

May 21, 2008

Mr. Timothy Rushenberg
General Counsel
Indiana Department of Local Government Finance
Indiana Government Center North
100 N. Senate Ave., Rm. 1058(B)
Indianapolis, IN 46204

Dear Mr. Rushenberg:

In addition to submitting the Denne comments on Dr. Hamilton's statistical analysis, I wanted to offer these brief comments. The Department's Resolution 2008 - 0001 found a number of areas of non-performance including "compelling evidence" "that the County through its vendor may have intentionally changed assessment elements, such as effective age and land values, in order to reach a 'bottom line value'." As further explained below, neither Nexus nor the County (i) offered any evidence suggesting that they did not, in fact, manipulate property characteristics on property record cards in order to achieve a bottom-line value, nor (ii) offered any arguments that such manipulation is permitted under Indiana law.

1. At the May 15 hearing, Dr. Hamilton offered a number of statistical critiques concerning ratio studies, but so far as I can recall, Dr. Hamilton never (a) disputed that Nexus had intentionally changed assessment elements such as effective age and land values in order to reach a bottom line value; and (b) never suggested that it was good assessment practice to change assessment elements in order to reach a bottom line value. Given that Dr. Hamilton has some familiarity with IAAO standards and generally accepted assessment practices, his failure to offer any support for Nexus on the points is damning.

2. At the May 15 hearing, neither Nexus or the County presented any witness to dispute that Nexus had intentionally changed assessment elements such as effective age and land values in order to reach a bottom line value. Likewise, neither Nexus nor the County presented any witness, or cited any generally recognized authority that it was good assessment practice to change assessment elements in order to reach a bottom line value.

3. The Department's charge that Nexus manipulated assessment elements to arrive at bottom line values was fully supported by the explicit admissions of Dr. Kelly and Mr. Weunsch

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at the April 16 meeting. Therefore, it is understandable that Nexus and the County did not claim that the assessment elements had not been manipulated. But it is also crucial to note that they did not offer any evidence suggesting that their manipulation of data was justified, or that such manipulation constitutes an acceptable assessment practice. Faced with the Department's tentative findings on data manipulation and an opportunity to refute the findings, the silence of Nexus and the County on these issues is deafening.

4. It seemed clear from the April 16 statements of Mr. Weunsch and Dr. Kelly that the manipulation of assessment elements was a standard practice for Nexus and took place throughout LaPorte County. In fact, at the May 15 hearing, the County and Nexus submitted damning materials in the form of PowerPoint presentations prepared by Nexus and submitted as a part of "Tab E" of their materials. These PowerPoints seem to be a "do it yourself" text showing how Nexus did (and how other assessors should) manipulate property characteristics in order to justify a chosen value. Tab E can be seen only as evidence that, in Nexus' opinion, manipulation of property characteristics is a proper assessment technique. Given Nexus' endorsement of the "technique" in Tab E, it is appropriate to infer that Nexus has widely applied the "technique" throughout La Porte County. This is further evidence of the necessity for a county-wide reassessment.

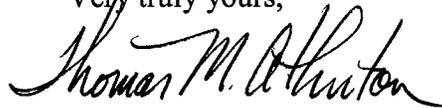
Because interim-year assessments are trended from year to year based on application of trending factors to property characteristics as reflected on property record cards, the corruption of the underlying property data will have a ripple effect for each subsequent year unless a reassessment is ordered. The pernicious impact of manipulated property record card data is manifest and must be remedied in order to provide any confidence that future year assessments are correct and that the property tax relief enacted during the 2008 session of the General Assembly applies uniformly and equally throughout the county in the years to come.

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For the foregoing reasons, and for the reasons explained in the vast array of materials submitted to the Department throughout the course of the Department's proceedings, we request, on behalf of Mr. Wendt, that:

- (a) the Department order a complete reassessment of La Porte County;
- (b) an experienced, independent contractor rather than Nexus conduct the reassessment;
- (c) the independent contractor be directed to assume responsibility over the initial level of appeals instead of the La Porte County PTABOA; and
- (d) to the extent permitted by law, that the current La Porte County Assessor be relieved of her duties.

Very truly yours,



Thomas M. Atherton

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