (512) 475-3697

School District: Progreso Independent School District

County-District #: 108-910

Name: Richard J. Clifford & Hermelinda H. Romero

☐ Monitor ☐ Conservator ☒ Management Team

1. Report for the following quarter:

- ☒ First Quarter (January, February, March)
☐ Second Quarter (April, May, June)
☐ Third Quarter (July, August, September)
☐ Fourth Quarter (October, November, December)

2. Current Status of the Identified Issues:

- ☒ Initial Review – first quarterly report
☐ Meeting objectives for the quarter
☐ Exceeding objectives for the quarter
☐ Concerned (little or no improvement or progress)
☐ Highly concerned (specific concerns detailed below)
☐ Other _____
☐ Final review – recommendation for removal

3. Board Meetings. Please document in the space provided below the dates of Board Meetings during the time period of this report. Indicate for each meeting whether an agenda was posted, whether a quorum was present and whether the meeting was attended by the monitor/conservator.

Date(s) of Board Meeting Regular, Special, or Emergency	Posted Agenda? Attach copy(s) of posted agenda	Quorum?	Attended by Monitor/Conservator?
2/11/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
2/17/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
2/24/2014-Special	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
3/24/2014-Regular	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Ph
4-10-2014

4. **Visits to LEA.** Please document in the space provided below the date, time and general purpose for any on-site visits to the LEA.

Date/Time	Contact	Purpose
2/11/2014	TEA representative & conservators	Initial meeting to get an over view of assignment and sign paperwork.
	Superintendent, attorney & board president	Introductory meeting with TEA representative, conservators and receive district background information.
	Board of trustees, superintendent & attorney	Attend special board meeting-Introductory meeting with TEA representative and conservators to explain assignment and authorities.
2/12/2014	Superintendent, attorney & board president	Meeting with conservators to debrief preliminary information prior to placement at next scheduled board meeting; discuss board of trustees required attendance and obtain overview of Vela family connections and employment
2/17/2014	Superintendent, District external auditors, Bd. President & school attorney	Meeting with District external auditors to review audit report, then met with Bd. President, Superintendent and District counsel to review bd. agenda and discuss dates for special bd. meeting to receive audit report.
		Attended regularly scheduled Bd. Meeting.
2/18/2011	Superintendent, District Counsel	Met with Superintendent and District Counsel. Reviewed Bd. meeting actions, upcoming elections, status of district finger printing, and upcoming special meeting and personnel issues with regarding Superintendent.
2/24/2014	Superintendent, district auditors	Review 2012-2013 financial audit and TEA settle up SOF for 12-13
	Attorney	Discuss TEA district settle up for 12-13
		Review ESC 1 financial indicators for last 5 years; review 2012-2013 audit findings
7:00 pm-8 pm		Progreso ISD board meeting-audit presented
2/25/2014	Interim business manager	Inquire on bond payment bank transfer; continuing bond disclosure information status and auditor's access to TEASE for uploading of audit
	Accounts payable clerk & accountant	Interview staff on job functions and work processes; concerns over no scheduled AP runs; check runs done almost on a daily basis
	Community member	Public information requests for campus performance and substitute hiring
	Asst Sup't for Curriculum & Instruction	Provide information on audit report finding; title change and community member's involvement with the district
2/25/2014	Staff accountant	Continue interview on job functions and work processes

3/18/2014	Region I Business & Operations staff	Presentation from ESC1 on available services for the district
	Superintendent	Debrief on ESC 1 services Superintendent's concern on radio billings and calculators theft
	TEA Staff	Debrief TEA on findings
3/24/2014	Attorney, board president	Discuss approach to superintendent search
	Attorney, board president, superintendent	Review board agenda items in detail and get explanations from staff on items that needed clarification
	Attorney	Provided review of CH Policy and revision needed to make timely vendor payments
7:00 pm-9:30		Progreso ISD board meeting
3/25/2014	Superintendent	Meeting to address business office concerns re grant expenditures, accounts payables, bank reconciliations, grant reimbursements
	Inventory clerk	Inventory mobile radios
	TEA Staff	Debrief TEA on findings
	Superintendent	Meet to clarify list of items that business office staff should be addressing
3/28/2014	Superintendent and business office staff	Meeting to discuss business office tasks and timelines

5. LEA Progress

TEA Charge	Directive	Corrective Action	Results/Evaluation of Implementation	Timeline
Develop Improvement Plan within the first 90 days to address causal factors or barriers.			In Progress	Complete and submit to TEA by May 16, 2014.

Review current board policies and practices related to governance, financial management, and business operations.			In Progress	Complete by May 1 st , 2014
Review the district's compliance with fingerprinting and criminal history record review requirements.			Management team has completed this review. District in compliance.	Completed on March 17, 2014.
Procure professional services of an education service center in areas of Financial and Business operations.			In Progress	Complete by June 1, 2014.
Procure external professional services in federal grants management and provide oversight with IDEA-Part B and Title I-Part A grants			In Progress	Complete by June 1 st , 2014.
Training for school administration in areas of concern and develop a training schedule			In Progress	Summer 2014
Attend board meetings and executive sessions		Board is in need of training.	Management team is waiting until after the May 9th board election to begin training.	Complete by July 1 st , 2014

Recommend any additional actions TEA may need				
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6. New Recommendations or Directives made during this Reporting Period. Attach copy of recommendations or directives.

