

Colorado Man Charged in Neb. Pot Case

MINDEN, Neb. (AP) — Authorities say a Colorado man was arrested in south-central Nebraska after troopers found marijuana hidden inside an air compressor in the back of his minivan.

The Nebraska State Patrol says a trooper stopped the minivan for a traffic violation just before 5 p.m. Wednesday near the Minden exit in Buffalo County. The patrol says the trooper was given permission to search the vehicle, and the pot was found inside 37 packages concealed in the air compressor.

The driver, who was traveling alone, was arrested. He was identified as 55-year-old Raymond Perez, of Log Lane Village, Colorado. Jail records say Perez remained in custody on Friday. Court records don't list the name of an attorney who could be contacted to comment on Perez's behalf.

Negotiations Over Teacher Salaries Stall

RAPID CITY (AP) — Contract negotiations between teachers and district officials in South Dakota's second-largest city have stalled.

The Rapid City Education Association declared an impasse this week after salary negotiations for the 2015-2016 school year broke down late Wednesday when the teachers' union turned down the school board's last and final offer.

The offer included raises linked to the success of a June 2 vote that will ask voters whether to increase property taxes to bring in an estimated \$6 million more to the district. Those raises would have advanced teachers on the current salary schedule to the point they were at before the district stopped offering raises based on a teacher's education and experience, Rapid City School Board President Jim Hansen told the *Rapid City Journal*.

Hansen said he was stunned by the rejection and said negotiators turned it down without consulting their membership.

"It's mind-boggling," Hansen. "It is the offer they have asked for, for two years. They asked us to back and put everyone where they belonged six years ago. And they say 'no' and won't take it back to the membership."

But union officials say they don't have issue with the proposal if voters all the property tax increases. They're concerned what happens if they don't.

Fran Linn, the RCEA vice president, said teachers are concerned about the pay scale if the measure fails. Linn told the *Rapid City Journal* that if the opt-out vote doesn't pass it will be hard for schools to compete with those in neighbors Wyoming.

"We've never been able to compete, but we can't compete with those sorts of levels," she told South Dakota Public Broadcasting.

If a deal is not reached, the groups will enter into arbitration.

Corrections Head: Lockdown Remains

LINCOLN, Neb. (AP) — Nebraska's state corrections director says a prison struck by a weekend riot will remain under lockdown until the threat of further disturbances has passed.

Director Scott Frakes said in a memo released Friday that the Tecumseh State Correctional Institution's lockdown will depend on good behavior and how quickly repairs can be made to facilities.

Inmates took control of part of the prison on Sunday. Two inmates were killed. Prison officials have said both men were likely killed by other inmates. Lawmakers said Thursday that fire, water and structural damage from the chaos could total \$350,000 to \$500,000. Insurance will likely cover the expense.

Some lawmakers have said the upheaval may have stemmed from inmate complaints about a lack of programming. Frakes promised inmates improvements but says they'll take time.

Cleanup efforts still continue in DeWitt

DEWITT, Neb. (AP) — Cleanup efforts are ongoing in southeastern Nebraska after severe weather last week caused extensive flood damage throughout the small town of DeWitt.

Volunteers from nearby communities and several organizations have poured into the town with a population of around 500, bringing food, clothes, cleaning supplies and other necessities to help out residents, the *Lincoln Journal Star* reported.

Storms last Thursday caused flooding in residents' basements and ruined their belongings. Broken TVs, soaked carpets, school pictures and a kitchen sink have piled up in a parking lot that has served as a makeshift dump.

Many residents add that they still need new water heaters because the floodwater rendered theirs unusable. Dennis McClintock of the Disaster Relief Effort said the organization will bring more than 120 water heaters to the community.

Residents John and Jen Chavez said six rooms, furniture and family memorabilia were ruined by the storms. They have made at least 20 trips to dispose of their belongings at the unofficial dump.

Jen Chavez said neighbors helped one another unload trailers after finishing their own.

"This whole community is in the same boat we are," she said. "It's not just us."

The Nebraska Emergency Management Agency on Thursday requested the U.S. Small Business Administration to conduct damage assessments for homes in Jefferson, Saline and Thayer counties following the flooding. SBA provides low-interest loans to businesses and individuals for repair and replacement of property damaged in disaster declaration areas.

Woman Charged For Prisoner Relationship

SPRINGFIELD, S.D. (AP) — A Yankton woman who was working at the Mike Durfee State Prison in Springfield is accused of having a sexual relationship with one of the inmates.

