

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
QUARTERLY MEETING**

FRIDAY

11:00 A.M.

NOVEMBER 15, 2019

PRESENT:

Naomi Duerr, Reno City Council, Chair (via telephone)
John Sherman, At-Large Member, Vice-Chair
Andrew Caudill, Washoe County School District, Member
Jeanne Herman, Washoe County Commissioner, Member
Peter Morris, GID Representative, Member

Nancy Parent, County Clerk
Jennifer Gustafson, Deputy District Attorney

ABSENT:

Paul Anderson, Sparks City Council, Member
Michelle Salazar, At-Large Member

The Washoe County Debt Management Commission met in regular session at 11:00 a.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chair Duerr presiding. Following the Pledge of Allegiance to the flag of our Country, the County Clerk called the roll and the Board conducted the following business:

Vice Chair Sherman assumed the gavel at Chair Duerr's request because the Chair was not physically present at the meeting.

19-053D **AGENDA ITEM 3** Public Comment.

There was no response to the call for public comment.

19-054D **AGENDA ITEM 4** Approval of the minutes for the DMC meeting of August 16, 2019. Board members may identify any additions or corrections to the draft minutes as transcribed.

There was no response to the call for public comment.

On motion by Member Morris, seconded by Member Herman, which motion duly carried on a 5-0 vote with Members Anderson and Salazar absent, it was ordered that Agenda Item 4 be approved.

19-055D **AGENDA ITEM 5** Receipt and acknowledgement of Sun Valley General Improvement District's report of Debt and Long-Term Employee Benefit Liabilities.

County Clerk Nancy Parent indicated no one from the Sun Valley General Improvement District was available to make a presentation.

There was no response to the call for public comment.

On motion by Member Caudill, seconded by Member Herman, which motion duly carried on a 5-0 vote with Members Anderson and Salazar absent, it was ordered that Agenda Item 5 be acknowledged.

19-056D **AGENDA ITEM 6** Discussion and possible direction regarding the breadth and content of the template used by entities in the presentations of their debt position, and regarding other possible entities who the Debt Management Commission would like to invite to make presentations.

Vice Chair Sherman asked Chair Duerr to provide some insight about this item. Chair Duerr explained these presentations began as a way to inform the Debt Management Commission (DMC) of the financial status of various organizations between the reviews of their financial documents each August. She believed the City of Sparks went first and provided their debt position information in a concise layout. She said the DMC thought a standard format would be useful and she invited discussion on that topic. She added the DMC did not want to proscribe to the entities how to present the information, but they did want to simplify the request.

Referencing the Sun Valley General Improvement District (SVGID) document acknowledged in Agenda Item 5, Mr. Sherman pointed out it was close in format to the other ones received by the DMC, and it could be used as a point of reference when designing a template. Assistant County Manager Christine Vuletich agreed it would be helpful for the DMC to determine criteria so entities would know what information to provide. She noted Washoe County prepared its presentation using the City of Sparks' document as a model.

Chair Duerr pointed out different entities had documents of different length depending on the amount of debt incurred; the City of Reno's, for instance, was longer because it had a more complicated financial story. Vice Chair Sherman concurred each entity's format was similar but the content was different. He liked that the Washoe County School District (WCSD) had a measurement, the debt service coverage ratio (DSCR), that compared the District's debt with its ability to pay. He suggested that, in addition to following the standard format, entities should provide their DSCRs to help the DMC understand their financial positions.

Member Morris said he expected someone from SVGID to be available to answer questions, though he appreciated the document that was prepared. He mentioned he would find value in being able to flesh out the details in the presentation.

County Clerk Nancy Parent explained SVGID appointed a new general manager and financial person over the summer. They did not feel capable of getting information to the DMC in the summer and were still not able to accommodate their schedules to present at this meeting. Chair Duerr added SVGID did not believe a representative could make a presentation within the following six months, so she wanted the report to be entered into the record now. She believed they were undergoing an audit as well. She recalled the Regional Transportation Commission (RTC) was not available to make a presentation when they submitted their documents. She liked the idea that whoever was responsible for an entity's financial matters would be expected to make a presentation at a DMC meeting.