Date Submitted	Due Date	Recommendations/Directives	Progress on Directives
3/17/2014	3/24/2014	See attached	Completed
3/19/2014	various	See attached	In progress
3/26/2014	4/30/2014	See attached	In Progress

7. Exit Strategy and Timeline. Please document your strategy to exit from the school so that they may function on their own and your timeline for removal.

Exit Strategy	Timeline
Management team was assigned on February 11 and is still in preliminary period of identifying needs. Will have exit strategy in place for the 2 nd quarterly report	In Progress

8. Implementation Efforts. Please provide a brief description of the LEA's overall implementation, including any issues or concerns.

The Management team entered the district on February 11, 2014. The following are issues and concerns identified through the end of March.

Governance:

The Board has not had all members present for any of the meetings in February or March and there have been several agenda items that have had a split vote by the board in attendance. After reviewing the Bd. Minutes for 2011-2012, 2012-2013 and 2013-2014 it was determined that the average meeting length for the 2011-2012 year was 31 minutes with all meetings being scheduled for noon start times, the average meeting length for the 2012-2013 year was 18 minutes. All board members were not in attendance for any of the meetings during the 2011-2012 and 2012-2013 years. There were 11 meetings scheduled in 2011-2012 and only 4 members attended 7 of those meetings, 5 members attended for three and 6 members attended for 1 meeting. There were 16 meetings scheduled during the 2012-2013 year. Two of those meetings were cancelled due to lack of a quorum, 9 of the remaining 14 meetings had 4 members in attendance, 5 of the meetings had 5 in attendance. There have been 4 meetings scheduled since the assignment of the Management team; none have had all members present. Three meetings had 5 members in attendance and one had four. The regular meetings for February and March 2014 were both about 2 hours in length. Minutes of the meetings are transcribed from tape recordings of the meetings. In hearing recordings of several meetings the management team found them to be "scratchy" and unable to understand. The actual transcribed minutes of some of the meetings were incomplete or incorrect even though they had been approved at subsequent meetings. Upon arriving in the District on Feb. 11, 2014, the Management team was immediately presented with a written request from two board members to place an item on the Bd. agenda to discuss the termination of the Superintendent and District counsel. The Board President and one of the two members requesting the placement were informed by the Management team that the request

would be denied until after the upcoming election. The Management team received a 2nd request from the two board members for the March regular board meeting which resulted in the Management team issuing a Directive (See Attachment) to the Superintendent and Board denying the request. Items on the agendas of both Regular meetings addressed the amending of District Policy DH (Local) to (1) Require wearing of uniforms for some classified employees and (2) Further regulating unapproved leave of employees. Both items were tabled at the February 17 regular meeting for lack of a motion and/or 2nd. The 1st item was passed at the March 24th regular meeting but the 2nd item addressing unapproved leave failed to receive a motion or 2nd. The superintendent provided the board with documentation (See Attachment) detailing the number of employees (83) who were in excess of the district leave and the number of absences the district has paid for these employees (392). One employee (who is currently a candidate for school board) had in excess of 50 unapproved leave days for which he has been paid. When the item was brought to his attention he resigned his position in the district. Another item that brought a split vote was the recommendation to suspend without pay the current Property Risk Manager for the district who also serves as the Mayor Pro Tem for the City of Progreso. A Criminal Information (See Attachment) was filed in the United States Court in the Southern District of Texas on February 24 accusing him of theft concerning Programs receiving federal funds. The motion to suspend without pay failed on a 2-2 vote. One Bd. member who is related to the employee did not vote, thus the split vote. It was confirmed by administration that possibly as many as six private vans were transporting as many as 100 students from Mexico each day to and from classes in the district. It appears that some of these vans are being driven by employees from the district. The district is not charging tuition for these students. The Bd. election is scheduled for May 9th. The last two election years have seen no opposition in any of the races. This year there are three places up for election and there are three candidates filing in each of the three places for a total of 9 candidates seeking election. All incumbents are seeking reelection.

Finance:

There is minimal administrative oversight in the major business operation areas such as accounts payable, general ledger maintenance, cash management, bank reconciliations, ACH transfers, payroll processing and maintenance, software changes and financial statements. The business department staff performs some of these tasks without the oversight or direction of someone knowledgeable in school finance. The staff possesses the necessary accounting experience to initiate and process financial data but additional guidance is necessary. The district currently prepares vendor checks almost on a daily basis because the business office has not prepared and communicated to the district staff the list of daily, weekly or monthly deadlines to ensure that documents are received on a regular and timely basis. It is extremely inefficient to prepare checks on a daily basis. The accounts payable clerk is currently behind in processing vendor payments and there have been several instances where a service has been cut off due to lack of payment. Recently, the mobile radio vendor stopped service due to lack of payment. After further review, it was noted that the district has been paying for service to 76 radios and can only account for approximately 50 mobile radios. The district's lack of controls over the assignment of assets to staff and no annual inventory of high risk assets leads to loss of assets. When a staff member leaves the district or is reassigned, the district should have a procedure in place where assets are turned in back to the district. At least annually, high risks assets should be inventoried and adjustments made to the fixed asset ledger in addition to notifying the vendor to take the item off the service contract whenever there is a service associated with the asset. On an annual basis, the district should be performing an inventory of all fixed assets and adjustments should be made to the district's fixed asset subsidiary ledger. Also, the district has not enforced the docking of the employees' wages for accumulated absences beyond days earned. (Refer to excess absences attachment)

Sometime during the year, the technology department deactivated the software feature where the system should not allow purchase orders and requisitions to be processed if there is no account budget. This software feature has been turned back on but resulted in substantial supply budget

overages and additional employee maintenance of the general ledger to clear the budget overages.

A review of the campus fund printouts reflected that substantial supplies were bought or requisitioned by the campuses. After further review, it appears that the campus may have entered the requisitions and since they were never converted to purchase orders, the campus may have requested the items again. The district is currently having the principals review the requisitions and cancelling those that have been duplicated or are no longer needed.

Requests for purchase orders and supporting documentation have been met with minimal results. The district has not made a conscientious effort to file all business office documents and therefore has a difficult time finding them. Currently, the paperwork has been placed on top of the file cabinets and not properly filed in alphabetical vendor folders.

The district does not have control of its state and federal grants management to include budgeting, approval of allowable expenditures, expenditure reimbursement requests, and monitoring the timely expenditure of grant funds. As of February, the district had requested at most 20% of the total grant awards and half the year has gone by. After further investigation as to why expenditure amounts were so low in the grant funds, it was noted that not all grants personnel had been properly account coded to the grant even though the district had hired a consultant to identify the staff for the proper grant funding. The staff had not been given the directive to place the personnel in the grants as per the consultant's designation. Staff is currently going over the consultant's recommendations and matching his personnel placement to the grant applications for approved positions and will then account code the staff to the proper grant funds and reclassify prior expenditures.

An inventory of the known credit cards that the district should have in its possession was taken. Three credit cards could not be found and have requested that the district cancel those credit cards. The district currently has a credit card check out procedure in place however the process is not consistently followed and the credit cards were not under lock and key.

Invoices for the district's legal counsel in excess of \$100,000 were not reviewed and approved for payment by the superintendent, prior to submitting them to accounts payable for processing.

The annual audit did not meet the TEA deadline of January 28 and was presented to the board of trustees on February 24. The auditor cited lack of accurately prepared financial information and timely preparation.

Annually, the district has to report to the public and to the board of trustees to be in compliance with regulatory agencies or laws. Currently, the district has not reported on the School FIRST (required to report 60 days after final rating date of September 13, 2013) and has not presented to the board of trustees the investment policy for the required annual review.

9. Recommendations.

The management team was initially introduced to the district on February 11, 2014 and has not had enough time to fully evaluate the district and make recommendations.


Signature of Monitor/Conservator

4/9/14
Date of Report


Signature of Monitor/Conservator

4/3/14
Date of Report

PROGRESO INDEPENDENT SCHOOL DISTRICT

Notice is hereby given that a Special School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 11th of February 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

- A- Call meeting to order
 - A1 Pledge of Allegiance
 - A2 Prayer
 - A3 Public Comments:

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before the Board.

- A4 Presentation of Special Accreditation Investigation (SAI) final report by Texas Education Agency Staff and introduction of Management Team (two conservators).

- B- Executive Session: Closed Meeting: Texas Gov't Code 551.071; 551.074; and 551.082. Board will meet to discuss items listed under section I in this agenda.

- B1, (a) Discussion with TEA staff, Management Team, and District Legal Counsel the roles and responsibilities of public officers, i.e. Board Members.

- C- Reconvene in Open Meeting to take action on the following items:

- (a) Discussion and appropriate action concerning Special Accreditation Investigation (SAI) final report by Texas Education Agency Staff, and/or appointment of Management Team (two conservators).

- D- Adjournment

Dated this 7th day of February 2014 – Progreso Independent School District

By: Jonah Cantel, Ed.D. Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 7th day of February 2014 at 5:30 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 7th day of February 2014 – Progreso Independent School District

By: Jonah Cantel, Ed.D. Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a Regular School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 17th of February 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

A- Call meeting to order

A1 Pledge of Allegiance

A2 Prayer

A3 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes.