Thirty-three-year-old Tiffany Kyte is charged with four felony counts of sexual acts prohibited between prison employees and prisoners. Court documents say Kyte had sex twice with inmate Chad Huls.

The *Daily Republic* in Mitchell reports Kyte was working for CBM, the food service for the prison. The court documents say Kyte admitted in an interview with law enforcement she had sex and oral sex with Huls. He also admitted to the same acts.

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South Dakota Banks Finished 2014 In Solid Financial Shape

BY BOB MERCER
State Capitol Bureau

PIERRE — The regional director for the Federal Deposit Insurance Corporation spoke Friday to the state Banking Commission about bank conditions in South Dakota and the current agricultural economy.

Jim LaPierre said less than 5 percent of South Dakota banks were adversely rated at the close of 2014, meaning they scored 3 to 5 on the FDIC's 1 to 5 scale. Nationally 12 percent were adversely rated, while the regional average was below 7 percent, he said.

The national number hit as high as 30 percent during the recession approximately five years ago.

The Kansas City region covers South Dakota, North Dakota, Minnesota, Iowa, Nebraska, Kansas and Missouri.

South Dakota banks were right around the national averages for leverage ratio and return on assets and were nearly the lowest in the region for loans past due and in arrears, according to LaPierre.

Those conditions put South Dakota banks generally in position "prepared for a challenging year" because of low

prices for key crops, he said.

Dick Westra, a state commission member and banker from Aberdeen, said his trust department is experiencing a harder time renewing agricultural land leases at the 2014 rates.

LaPierre said producers who own their land and have low expenses should be able to get through the low prices for corn, soybeans and wheat.

"We're not panicking yet," he said.

Likewise for farmers who didn't spend through what LaPierre described as "extraordinary earnings" from recent years.

Cattle prices are strong and that's good for cow-calf ranchers but not so much for feedlot operators, he said.

LaPierre said the emphasis by FDIC in his region is cyber-security. He said it's the top priority for all of the federal government's financial regulatory agencies.

The theme, he said, is "protect, detect and recover." FDIC is hiring 30 technology experts for the region to analyze and advise vendors who provide security services to banks.

FDIC also is encouraging bankers to join a public-private partnership that constantly analyzes financial security

and issues alerts throughout each day, he said.

In other action, the state commission adopted a proposal to provide a one-time break on the semi-annual examination fees, because revenue is accumulating faster than examination expenses are going up.

State director of banking Bret Afdahl said revenue has exceeded need by about \$375,000 to nearly \$800,000 annually in recent years.

The commission's chairman, retired banker Jeff Erickson of Sioux Falls, quizzed Afdahl about the plan. Erickson raised a reminder of what happened approximately five years ago.

"It almost tanked," Erickson said. Afdahl didn't wither.

"We are going to take a hit. Essentially we are rebating 25 percent of our revenue for the coming year," Afdahl said.

He explained the standard is to have enough money on hand for the coming six months and have another six months in reserve.

No one from the public testified. The four commissioners present approved the rebate on a voice vote without opposition.

State Audit Finds Unusual Activities In GEAR UP Program

BY BOB MERCER
State Capitol Bureau

PLATTE — The state Department of Legislative Audit found the state Department of Education needed strong financial controls over its partner in administering a major federal grant intended to help American Indian students consider college.

The state Department of Education received the federal aid but doesn't actually run the GEAR UP program. Instead the federal aid is passed through the state department to a sub-recipient, the Mid-Central Educational Cooperative at Platte.

Mid-Central in turn pays large amounts of money each year — the current contract with the state department is for \$4,287,228 — to direct employees, advisors, consultants and other vendors to deliver the program's services in high schools, universities and colleges in South Dakota.

The state Department of Education provides \$50,000 per month to Mid-Central and pays invoices submitted from Mid-Central.

The invoices were where the state Department of Legislative Audit found problems during its inspection of the GEAR UP grant's administration for the 2014 fiscal year.

Legislative Audit didn't look beyond 2014 so it isn't known whether similar problems existed in prior years.

Mid-Central officials informed their board in December that \$214,000 would need to be repaid to the state Department of Education.

Overpayments had been made by the state on expenses submitted by Mid-Central for the GEAR UP and College Access programs.

State Education Secretary Melody Schopp said Friday the money repaid by Mid-Central would be returned from her department to the federal government.

The audit also found two prominent advisors on GEAR UP were paid for months when they hadn't submitted what are known as effort logs showing what they had been working on.