Member Morris agreed, pointing out the Incline Village General Improvement District employed professional people to manage its district. He expressed concern that someone from SVGID would not be able to make a presentation within six months. He strongly felt entities should make presentations to the DMC at its request. Chair Duerr wondered why SVGID's accountant could not make a presentation. Ms. Parent said she did not know whether it was the County Clerk's role to insist on presentations and she could not force answers out of them. Chair Duerr responded the DMC would request that SVGID present again at some point.

Chair Duerr thought Vice Chair Sherman's suggestion of including the DSCR was excellent. She invited a discussion about which key elements should be requested in addition to the DSCR.

Member Herman asked how these presentations were determined. Ms. Parent replied the presentations were done at Chair Duerr's request and had been for about a year. The Clerk's Office emailed the entities, asking them to provide a report to the DMC and to appear at a meeting; a sample of a prior presentation was also sent as a guideline.

Vice Chair Sherman noted all local governments were required to submit documents to both the State Department of Taxation and the DMC each year pertaining to their existing contemplated debt, capital improvement plans, and debt management policy. He stated the Department of Taxation could compel any entity who did not submit documents to do so. He further said these presentations allowed entities to update the DMC of any changes to their existing debt schedules that happened between receipt of those annual documents.

Member Caudill thought it might be helpful to send a questionnaire which asked about debt that was in forbearance, debt that had been restructured, missed payments, and anticipated issues with paying debt.

Adding on to her prior question, Member Herman thought the DMC could get more cooperation from entities by telling them the DMC wanted to schedule them at certain intervals so they did not all show up at one meeting. Ms. Parent responded requests were sent out at the DMC's direction. Ms. Parent also confirmed the entities were informed which specific meeting they were expected to make presentations; one or two entities presented at each DMC meeting over the prior year. She added entities did not typically attend the August meeting where the more-detailed documentation was reviewed.

Member Morris asked whether the DMC had the ability to compel entities to attend meetings. Deputy District Attorney Jennifer Gustafson said she did not see anything in Nevada Revised Statutes which would allow the DMC to compel entities to present interim data, though she would research it further.

Vice Chair Sherman thought Member Caudill made good suggestions, though he was mindful not to add a large burden to these entities. He pointed out all entities had to submit a quarterly form which addressed any missed payments, among other things. Since the entities were already doing that, he thought the DMC could ask them to supply those as well. He thought it was important to receive financial data relative to the entities' debt. Ms. Vuletich pointed out an entity's inability to make a payment would likely count as a material event that would need to be disclosed to the Securities and Exchange Commission. She added this happened very seldomly. Vice Chair Sherman offered to find a copy of the quarterly form and send it to the Clerk's Office.

Chair Duerr opined the DMC engaged in these presentations to build a relationship with the various entities who came before the Commission. During the recession, she noted, there was not much opportunity for the DMC to interact with these entities. She thought the presentations were a benefit to both the DMC and the entities. She repeated the RTC was the only other agency to not attend the meeting for their presentation, and she recalled there was some uncertainty as to whether the DMC reviewed RTC's bonds. She saw value in continuing the presentations, adding the DMC started with the biggest entities first.

Chair Duerr agreed with Vice Chair Sherman's sentiment that more work needed to be done on the request process before continuing. She encouraged Vice Chair Sherman to look over the forms and reports to see what information should be requested without overwhelming the DMC with information. She felt asking entities to attend meetings to discuss their debt picture was not unusual, particularly because they were already doing a certain amount of work.

Member Morris emphasized the DMC wanted to maintain cordial relationships with the entities, which would be mutually beneficial when the economy was not as strong.

Vice Chair Sherman expressed willingness to put together a package that incorporated past presentations as models while asking questions about financial status. He indicated he would work with Ms. Vuletich on this so they could take further action at the next DMC meeting. Chair Duerr concurred it was a good idea.

Ms. Parent said it was her understanding the Clerk's Office would not invite any entity to the next meeting while Vice Chair Sherman worked on the process. Vice Chair Sherman agreed, saying entities could be scheduled once there was a standardized information request layout.

There was no response to the call for public comment.

Regarding not having a presentation at the next meeting, Chair Duerr commented entities had been able to prepare documentation even without direct guidance from the DMC. She

thought another entity should be invited to discuss their debt position and their DSCR, even if the DMC had not settled on a proscribed format. Member Morris agreed that would be valuable.