Delegations of more than five persons shall appoint one person to present their views before

A4 School Board Minutes

- December 16, 2013

B- Superintendents Report

Review and take appropriate action on the following:

B1 Campus Activities Report

C- Support Services/Facilities

Review and take appropriate action on the following:

C1 Technology Building

C2 Construction Manager Contract for Technology Building

C3 Technology Department Report

a. Insight Media Timelines

b. Telephone System

c. Read 180 Software

D- Curriculum & Instruction:

Review and take appropriate action on the following:

D1 2013-2014 Instructional Calendar Spring Break Change Request

D2 2012-2013 Graduation Results

D3 Attendance waiver due to inclement weather on January 29, 2014

E- Student Services:

Review and take appropriate action on the following:

E1 Student Overnight Trips

a. PHS: JROTC North East ISD Raider Challenge January 17-18, 2014

b. PHS: Pan American student Forum of Texas Conference, San Antonio, TX
March 7-9, 2014

c. PHS: Engineering Dept., Houston, TX, March 28-30, 2014

F- Finance:

Review and take appropriate action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. AT&T: District wide phone usage \$10,000.00
 - b. CRC-Computers: North Elem. computers needed for lab, library & classroom \$11,622.00
 - c. Direct Energy Business: Light usage \$24,330.04
 - d. Direct Energy Business: Light usage \$53,386.85
 - e. Insight Public Sector: E-Rate Project \$16,314.52
 - f. Insight Public Sector: E-Rate Project \$40,780.00
 - g. Insight Public Sector: E-Rate Project \$11,365.52
 - h. Insight Public Sector: E-Rate Project \$4,481.97
 - i. Insight Public Sector: E-Rate Project \$40,780.00
 - j. Labatt Food Service: Food Supplies \$30,920.56
 - k. Renaissance Learning: Accelerated Reading Star Math & Reading \$16,109.52
 - l. O'Hanlon, McCollom & Demerath: Professional Services for September 2013 - January 2014 \$104,320.20
 - m. University of Texas Brownsville: STEMS Program for 2013-2014 School Yr \$12,000.00
 - n. Oak Farms - Purchase Order for the month of Feb. - May 2014 \$95,000.00
 - o. Oak Farms: Food Service supplies for February \$14,565.47
 - p. Oak Farms: Food Service supplies for March \$13,275.90
 - q. Labatt Food Service: Purchase Order for the month of Feb. - May 2014 \$100,000.00
 - r. Labatt Food Service: Food Service supplies for February \$18,959.86
 - s. Labatt Food Service: Food Service supplies for March \$22,263.15
 - t. Pocket Nurse: CNA Program supplies \$11,300.00
- F4 Tax Collection Report
- F5 Addendum to TASB Energy Cooperative Rates
- F6 Addendum to Insight E-Rate purchase order
- F7 Authorize sale or trade-in of two District trucks
- F8 Campus Budget Summary Report as of February 2014
- F9 Expenditure Reimbursements Report

G- Governance:

Review and take appropriate action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 97
- G3 TASB Policy Update 98
- G4 Amend District Policy DH (Local) to require wearing uniforms for some classified employees
- G5 Amend District Policy DH (Local) to further regulate unapproved leave

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.076; 551.082.

- (a) Superintendent's recommendations for hiring of administrative, professional personnel - instructional and non-instructional
- (b) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (c) Superintendent's report concerning fingerprinting and criminal history review of District employees
- (d) Superintendent's report concerning negative leave balances for District employees
- (e) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (f) Superintendent's recommendation concerning termination, suspension or other appropriate action concerning Property/Risk Management Officer
- (g) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members
- (h) Discussion concerning Superintendent's intent to retirement and terms of possible separation agreement

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:

- (a) Hiring of administrative/professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's Report concerning fingerprinting and criminal history review of District employees
- (d) Action concerning employee negative leave balances.
- (e) Action on Superintendent's recommendations concerning resignations, terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (f) Action on Superintendent's recommendation for termination, suspension or other appropriate action concerning Property/Risk Management Officer
- (g) Action concerning Superintendent's intent to retirement and terms of possible separation agreement
- (h) Discussion and possible action concerning commencement Superintendent search and/or the possible retention of superintendent search consultants and other matters concerning Superintendent selection process.

K- Adjournment

Dated this 14th day of February 2014 - Progreso Independent School District

By: *Donal C. D. E.S.D.*, Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 14th day of February 2014 at 6:20 pm

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 14th day of February 2014 - Progreso Independent School District

By: *Donal C. D. E.S.D.*, Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a Special School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 24th of February 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance
- A2 Prayer

B- Finance:

Review and take appropriate action on the following:

- F1 Presentation of 2012-2013 annual school financial audit by Oscar R. Gonzalez, CPA & Associates, P.L.L.C,

C- Adjournment

Dated this 21st day of February 2014 – Progreso Independent School District

By: Jonah C. C. D., Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 21st day of February 2014 at 5:30 pm

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 21st day of February 2014 – Progreso Independent School District

By: Jonah C. C. D., Superintendent

**NOTICE OF MEETING OF THE BOARD OF TRUSTEES OF THE
PROGRESO INDEPENDENT SCHOOL DISTRICT**

Notice is hereby given that a **Regular** School Board Meeting of the Board of Trustees of the Progreso I.S.D. will be held on the 24th of March 2014 at 7:00 p.m. at the Middle School Library, Progreso, Texas at which time the following agenda items will be discussed.