The two were former state Education Secretary Rick Melmer and former state Indian education director Keith Moore. They served in those posts during the previous administration of Gov. Mike Rounds.

Since at least the summer of 2012, Melmer received a stipend of \$1,000 per month to serve on the Mid-Central's GEAR UP committee and Moore received \$4,000 per month to be the committee's chairman.

Mid-Central submitted their stipend amounts as expenses to be reimbursed by the state Department of Education. The state department however didn't require proof that the two worked.

According to the state audit of the program's operation for 2014, they didn't submit effort logs for the first quarter of the 2014 fiscal year covering the months of July, August and September of 2013. The fiscal year runs July 1 to June 30.

The audit found their first logs were submitted Oct. 28, 2013.

Scott Westerhuis, the Mid-Central business manager, said Thursday that time cards hadn't been prepared for Melmer and Moore prior to the Oct. 28, 2013, date.

Mid-Central charged the state Department of Education a total of \$32,570.83 for Melmer and Moore for that period of nearly four months, according to the audit.

Melmer and Moore were part of a group authorized by the Mid-Central board to attend a national GEAR UP meeting in San Francisco in July 2013.

Melmer and Moore run other contracts paid by outside sources through Mid-Central as well.

The audit also questioned whether Mid-Central provided the required matching amount of \$3,567,649 for the GEAR UP contract period from Sept. 26, 2012, through Sept. 25, 2013.

Mid-Central in defense claimed \$4,000 of value for each of 500 computer software products provided by Microsoft.

The auditors countered that the software was listed for public sale at \$499.

The state Department of Education contended in response that each of the Microsoft products was valued at \$300,000 per student.

That remained the position of Education Secretary Schopp as of Friday. She said she is awaiting a federal response on that point.

Schopp said her department has strengthened its requirements for documentation and explanations from Mid-Central in the wake of the audit.

Neb. Students To Keep Standard Minimum Wage

BY ANNA GRONEWOLD
Associated Press

LINCOLN, Neb. — Part-time student workers will continue to be guaranteed the same minimum wage as adults in Nebraska after a proposal that would have put them in a separate category failed to win enough support Friday in the Legislature.

The bill, which won a majority but not the necessary two-thirds support it needed for passage, would have kept the minimum wage for part-time student workers at \$8, even after the standard minimum wage increases to \$9 in January.

Although 29 senators voted for it, the measure needed 33 votes to pass because it would have modified last November's citizen-led ballot measure in which Nebraska residents raised the minimum wage with an aggressive petition process.

"Defeat of LB599 is a win for democracy, a win for our ballot petition process and a win for the will of Nebraska voters," said Sen. Jeremy Nordquist of Omaha, who was part of a coalition of Democrats in opposition to the bill.

The measure was backed by the Nebraska Grocery Industry Association and was touted as a way for small-town grocery stores to provide part-time jobs for local students without going out of business.

But opponents of had called it an insult to voters and said it would create an incentive for students to drop out of school to qualify for higher wages.

The bill passed the first two rounds of voting with overwhelming majorities. The bill's sponsor, Sen. Laura Ebke of Crete, said she believes public outcry between second and third-round votes derailed the bill. The opposition staged a filibuster during second-round voting and encouraged hundreds of residents to email their senators.

Ebke said the vote demonstrates how difficult the ballot initiative made it for the legislature to adjust the minimum wage in the future. The bill's 29 votes would have been enough to advance a normal bill.

Nordquist, who led the minimum wage petition process last November, said that's a good thing with an issue so far-reaching.

"I don't see much possibility of us internally putting together 33 votes positively or negatively to change the minimum wage," Nordquist said. "That's why we didn't keep fighting the battle in here. We went directly to voters and they spoke loud and clear."

Nordquist said he believes Nebraska's low unemployment rate disapproves arguments that higher minimum wage will force small business owners into the ground.

"Businesses have always adapted, for the last 70 years, to the minimum wage policy in our country," Nordquist said. "The same doomsday scenarios have been stated time and time and time again, and it just hasn't fallen true."

Small-town grocers have said once the standard minimum wage increases it will be inefficient to hire student workers because they have spotty schedules and are prohibited by law to sell alcohol and tobacco.

But high school students involved in sports, school and part-time jobs say they don't understand why the bill was proposed in the first place.


"If you do the same amount of work, you need to get paid the same amount," said 16-year-old Joe Bogart, who bags groceries at Holdrege Marketplace in Holdrege.

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