There was a discussion about entities who the DMC wanted to make presentations, and it was determined invitations would be sent out to the Reno-Sparks Convention and Visitors Authority and the North Lake Tahoe Fire Protection District for the February meeting. When the topic of inviting the RTC to present again came up, Chair Duerr mentioned they had already provided information while other entities had not yet made any kind of presentation.

Vice Chair Sherman reiterated he would put something together within a week and work with a couple of Commission members and County staff to finalize the proposal. Ms. Gustafson urged Vice Chair Sherman to work only with County staff and not other members.

19-057D **AGENDA ITEM 7** Update of Debt Management Commission By-laws, Rules, Policies and Procedures — A review, discussion and possible action to update the 97-11DMC Debt Management Commission By-laws, Rules, Policies and Procedures to reflect current Commission policies and standard practices.

Deputy District Attorney Jennifer Gustafson mentioned she included the original bylaws from 1997 and a red-lined version. Additionally, she handed out a red-lined version with all formatting changes removed, a copy of which was placed on file with the Clerk; this was to make her suggested changes easier to read. She indicated her goal was not to make a lot of changes but to remove portions that were no longer the law. She remarked many things were not currently part of the bylaws and she was not steadfast in keeping any specific language. She expected any changes suggested at this meeting would be incorporated into a draft for the Debt Management Commission (DMC) to approve in February.

Going through her changes, she proposed modifying the title of Article I because she felt the current title did not make sense. As for the text in this section, she used the language that appeared on the DMC website. She asked whether anything needed to be changed.

There was a brief discussion where it was determined the DMC would go through each section of the bylaws one at a time to get the Commission knowledgeable about each.

Vice Chair Sherman expressed concern about the second sentence in Article I, which began “The DMC establishes the percentage of limitation on ad valorem tax...”, noting the Commission only did those things in special cases where the overlapping tax rate was exceeded after voter approval of a proposal; the DMC did not otherwise have that ability. He felt clarification was needed and proposed the following language: “The DMC establishes the percentage of limitations on the combined overlapping ad valorem tax levy and establishes priorities among essential and non-essential facilities and services as criteria to evaluate certain proposals.” He worried someone could otherwise infer that the DMC set the tax levy. Ms. Gustafson read Vice Chair Sherman’s suggestion back. Vice Chair Sherman also indicated he would add the language ‘as set forth in Nevada Revised Statute (NRS) 361.453’. This would clarify that the DMC did not set limits on tax rates, which was something local government bodies did.

Citing a sentence in Article I, Chair Duerr said she was unsure whether the DMC's role was different for general improvement districts (GIDs) than for other organizations. Vice Chair Sherman wondered whether that sentence could be deleted. Chair Duerr said perhaps, or the term GIDs could be added after local governments. Vice Chair Sherman opined there were different thresholds for GIDs. Ms. Gustafson thought that language came from NRS 350.0145(1), which required GIDs smaller than 5,000 people to notify the secretary of each debt management commission when proposing to issue medium-term bonds, borrow money, or issue securities other than general obligation debt.

Member Morris felt the sentence in Article I did not speak to that point. He said all entities came before the DMC, but the Commission had different standards by which those entities were judged. Chair Duerr also wondered if the DMC handled things differently in different situations. Ms. Gustafson said she would research that further.

Member Herman pointed out the language referenced GIDs of fewer than 5,000 people, but Sun Valley GID had over 20,000.

Vice Chair Sherman felt the point made in the sentence was more important to the DMC than the property tax override scenario discussed earlier. He agreed it did not make sense to single out GIDs as this applied to all local governments; different thresholds were used when evaluating certain GIDs. He recommended reorganizing the sentences in this section.

Assistant County Manager Christine Vuletich noted the language pertaining to the DMC's responsibility to approve or deny debt issuance was very broad. This was because certain debt issuances, such as refinancing, did not come before the DMC. She wondered whether that language needed to be more specific to ensure there was no expectation that the DMC considered every debt issuance. Chair Duerr suggested using the term 'initial debt issuance'.

Chair Duerr said she was unsure whether the DMC considered all medium-term borrowing obligations, noting the City of Reno was in the process of issuing a 10-year debt obligation. She was curious whether the sentence about medium-term obligations applied only to GIDs. Ms. Vuletich said she believed it applied to other entities, though she admitted bond counsel might know better.