A- Call meeting to order

- A1 Pledge of Allegiance
- A2 Prayer
- A3 Public Audience

Public participation is limited to this, the designated open forum portion of the meeting. In accordance with District Policy BED (Local), the Board may impose reasonable time limits on this portion of the meeting. Persons who wish to participate in this portion of the meeting shall sign up with the presiding officer or designee before the meeting begins and shall indicate the topic about which they wish to speak. No presentation shall exceed five minutes. Delegations of more than five persons shall appoint one person to present their views before

B- Superintendents Report

Review and take appropriate action on the following:

- B1 Campus Activities Reports
- B2 Recognition of PHS Boys soccer team. Districts champs
- B3 Recognition of PHS Girls soccer team, made playoffs

C- Support Services/Facilities

Review and take appropriate action on the following:

- C1 Technology Building
- C2 RFP for Construction Manager Contract for Technology Building
- C3 Technology Department Report
 - a. Insight Media Timelines

D- Curriculum & Instruction:

Review and take appropriate action on the following:

- D1 Memo of Understanding – TEA Early College

E- Student Services:

Review and take appropriate action on the following:

- E1 Over night trips:
 - 1. PHS: Skills USA for Robotics & Automation, State Competition – Corpus Christi, TX on March 26-29, 2014
 - 2. PHS: Skills USA for Cosmetology, State Competition – Corpus Christi, TX on March 26-29, 2014
 - 3. FCCLA, State Competition – Corpus Christi, TX on April 10-12, 2014

F- Finance:

Review and take appropriate action on the following:

- F1 Cash Disbursements
- F2 Investment Report
- F3 P.O./Payment Request over \$10,000.00
 - a. AT&T: District wide phone usage \$10,000.00
 - b. CRC-Computers: North Elem. computers needed for lab, library & classroom \$11,622.00
 - c. Direct Energy Business: Light usage \$24,330.04
 - d. Direct Energy Business: Light usage \$53,386.85
 - e. Insight Public Sector: E-Rate Project \$16,314.52
 - f. Insight Public Sector: E-Rate Project \$40,780.00
 - g. Insight Public Sector: E-Rate Project \$11,365.52
 - h. Insight Public Sector: E-Rate Project \$4,481.97
 - i. Insight Public Sector: E-Rate Project \$40,780.00
 - j. Labatt Food Service: Food Supplies \$30,920.56
 - k. Renaissance Learning: Accelerated Reading Star Math & Reading \$16,109.52
 - l. O'Hanlon, McCollom & Demerath: Professional Services for September 2013 - January 2014 \$104,320.20
 - m. University of Texas Brownsville: STEMS Program for 2013-2014 School Yr \$12,000.00
 - n. Oak Farms - Purchase Order for the month of Feb. - May 2014 \$95,000.00
 - o. Oak Farms: Food Service supplies for February \$14,565.47
 - p. Oak Farms: Food Service supplies for March \$13,275.90
 - q. Labatt Food Service: Purchase Order for the month of Feb. - May 2014 \$100,000.00
 - r. Labatt Food Service: Food Service supplies for February \$18,959.86
 - s. Labatt Food Service: Food Service supplies for March \$22,263.15
 - t. Pocket Nurse: CNA Program supplies \$11,300.00
- F4 Tax Collection Report
- F5 Addendum to TASB Energy Cooperative Rates
- F6 Addendum to Insight E-Rate purchase order
- F7 Authorize sale or trade-in of two District trucks
- F8 Campus Budget Summary Report as of February 2014
- F9 Expenditure Reimbursements Report

G- Governance:

Review and take appropriate action on the following:

- G1 Board President's Report
- G2 TASB Policy Update 97
- G3 TASB Policy Update 98
- G4 Amend District Policy DH (Local) to require wearing uniforms for some classified employees
- G5 Amend District Policy DH (Local) to further regulate unapproved leave

H- Executive Session: Closed Meeting under Texas Gov't Code 551.071; 551.072; 551.074; 551.-076; 551.082.

- (a) Superintendent's recommendations for hiring of administrative, professional personnel - instructional and non-instructional
- (b) Superintendent's recommendations for hiring of non-professional personnel - clerical/technical and auxiliary
- (c) Superintendent's report concerning fingerprinting and criminal history review of District employees
- (d) Superintendent's report concerning negative leave balances for District employees
- (e) Resignations and Superintendent's recommendations for terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (f) Superintendent's recommendation concerning termination, suspension or other appropriate action concerning Property/Risk Management Officer
- (g) Discussion with Management Team concerning the roles and responsibilities of public officers, i.e. Board Members
- (h) Discussion concerning Superintendent's intent to retirement and terms of possible separation agreement

I- Reconvene in Open Meeting to take action on the following items:
Discuss and take possible action on the following items:.

