NEW ISSUE—BOOK ENTRY ONLY

#2012-1899

RATING:
Moody's: "MIG 1"
(See "Rating" herein)

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by SPURR with certain covenants, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Notes is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.

$1,950,000
SCHOOL PROJECT FOR UTILITY RATE REDUCTION
2012 Revenue Anticipation Notes
(Natural Gas Purchase Program for Member California School Districts and Community Colleges and Other Non-Member Affiliated Public Entities)

Dated: December 18, 2012 **Due: August 1, 2013**

The Notes will be issued in denominations of $1,000 or any multiple thereof. Principal and interest on the Notes will be payable upon maturity by check or draft of Union Bank, N.A., San Francisco, California (the "Paying Agent").

MATURITY SCHEDULE

Amount	Coupon	Yield	CUSIP†
$1,950,000	2.00%	0.80%	807862 AR8

The Notes, in accordance with California law, are general obligations of the School Project for Utility Rate Reduction ("SPURR") payable solely from income, revenue and other moneys of SPURR attributable to SPURR's 2012-2013 fiscal year and lawfully available for payment thereof. As security for the payment of the Notes and the interest thereon, SPURR has pledged (i) an amount equal to $650,000 from the first unrestricted revenues received by SPURR attributable to the month of May, 2013, (ii) an amount equal to $650,000 from the first unrestricted revenues received by SPURR attributable to the month of June, 2013, and (iii) an amount equal to $650,000, plus an amount sufficient to pay interest on the Notes and any deficiency in the amounts required to be deposited during any prior month, from the first unrestricted revenues received by SPURR attributable to the month of July 2013.

The Notes will be issued by a book entry system with no physical distribution of Notes made to the public. The Depository Trust Company ("DTC"), New York, New York, will act as Depository for the Notes, which will be immobilized in their custody. The Notes will be registered in the name of Cede & Co., as nominee for DTC. The Notes will not be subject to redemption prior to maturity. Principal of and interest on the Notes will be paid at maturity by Union Bank, N.A. to DTC, for payment to the DTC Participants. See "Book Entry Only System" herein for a further explanation. The Notes are, to the extent more fully described herein, legal investments for commercial banks in California and are eligible to secure deposits of public moneys in the State of California.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the SPURR by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel. It is anticipated that the Notes will be available for delivery, through the facilities of DTC, on or about December 18, 2012.

WULFF, HANSEN & CO.

ESTABLISHED 1931

INVESTMENT BANKERS

Dated: December 7, 2012

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† Copyright 2012, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with SPURR and are included solely for the convenience of the registered owners of the Notes. Neither SPURR nor the Underwriter is responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Notes or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

SCANNED

No dealer, broker, salesperson or other person has been authorized by SPURR or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract between SPURR or the Underwriter and the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representation of facts.

The information set forth herein has been obtained from sources believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as representation by SPURR or the Underwriter. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of SPURR since the date hereof. This Official Statement is submitted with respect to the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by SPURR. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

WITH RESPECT TO THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SCHOOL PROJECT FOR UTILITY RATE REDUCTION
("SPURR")

Board of Directors

Steven Adams, *SPURR Board President*, Clovis Unified School District
John W. Bitoff, *Vice President/Clerk*, San Francisco Unified School District
Damon Smith, *SPURR Treasurer*, Alameda County Office of Education
Paul Bielen, Sonoma County Junior College District
Joyce Lopes, Western Placer Unified School District
Tim Nelson, Chabot-Las Positas Community College
John Quinto, Fresno Unified School District
Scott Siegel, Ceres Unified School District
Brian Stephens, Delhi Unified School District
Rick Hanger, *Alternate Board Member*, Humboldt County Office of Education

SPURR Officials

Michael Rochman, J.D., Managing Director
Alethea Rollins, Accounting Manager
Gary Mingle, CPA, Accounting Consultant