Member Morris felt the DMC should have these bylaws reviewed by others before they voted to approve them. Vice Chair Sherman agreed someone from Sherman & Howard should review the document.

Member Morris asked whether the DMC only considered medium-term obligations. Vice Chair Sherman responded no, though special rules did apply to medium-term bonds; the DMC reviewed any contemplated debt. Member Morris said Article I did not say this. Ms. Gustafson said that paragraph would be revised to better reflect everything the DMC covered.

Ms. Gustafson indicated she added the makeup of the Washoe County DMC to Article II. Member Caudill pointed out he was not an employee of the Washoe County School District (WCSD) and thought the names of the bodies, such as the Reno City Council and the GID

Board of Trustees, should be added. Ms. Gustafson said it was written broadly because that was how it was reflected in the NRS. Vice Chair Sherman pointed out entities could appoint non-elected officials to the DMC. Ms. Gustafson agreed, saying the NRS did not mandate that representatives be part of the specific boards. Vice Chair Sherman recommended changing the language to reflect that the positions were appointed by the respective bodies. Member Morris recommended capitalizing general improvement district. Ms. Gustafson said she would include language about the appointment authority for each representative.

Ms. Gustafson noted the changes she suggested for Article II.3. were taken from the current version of state law. Chair Duerr asked for the definition of an excused absence. Ms. Gustafson pointed out she moved the language to the end of that section. In response to Ms. Parent indicating that Member Anderson had said he would be at the meeting, Chair Duerr wondered if his absence would count as unexcused. Ms. Gustafson said she interpreted it as unexcused. Chair Duerr opined an excused absence would involve contact from the member. Ms. Gustafson agreed, though she added the DMC could use any language it wanted.

Member Morris wondered how appointments worked with GIDs, asking who would take his seat if he were to leave, another member from the Incline Village GID specifically or any GID member. Ms. Gustafson replied the appointment process would be the same as when he was appointed; requests would go out to all GIDs to submit nominations. Member Morris stated he was unsure the current language said that. He and Vice Chair Sherman suggested substituting the words ‘entity or entities’ where appropriate.

Ms. Gustafson said she crossed out the sentence about representing the best interest of local governments and the public at large because she did not know what it meant. Chair Duerr guessed it meant that action she took as a Reno City Councilmember did not bind her to take that action on other boards. Member Caudill said it made sense that he could vote one way as a member of the WCSD but a different way with the DMC. After some discussion, it was decided to omit the sentence.

Ms. Gustafson said she removed Article II.3.b. because a provision in the Open Meeting Law (OML) prohibited appointing alternate members if the enabling legislation did not provide for them. She added alternates were generally discouraged because boards like this wanted people familiar with the proceedings to attend. It was discovered that the numbering in Ms. Gustafson’s paper version of the edits did not align with the versions originally sent out.

Ms. Gustafson said she made no substantive changes to Article III, which discussed DMC members talking to other people if there was a need to apprise themselves on a subject. Vice Chair Sherman asked whether there was a rule about disclosing ex parte communications. Chair Duerr stated that, for regular discussion items, disclosures or recusals only happened with potential conflicts. However, appeals were treated as quasi-judicial actions and therefore subject to ex parte requirements. She wondered whether DMC actions were quasi-judicial and subject to those requirements. After discussion, it was decided to delete everything in Article III, paragraph 1 after the first sentence and replace it with a sentence about communications between members needing to conform with the OML.

Regarding the second paragraph of Article III, Vice Chair Sherman inquired about the benchmark for recusal from voting on a matter. Ms. Gustafson said any financial interests needed to be disclosed and members should talk to legal counsel to determine if they should recuse themselves. Member Morris asked whether members would be forced to recuse. Ms. Gustafson said that member would not automatically recuse themselves, though they should disclose the nature of their financial interest. She commented she would add a sentence indicating that members might have to recuse themselves depending on the circumstances and the advice of legal counsel.

Member Morris told a story of an Incline Village GID member who was advised by legal counsel not to comment or take action on an item, but he did anyway and currently faced investigation. Ms. Gustafson retorted legal counsel could not force someone to do something, they could only give advice; there could be consequences for taking action against legal advice.