- (a) Hiring of administrative/professional personnel, instructional and non-instructional
- (b) Hiring of non-professional personnel - Clerical/Technical and Auxiliary
- (c) Action on Superintendent's Report concerning fingerprinting and criminal history review of District employees
- (d) Action concerning employee negative leave balances.
- (e) Action on Superintendent's recommendations concerning resignations, terminations, proposed terminations, re-assignments and proposed non-renewals of District employees
- (f) Action on Superintendent's recommendation for termination, suspension or other appropriate action concerning Property/Risk Management Officer
- (g) Action concerning Superintendent's intent to retirement and terms of possible separation agreement
- (h) Discussion and possible action concerning commencement Superintendent search and/or the possible retention of superintendent search consultants and other matters concerning Superintendent selection process.

K- Adjournment

Dated this 21st day of March 2014 - Progreso Independent School District

By: *Jenah Cantel, Ed.D.* Superintendent

I, the undersigned authority, hereby certify that the above Notice of Meeting of the Board of Trustees of the above-named school district is a correct copy of the Notice and that I posted the Notice on the bulletin board for public notices in the district's Central Administrative office located at 100 South Business Farm Rd. 1015, Progreso, Texas, on the 21st day of March 2014 at 5:30 p.m.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact us at 565-3002 one day prior to the meeting so that appropriate arrangements can be made.

Dated this 21st day of March 2014 - Progreso Independent School District

By: *Jenah Cantel, Ed.D.* Superintendent

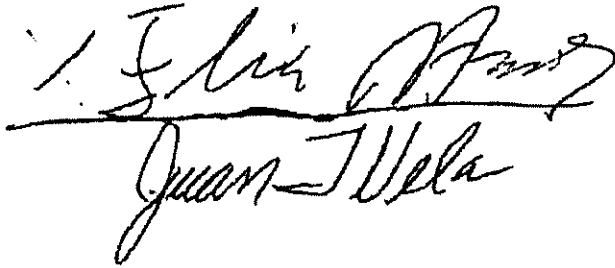
Mrs. Olga Oviedo,

Please include the following items in the next regular board meeting to be held on March 17, 2014.

Discussion and possible action regarding the termination and/or appointment of legal counsel.

Per your correspondence dated January 31, 2014, this item was to be added to the regular board meeting held in February. In the event that this request cannot be granted, please advise us.

Thank you,


Juan T. Vela

RECEIVED

MAR 07 2014

SUPERINTENDENT'S OFFICE


11/11/14

March 17, 2014

Members of the Board of Trustees
Fernando Castillo, Ed.D., Superintendent
Progreso Independent School District
Post Office Box 610
Progreso, Texas 78579-0610

Progreso ISD Board of Trustees and Dr. Castillo:

In a letter dated January 16, 2014 Michael Williams, Commissioner of Education informed you that he was appointing a Management team (two conservators) to direct the Board of Trustees in its oversight and governance of the district. He also stated that both conservators (Richard Clifford, Ms. Hermelinda Romeros) have all the powers and duties set forth in TEC §39.111. In particular the statute states the conservator or management team:

May direct an action to be taken by the principal of a campus, the superintendent of the district, or the board of trustees of the district;

May approve or disapprove any action of the principal of a campus, the superintendent of the district, or the board of trustees of the district.

It was brought to my attention that a request by two board members was made to the Board President to place an item on the agenda of the regularly scheduled March board meeting to discuss the district's legal counsel.

As a member of the management team I am issuing a directive to deny placement of an agenda item to discuss termination of district legal counsel at this time.

Sincerely,



Richard J. Clifford, Conservator

cc: Hermelinda Romeros, Management Team

March 19, 2014

Fernando Castillo, Ed. D., Superintendent
Progreso Independent School District
Post Office Box 610
Progreso, TX 78579-0610

Dr. Castillo:

As a member of the TEA management team with the powers and duties set forth in TEC §39.111, I am directing that the following items be addressed as stipulated below:

Directive 1. Report to parents and taxpayers final FIRST ratings dated September 13, 2013 by May 19, 2014 (two months). District did not comply with the requirements of Title 19 of the Texas Administrative Code (TAC), §109.1005.

District is required to report information and financial accountability ratings to parents and taxpayers within two months after receipt of its final FIRST rating. Each district must announce and hold a public meeting to distribute a financial management report that explains the district's rating and its performance under each of the indicators used in TEA's analysis for the current year and each of the indicators used in TEA's analysis for the prior year.

The district must inform taxpayers of this public meeting by publishing two newspaper notices, the first of which may not be more than 30 days prior to or less than 14 days prior to the public meeting. The public meeting may be combined with a scheduled regular meeting of the district's governing board.

Directive 2. Provide the management team board travel requests and supporting documentation 10 days after travel has taken place.

Directive 3. Place vendor check registers on-line on the district's website by April 18, 2014.

Directive 4. Business Manager's required attendance at the monthly ESC 1 Finance Advisory Council meetings.

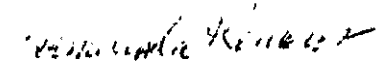
Directive 5. Legal counsel's billings need to be reviewed and approved by the superintendent prior to payment.

Directive 6. Prepare and submit district transportation routes reports for 2013 and prior years to TEA by June 2, 2014.

Directive 7. Prepare a request for qualifications from public accounting firms to perform the annual audit for 2014 and present to the board by May 19, 2014.