Counsel to SPURR
Kronick, Moskovitz, Tiedemann & Girard
Sacramento, California

Bond Counsel
Quint & Thimmig LLP
San Francisco, California

Paying Agent
Union Bank, N.A.
San Francisco, California

Underwriter
Wulff, Hansen & Co.
San Francisco, California

OFFICIAL STATEMENT

$1,950,000
SCHOOL PROJECT FOR UTILITY RATE REDUCTION ("SPURR")
2012 REVENUE ANTICIPATION NOTES

INTRODUCTION

This Preliminary Official Statement has been prepared under the direction of the School Project for Utility Rate Reduction ("SPURR") in order to furnish information with respect to its sale of certain revenue anticipation notes designated "School Project for Utility Rate Reduction (SPURR), 2012 Revenue Anticipation Notes" (the "Notes") in the principal amount of $1,950,000. The Notes have been authorized pursuant to a resolution adopted by SPURR on June 13, 2012 (the "Resolution"). The Notes will be issued in full conformity with the Constitution and laws of the State of California (the "State"), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and under such statute are general obligations of SPURR but are payable solely from income, revenue and other moneys of SPURR attributable to the fiscal year commencing on July 1, 2012 (the "Fiscal Year 2012-2013") and legally available therefor.

Proceeds from the sale of the Notes will be used for the purchase of natural gas to be sold by SPURR to member school districts and non-member affiliated public entity participants (members and non-member participants to be referred to hereinafter as jointly, the "Participants" or individually as "Participant"). SPURR may issue the Notes only if the principal of and interest on the Notes will not exceed 85 percent of the estimated amount of the then uncollected moneys legally available for the payment of the Notes.

THE NOTES

Authority for Issuance

The Notes are issued under the authority of the Act and pursuant to the Resolution.

Purpose of Issue

SPURR was formed, among other things, for the purpose of aggregating gas and other utility purchases for its member school districts and community college districts and county offices of education. Subsequent to its formation and commencement of operations, SPURR added to and included in its gas aggregation program certain non-member participants. See "THE SCHOOL PROJECT FOR UTILITY RATE REDUCTION—Non-Member Participants—Continued Program Participation—Other Joint Powers Authority Membership Non-Member Affiliated Public Entity" below. SPURR's non-members currently account for less than 30% of the total gas program by both volume and expenditure.

SPURR has been providing natural gas aggregation services since 1991. SPURR aggregates purchasing for the purpose of reducing and managing price volatility with respect to the net effective cost of gas and other gas-related services supplied to the Participants. By aggregating large purchases of natural gas and related services, i.e., interstate and intrastate transportation of gas, gas storage, billing and reporting, the program is intended to provide the benefits of direct access to wholesale markets, as well as the ability, in management's opinion, to protect against price spikes, and to pass those benefits along to the Participants.

In particular, in response to continued volatility in natural gas prices on a national level and in California, which put a great deal of pressure on Participants' energy budgets, SPURR offered Participants rate plans for the 2012-2013 program year backed by fixed price contracts or hedges implemented by SPURR in the wholesale market. For example, a fixed rate set at the beginning of the program year covers 40% of annual usage for most, but not all, participants in the core program. Individual core and noncore Participants may also select a different level of fixed rate coverage, or other rate options, such as capped pricing. It is the opinion of SPURR that, by offering various risk-reduction strategies, Participants can obtain a higher level of budgetary protection than they would have in the absence of such strategies. There can be no assurance as to whether the fixed rates obtained will be higher or lower than spot market rates that may be available at any given time.