Ms. Gustafson reviewed the changes suggested for Article IV. Regarding paragraph 4, Vice Chair Sherman said he and Ms. Parent agreed that provision was overly formal and the Vice Chair should conduct the business of the DMC in the absence of the Chair. Ms. Parent asked whether the bylaws should include a provision for when both the Chair and the Vice Chair were absent. Member Caudill recommended alphabetic order and Chair Duerr said Robert's Rules dictated that an acting Chair should be decided by the body. Member Caudill asked whether the DMC had that authority since they'd be voting on something not on the agenda. Ms. Gustafson said OML was concerned with action taken under the jurisdiction of a board, whereas this vote would be administrative. It was determined to use Chair Duerr's suggestion.

Member Morris asked about posting requirements for notices and Ms. Gustafson said that was handled in Article VI. Regarding paragraph 3, Ms. Parent pointed out the language indicated the Clerk's Office drafted the agendas, but everything on DMC agendas was either statutorily mandated or requested by the DMC; the Clerk's Office would never add something to an agenda on its own. It was decided to change the language to say the Clerk's Office prepared the agendas.

Ms. Gustafson asked whether any members knew anything about the statements of policy referenced in Article V.1. Several members thought it referenced the bylaws and other policies currently being revising in this item. Citing old meetings witnessed by Vice Chair Sherman and Ms. Parent where the DMC had to make deliberations, Chair Duerr said she was unsure whether certain policies or guidelines were established before action was taken. Vice Chair Sherman said there was a section in NRS that dealt with that situation. Ms. Gustafson asked whether that situation required a 5-member vote, but Vice Chair Sherman said he did not think so. Ms. Gustafson expressed concern about the vagueness of the language and wanted to substitute the name of the bylaws document in this section if that was the only statement of policy referenced.

Member Morris asked whether there would be ramifications for the DMC not having a consensus in the above situation where entities were arguing over increases. Vice Chair Sherman said that item would then not go onto the ballot unless it was authorized by a specific statute. Chair Duerr suggested changing the language to indicate that it dealt with the bylaws while Vice Chair Sherman researched other possible exceptions. She felt changing the bylaws should require a 2/3 vote.

Prompted by a discussion of voting, Ms. Gustafson clarified all votes for general matters required a majority of the members present, not the total membership of the DMC. One exception would be recusal situations where a majority of the votes of all members present would be required, not just the members voting.

Chair Duerr relayed two stories of recent meetings where some votes did not pass because of quorum issues at that time. Vice Chair Sherman pointed out any proposal to put a property tax increase on the ballot would require a 2/3 vote of the DMC, which would contradict the statement that only a majority would be needed for all other business. He suggested adding the verbiage 'unless otherwise required by Statute' to Article V.2 and Ms. Gustafson said she would.

Member Caudill asked whether they wanted to require a 5-member vote for changes to the bylaws or a 2/3 vote, noting the number of votes required could be different if the DMC was unable to fill one of its board member seats. Ms. Gustafson replied the Commission was still a 7-person board even if one seat was unfilled. Mr. Caudill remarked the WCSD board did not pass anything without four affirmative votes, even if the vote ended up being 3-1. Chair Duerr pointed out the City of Reno had instances where four members were present and all four needed to vote in the affirmative to pass something. Ms. Gustafson said the County only required a majority of members present to pass something. Member Morris related this to the way the Incline Village GID held their votes. He sought clarification that five votes would not be needed for the DMC unless it was statutorily required. Ms. Gustafson confirmed this point, though she planned to add that requirement to the approval of changes to the bylaws.

Referencing Article V.5., Ms. Gustafson said that was not typically how boards worked; an item was still open for new motions even if one failed. Chair Duerr thought requiring a 2/3 vote was restrictive and she cited two recent meetings where votes failed but the same motions were later reconsidered during the same item. She made the distinction that a failed vote was not a denial of the item, just a failure of that motion. Ms. Gustafson said this item only pertained to a tie vote. Chair Duerr pointed out a member could offer to change their vote in the interest of moving an issue along. Vice Chair Sherman suggested changing the language to require only a simple majority vote to reconsider a vote.