Directive 8. Advertise for the business manager's position in the local newspaper and at Region 1, Region 2, TASBO and other school district sources by April 18, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "Hermelinda Romeros", with a stylized flourish at the end.

Hermelinda Romeros, Conservator

CC: Richard J. Clifford, Management Team

March 27, 2014

DIRECTIVE 2

To: Fernando Castillo, Superintendent
From: Richard Clifford, Conservator *RJC*
Re: Monitoring of STAAR testing

Dr. Castillo,

This is a directive for you to contact Dr. Cornello Gonzalez at ESC Region 1 today to have him set up monitoring of STAAR testing for Progreso ISD beginning March 31st 2014 and continue for all testing through the month of April 2014.

Employee Name	Professional Beyond 10 Absences	Support Staff Beyond 7 Absences	Docked Absences	Remaining Balance
	0.5			0.5
		28	12	16
		1.5	0.5	1
	19		14	5
		2.5	0.5	2
		20	11	9
		6.5	1	5.5
		16	7.5	8.5
		32.5	32.5	0
	20.5		13	7.5
		0.5		0.5
		1.5	1.5	0
	1			1
		5	5	0
		9	4.5	4.5
		2.5	0.5	2
		6	1	5
		6	6	0
		11.5	6.5	5
		48 (Pro-Rated Salary)		0
		48	20	28
		6.5	4	2.5
		4	2	2
		0.5	0.5	0
		7.5	2	5.5
		6	1	5
	1.5			1.5
		0.5		0.5
	5		3.5	1.5
		5	1	4
	0.5			0.5
		78	Medical Leave	
		17	17	0
		4.5		4.5
		18.5	7.5	11
		1	1	0
		4	4	0
		0.5		0.5
		16	8	8
	3		0.5	2.5
	Medical Leave	65	33.5	31.5
	1		0	1
		4	1	3
	24.5 (Medical Leave)		4	20.5
		3.5	1	2.5
		0.5		0.5
	29 (Pro-Rated)		29	0
		5.5	2.5	3
	6.5		5	1.5

		1.5	0.5	1
	25.5		16.5	9
		10	6	4
		19	14	5
	2.5		0.5	2
		70	13.5	56.5
	(inactive)	74		0
	10.5		3.5	7
		7	0.5	6.5
	11	3		8
	53.5 (Pro-Rated Salary)			0
	1.5		0.5	1
		13	8	5
	24.5		4	20.5
	3.5			3.5
	14		3.5	10.5
	9		2.5	6.5
	2.5		0.5	2
		2	1	1
		56.5		0
		22	22	0
	3.5		1	2.5
		14.5	14.5	0
		4	1.5	2.5
		8.5	2	6.5
	2.5		2	0.5
		9	4.5	4.5
		6	2.5	3.5
		3		0
	5		0.5	4.5
		5.5	1	4.5

63

392

USA-74-248
(Rev. 05/01)

HOUSTON DIVISION

CRIMINAL DOCKET
United States Courts
Southern District of Texas
FILED

No. H-14-079-01

USAO Number:

Magistrate Number:

FEB 24 2015

CRIMINAL INFORMATION

Filed
Dena J. Bradley, Clerk of Court

Judge:

HITTNER

UNITED STATES of AMERICA

ATTORNEYS:

VS.

KENNETH MAGIDSON, USA

(713) 567-9888

ROBERT S. JOHNSON

(713) 567-9000

ORLANDO VELA

App'd	Private
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Cl. 1: Theft Concerning Programs Receiving Federal Funds [18 USC § 666]

CHARGE:

(TOTAL)

(COUNTS:)

(1)

PENALTY: Cl. 1: Up to 10 years imprisonment, \$250,000 fine, 3 years supervised release, \$100 m/a

☐ In Jail

☐ On Bond

☐ No Arrest

**NAME & ADDRESS
of Surety:**

PROCEEDINGS:

3/20/14

EDITORIAL

Progress backsliding in Progreso

For several minutes during Tuesday night's meeting of the Progreso Independent School District board, it seemed like a bona fide meeting — albeit two conservatives from the Texas Education Agency were there overseeing their every move.

There was a board quorum (with only two members missing this time) and they discussed financials and campus improvements. The high school's principal was invited to speak and she touted recent academic, UIL and athletic successes. The high school's girl's and boy's soccer teams were even paraded through and congratulated for their winning seasons.

And then an hour into it, the board went into executive session. When they returned, it was obvious by their deadlocked vote — on a recommendation to suspend without pay Progreso Mayor Pro Tem Orlando Vela, who is accused of embezzling school board funds for his office supply company — that some board members really aren't ready to start anew and get this district back on track.

Vela is the school district's property/risk manager officer and brother of the former board president and the city's mayor — who, along with their father, were accused in a federal indictment last year of essentially controlling the city and school district in a massive pay-for-play bribery scheme.

Charges filed in Houston Feb. 20 against Orlando Vela accuse him of stealing \$5,000 but Progreso ISD attorney Kevin O'Hanlon told a member of *The Monitor's* editorial board that the actual amount being investigated is around \$13,000.

