From:	Goss, Sofia@CDFA <sofia.goss@cdfa.ca.gov>
Sent:	Wednesday, September 2, 2026 1:44 PM
Cc:	Francesconi, Mike@CDFA
Subject:	Circular Letter D2026-03 SB 84 Supplemental Payment Obligations - Repayment Process
Attachments:	D2026-03 SB 84 Supplemental Payment Obligations - Repayment Process.pdf; D2026-03 - SB 84 Repayment Process FAQ.pdf; D2019-04 SB 84 Supplemental Payment Obligations.pdf

Good Afternoon DAA CEOs and Board Chairs,

Attached please find Circular Letter D2026-03 SB 84 Supplemental Payment Obligations – Repayment Process. For more information, Circular Letter D2019-04 SB 84 Supplemental Payment Obligations from 2019 is also attached.

Please ensure that this information is shared with the fair board at the next regularly scheduled board meeting listed as an item of correspondence.

For future reference, you may view and download the F&E Circular Letters at https://www.cdfa.ca.gov/Fairs_&_Expositions/ which are located under the "Correspondence" tab.

If you have any questions, please let me know.

Thank you,

Sofia Goss
California Dept. of Food & Agriculture
Fairs & Expositions Branch
Direct Line (916) 708-9548

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

September 02, 2026 D2026-03

To: All District Agricultural Association CEOs and Board Chairs

SUBJECT: SB 84 Supplemental Payment Obligations – Repayment Process

This letter provides updated information on the repayment of Senate Bill No. 84 [Chapter 50, Statutes of 2017 (SB 84)] supplemental payment obligations, as previously announced in letter D2019-04, titled "SB 84 Supplemental Payment." Pursuant to SB 84, the California Department of Finance (Finance) allocated a proportionate share of the repayment obligation to each District Agricultural Association (DAA) based on the employer retirement contribution made to CalPERS in Fiscal Year (FY) 2016–17, totaling $9,751,000 in principal amounts.

Beginning in FY 2026–27, Finance will issue invoices directly to each DAA, identifying each DAA's outstanding SB 84 repayment obligation and providing payment instructions. Outstanding balances as of July 1, 2027, will accrue simple interest annually, based on the U.S. Treasury Constant Maturity Rate per SB 84, until paid in full.

SB 84 requires the loan to be paid by June 30, 2030. However, to provide repayment flexibility, DAAs may make payments earlier than scheduled, or propose different repayment schedules, as long as all obligations were paid by the statutory deadline. Because interest will continue to accrue on unpaid balances, the Fairs & Expositions Branch recommends that each DAA, to the extent financially feasible, satisfy its outstanding obligation early to minimize interest expense.

CDFA is currently looking into alternatives to assist the DAA with repayment; however, the DAAs should still plan to pay their contributions until further notice. Additional information is provided in the attached Frequently Asked Questions (FAQ). If you have any questions about the repayment process, please contact Mike Francesconi at mike.francesconi@cdfa.ca.gov or at (916) 591-8791.

Sincerely,

Michael W Francesconi

Michael Francesconi
Branch Chief

Enclosure: D2019-04 SB 84 Supplemental Payment & DOF Repayment FAQs

Frequently Asked Questions (FAQ)
SB 84 Supplemental Payment Obligations

1. What is SB 84?
SB 84 [Chapter 50, Statutes of 2017 (SB 84)] authorized a one-time supplemental payment to the California Public Employees' Retirement System (CalPERS) through a loan from the Pooled Money Investment Account (PMIA). The purpose of the legislation was to reduce the long-term growth of the State's pension obligations. As previously communicated in Circular Letter D2019-04, a proportionate share of this obligation was allocated to each District Agricultural Association (DAA) that participates in the state's retirement plans based on its 2016–17 CalPERS employer retirement contributions.

Additional Resources:
- Legislative Analyst Office (LAO): The 2018-19 Budget: Repaying the CalPERS Borrowing Plan
- Bill Text: SB-84 Public Employees' Retirement Fund: state employer contributions: supplemental payment.

2. Why is my DAA receiving an invoice now?
When the SB 84 loan was established in 2017-18, the state did not require DAAs to repay their share of the loan balance because of their fiscal conditions at the time. The state's General Fund has been paying for the interest associated with DAAs' balance since then. As the statutorily required repayment deadline of June 30, 2030, approaches, DAAs will need to repay their shares of the loan before that date.

4. How was my repayment amount calculated?
As required by SB 84, each DAA's obligation was determined by the California Department of Finance (Finance) based on its proportionate share of employer retirement contributions made to CalPERS during FY 2016–17.