Vice Chair Sherman mentioned a situation where the DMC might vote to deny a proposal but someone who voted yes might want to change their vote; they could make a motion to reconsider the vote. He thought that scenario should be contemplated in the bylaws. Member Herman stated Commissioners needed to wait until the next meeting if they decided to change their vote. Ms. Gustafson said she had not looked closely at the Board of County Commissioners' rules of procedure handbook, which had been emailed out just before the meeting. She indicated she would review it to see if anything else needed to be added to the DMC bylaws.

Ms. Gustafson mentioned most of Article VI related to the OML and, other than the section about emergency meetings, the other provisions could be removed. There was a consensus to remove everything except statements relating to comporting to the OML and emergency meetings. She expressed interest in keeping the portion about agendas being approved by the Chair and legal counsel even though it was not a requirement of the OML.

Regarding the provisions about providing supporting materials, Ms. Gustafson said the public needed to have access to the documents at the same time as DMC members. Receiving documents at the meeting was not uncommon. It was decided the language would be changed to reflect that materials would be provided no less than three days before a meeting. Ms. Gustafson provided an example of another board which continued an item because the board members did not have enough time to review the materials that were provided at the meeting itself. She suggested adding language that said presenters should provide supporting materials to the Clerk by one week before that meeting. Ms. Parent said that would allow enough time to get documents to the members. Chair Duerr said she approved of the use of the term 'should' for providing backup materials. Ms. Gustafson said she would include that language as well as verbiage allowing the DMC to continue items when materials were not provided in a timely fashion.

Ms. Gustafson explained Article VI.1.b. and VI.1.c. were deleted because they were old or violated the OML. Additionally, DMC agendas already contained language about accessibility, and she felt that did not need to appear in the bylaws. Regarding VI.1.d., Mr. Morris felt duplicating things in the OML was unnecessary. Chair Duerr disagreed, wanting more information in the bylaws because not everyone was familiar with the OML. She asked whether the 6-month provision was pursuant to NRS or simply a DMC policy. Ms. Gustafson said six months was part of the OML and the Clerk was supposed to tell any requester that their request would lapse within six months unless a continuance was requested. Chair Duerr suggested changing the bylaws to extend that time period to one year because the DMC only had four meetings per year. There was no objection to this suggestion.

Vice Chair Sherman asked whether Ms. Parent notified other local governments of DMC meetings. Ms. Parent said she had a certain list, but there were no current requests for notice of DMC meetings from any entity or person.

Ms. Gustafson said she kept the provision relating to the mailing of packets because she did not know what it referenced. It was decided to delete Article VI.3.

Member Caudill announced he had to leave for another meeting and Member Morris added he would have to leave shortly as well. Ms. Gustafson asked DMC members to review her changes for additional input, which would be discussed at the next meeting. Member Morris said going through the bylaws as a group helped cement his understanding. It was determined all DMC members would email only Ms. Gustafson with comments for her to incorporate into a new draft. Chair Duerr thought it would be educational to continue this process at the next meeting. Member Morris thought it would be appropriate to include who made each suggestion.

There was no public comment or action taken on this item.

19-058D AGENDA ITEM 8 Board Member Comments.

County Clerk Nancy Parent summarized requests for presentations would be sent to the North Lake Tahoe Fire Protection District and the Reno-Sparks Convention and Visitors Authority. Additionally, the bylaws would be revisited so it would likely be a lengthy meeting. Member Morris suggested adding a reminder about the meeting length when meeting notices went out.

Ms. Gustafson indicated she would not be available for the February 14 meeting so someone else from the District Attorney's office would present her work. Chair Duerr did not like that option and suggested changing the meeting date. After some discussion, it was determined Ms. Parent would poll the members and check room availability for February 21 and February 28. Member Caudill pointed out new members could be appointed to these boards by then, citing that the Washoe County School District only appointed members to boards for 1-year terms. Chair Duerr encouraged him to try to get reappointed to the DMC.

19-059D AGENDA ITEM 9 Public Comment.

There was no response to the call for public comment.

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1:06 p.m. There being no further business to discuss, the meeting was adjourned without objection.

NAOMI DUERR, Chair
Debt Management Commission

ATTEST:

NANCY PARENT, County Clerk
and Ex Officio Secretary,
Debt Management Commission

Minutes Prepared by
Derek Sonderfan, Deputy County Clerk