Given the 2 to 2 vote on his suspension, (which means the motion was defeated) one has to wonder whether they're really making progress in Progreso.

Board President Olga Oviedo, who was appointed in November after the former school board president resigned, urged board members to suspend Orlando Vela. However the only other vote she garnered was from Trustee Raul Martinez.

Her reasoning: "If we're trying to move forward and because of all the bad and the things that have led us to have the TFA come down and all the investigations and all these suspicious activity. Let's just move forward and do the right thing, because this is part of that same investigation that brought us to where we are," she said by phone the next day.

Oviedo, who is running for the Place 5 seat in May, seems to want what's best for students and staff. We question whether others — like incumbent Juan Ramos, who is also running for re-election — do also.

Oviedo appealed to members to "do the right thing for the sake of our children." But given the guttural and raucous reaction to her during the meeting from many in the packed crowd in the Middle School library that evening, we wonder whether the town of Progreso understands the stakes or is content to be labeled as one of only a handful of districts statewide that is not capable of running itself.

Given that the board on Tuesday approved payments of \$104,320 for O'Hanlon's legal services since September, taxpayers should realize that ineffective leadership doesn't come cheap.



Kevin Ramirez / Associated Press
The Progreso High School girls soccer team is congratulated by members of the Progreso Independent School District board during a meeting Tuesday night in Progreso.

MONITOR EDITORIALS

Editorials reflect the majority opinion of *The Monitor's* editorial board.

§157.1123. Informal Review.

- (a) A school district, an open-enrollment charter school, or any person who is subject to an investigation, assignment, determination, or decision identified in §157.1121 of this title (relating to Applicability) may request, in writing, an informal review under this section.
- (b) A written request for informal review must be addressed to the designated Texas Education Agency (TEA) representative. The written request must be received by the TEA representative on or before the deadline identified in the notice issued under §157.1122 of this title (relating to Notice).
- (c) A school district, an open-enrollment charter school, or any person requesting the informal review may submit written information to the TEA representative by the deadline set forth in the notice issued under §157.1122 of this title. In addition, the TEA representative may require attendance at a meeting at the TEA headquarters in Austin, Texas, or by telephone, to discuss the findings and/or provide additional information for review.
- (d) If no informal review is requested by the deadline, a final report, assignment, determination, or decision may be issued without informal review.
- (e) An informal review is not governed by the Texas Education Code, §7.057, or by the Texas Government Code, Chapter 2001.
- (f) Following the informal review by the TEA representative, a final report, assignment, determination, or decision will be issued. The final report, assignment, determination, or decision may include changes or additions to the preliminary report or action, and such modifications are not subject to another informal review procedure. A final report, assignment, determination or decision issued following an informal review is final and may not be appealed, except as provided by law or rule.

Source: The provisions of this §157.1123 adopted to be effective September 18, 2014, 39 TexReg 7334.

§157.1133. Request.

The superintendent of the school district or chief executive officer of the open-enrollment charter school may request, in writing, a formal review under this division.

- (1) The request must be properly addressed to the Texas Education Agency (TEA) representative identified in the notice issued under §157.1132 of this title (relating to Notice) and must be received by the TEA representative on or before the deadline specified in the notice.
- (2) The request must include a summary of all arguments and documentation supporting the position of the school district or open-enrollment charter school.

(3) The summary of arguments must not exceed 20 single-spaced pages and must contain citations to specific pages in the supporting documentation. The summary must concisely state, in numbered paragraphs:

(A) if alleging the decision was made in violation of a statutory provision, the statutory provision violated and the specific facts supporting a conclusion that the statute was violated by the decision;

(B) if alleging the decision was made in excess of the TEA's statutory authority, the TEA's statutory authority and the specific facts supporting a conclusion that the decision was made in excess of this authority;

(C) if alleging the decision was made through unlawful procedure, the lawful procedure and the specific facts supporting a conclusion that the decision was made through unlawful procedure;

(D) if alleging the decision was affected by other error of law, the law violated and the specific facts supporting a conclusion that the decision violated that law;

(E) if alleging the decision was not reasonably supported by substantial evidence considering the reliable and probative evidence as a whole, each finding, inference, conclusion, or decision that was unsupported by substantial evidence;

(F) if alleging the decision was arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion, each finding, inference, conclusion, or decision affected and the specific facts supporting a conclusion that each was so affected;

(G) for each violation, error, or defect alleged under subparagraphs (A)-(F) of this paragraph, the substantial rights of the school district or open-enrollment charter school that were prejudiced by such violation, error, or defect;

(H) a concise statement of the relief sought by the requestor; and

(I) the name, mailing address, telephone number, and facsimile number of the requestor's representative.

(4) Supporting documentation must be "bates stamped" numbered consecutively on each page.

(5) If no formal review is requested by the deadline specified in the notice, a final order may be issued without formal review.

Source: The provisions of this §157.1133 adopted to be effective September 18, 2014, 39 TexReg 7334.