5. What is the total obligation for the DAA network?
The total outstanding responsible share of the SB 84 loan for the DAA network is **$9,751,000**. Interest will start accruing on July 1, 2027, based on the outstanding balance at the beginning of the fiscal year using the simple interest method based on the U.S. Treasury Constant Maturity Rate.

6. How will I know how much my DAA owes?
Each DAA will receive:
- an individualized notification from F&E identifying its outstanding balance; and
- annual invoices directly from Finance.

7. How long do DAAs have to repay the loan?
All obligations must be paid in full by June 30, 2030, as required by SB 84 under Government Code section 20825 (c).

8. Can a DAA pay the balance early?
Yes. DAAs may make payments immediately after receiving the first invoice or earlier than scheduled. Early payment reduces the outstanding principal balance and may avoid or minimize future interest charges.

9. Will DAAs be locked into a four-year payment schedule?
No. DAAs may choose to pay additional amounts or satisfy the remaining balance early.

10. How is interest calculated?
Per SB 84, interest is based on the U.S. Treasury Constant Maturity Rate, which varies by quarter. For example, in FY 2025, the interest averaged around 3.65%.

A 5% interest rate was used to estimate the repayment schedule for budgeting purposes only. The interest due will be calculated quarterly based on the actual interest rate per U.S. Treasury Constant Maturity Rate and will be added to the DAA's invoices annually.

11. Is the interest compounded?
No. **Simple interest** is calculated and accrued quarterly. Each DAA is responsible for interest based on the outstanding principal balance at the beginning of the fiscal year.

12. Can a DAA avoid paying interest?
Yes. If financially feasible, paying the outstanding balance as early as possible may significantly reduce or eliminate future interest charges.

13. Will DAAs be charged interest before receiving an invoice?
No. Interest will begin in FY 2027/28 on any remaining balance. DAAs with concerns should contact F&E to discuss their situation.

14. Can the Board decide how the loan will be repaid?
Yes. Because repayment may affect a DAA's financial planning, many Boards may wish to review repayment options through their Finance Committee and/or Board before determining its repayment strategy.

15. Should this obligation be included in the annual budget?
Yes. Boards were advised to begin incorporating the SB 84 repayment obligation in their budget and long-term financial planning in the D-Letter 2019-04.

16. Can F&E waive or reduce this obligation?
No. Government Code section 20825 requires all SB 84 balances to be repaid by June 30, 2030. F&E does not have authority to waive or reduce the repayment amount.

17. Can we pay more than the scheduled payment in a given year?
Yes. Early or additional payments may be made. DAAs interested in paying more than the scheduled installment should coordinate with DOF regarding payment procedures. Paying additional principal early may reduce future interest costs.

cdfa CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE
Karen Ross, Secretary

September 27, 2019 D2019-04

TO: District Agricultural Association CEOs & Board Chairs

SUBJECT: SB 84 Supplemental Payment Obligations

The purpose of this letter is to inform the District Agricultural Associations (DAAs) of the liability resulting from the passing of Senate Bill No. 84 Public Employees' Retirement Fund: state employer contributions: supplemental payment (SB 84).

On July 10, 2017, Governor Brown signed SB 84 into law which had the effect of borrowing $6 billion from the Pooled Money Investment Account (PMIA) to make a one-time supplemental payment to the California Public Employees' Retirement System as part of the 2017-18 fiscal year budget package. The intent of this one-time supplemental payment was to save the state money over the next few decades by slowing the pace of cost increases for the state's annual pension payments.

Under SB 84, the Department of Finance (DOF) was required to develop a repayment schedule for the loan principal and interest accrued from the $6 billion that was borrowed from the PMIA. As a part of their requirement, DOF was tasked with determining the proportionate share of the obligation attributable to the DAAs. DOF has informed the Department that the liability allocated to the DAAs is approximately $9.9 million. This obligation was calculated by DOF based on 2016-17 CalPERS employer retirement contributions. DOF has determined the DAA repayment schedule will be spread over five fiscal years beginning FY2020-21 and ending FY2024-25.

The Department is currently seeking confirmation regarding the total obligation as well as the process and timing on how and when these payments are to be made. It has also been determined that this obligation impacts the financial records of each DAA going forward. Once we have additional information, we will provide further guidance to each DAA regarding their specific obligation.

If you have any questions, please contact John Quiroz, Chief, Fairs and Exposition Branch, at 916-900-5025 or john.quiroz@cdfa.ca.gov.

Sincerely,

Jeff Cesca

Jeff Cesca, Director
Division of Marketing Services