Issuance of the Notes will provide moneys for the timely monthly purchase of natural gas to be sold by SPURR to Participants in the State of California. From FY 1994-1995 through FY 1998-1999, SPURR's billing practice had been to base invoices to Participants on estimated gas purchases by the various Participants in their gas purchase program. This method of billing by SPURR had over the years presented certain accounting difficulties for many of the Participant districts with regard to their ability to recognize exact monthly expenditures on a timely basis. For this reason SPURR decided, after consultation with a representative cross section of its membership and Participants, that it was in the best interest of its Participants to be invoiced for gas purchases on an "actual" gas usage, i.e., metered, rather than an "estimated" gas usage basis. SPURR would thereby most likely incur monthly operating cash flow deficits resulting from the timing of SPURR's payment for gas it purchases on behalf of its Participants and the time that it is reimbursed for the gas following payment by individual Participants on an actual gas delivery basis. SPURR estimates a cash flow gap of up to 90 days or longer from the time that SPURR pays for monthly gas purchases and the point in time when they are paid by individual member and non-member Participant districts for the respective monthly gas amounts. This is why, commencing with the FY 1999-2000 Revenue Anticipation Notes, SPURR provided an interim financing source for their gas delivery programs. The Notes continue this interim financing approach.

Description of the Notes

The Notes will be dated December 18, 2012, and will mature on August 1, 2013. The Notes will bear interest at the rate specified thereon, payable at maturity and computed on a 30-day month/360-day year basis. The Notes will be issued in fully registered form in denominations of $1,000, or any multiple thereof. Principal and interest on the Notes will be payable upon maturity by check or draft of Union Bank, N.A. (the "Paying Agent"). The Notes will not be subject to redemption prior to maturity.

Book Entry Only System

The Notes will be issued by a book entry system, evidencing ownership of the Notes in principal amounts of $1,000 or integral multiples thereof with no distribution of Notes made to the public. DTC will act as depository for the Notes, which will be immobilized in its custody. The Notes will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve system, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" physical registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of

whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Purchases of the Notes under the book entry system may be made through brokers and dealers who are, or act through, DTC participants. The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of the actual purchaser of each Note (the "Beneficial Owner") will be recorded through the records of the DTC Participant. Beneficial Owners will receive a written confirmation of their purchase providing details of the Note acquired. Transfers of ownership interests in the Notes will be accomplished by book entries made by DTC and by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive Notes representing their ownership interest in the Notes. Interest and principal will be paid to DTC, or its nominee, and then paid by DTC to the DTC Participants and thereafter paid by the DTC Participants to the Beneficial Owners when due.

SPURR WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

Beneficial Owners of the Notes will not receive or have the right to receive physical delivery of such Notes, and will not be or be considered to be owners thereof so long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the holders or registered owners of the Notes shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes.

DTC may determine to discontinue providing its service with respect to the Notes at any time by giving notice to SPURR and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, unless a substitute depository is retained by SPURR, Notes will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of Notes held in the Beneficial Owner's name, will become the Noteholder.

SPURR may determine that continuation of the system of book entry transfers through DTC (or a successor depository) is not in the best interests of the Beneficial Owners. In such event, Notes will be delivered and registered as designated by the Beneficial Owners. The principal of and interest on the Notes will be paid to DTC or its nominee, Cede & Co., as registered owner of the Notes. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants and in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or SPURR, subject to any statutory and regulatory requirements as may be in effect from time to time.

Security for the Notes and Available Sources of Repayment

The Notes and the interest thereon are general obligations of SPURR but are payable solely from income, revenue and other moneys received by SPURR during Fiscal Year 2012-2013 and legally available for payment thereof. Certain of said moneys have been specifically pledged to the total payment of the Notes and the interest thereon. As security for the payment of the Notes and the interest thereon, SPURR has pledged (i) an amount equal to $650,000 from the first unrestricted revenues received by SPURR in the month of May 2013, attributable to the

month of April, 2013, (ii) an amount equal to $650,000 from the first unrestricted revenues received by SPURR in the month of June, 2013, attributable to the month of May, 2013, and (iii) an amount equal to $650,000, plus an amount sufficient to pay interest on the Notes and any deficiency in the amounts required to be deposited during any prior month, from the first unrestricted revenues received by SPURR in the month of July, 2013, attributable to the month of June, 2013. The principal of the Notes and the interest thereon shall constitute a first lien and charge against, and shall be payable from, the first moneys received by SPURR from the Pledged Revenues and, to the extent not so paid, shall be paid from any other moneys of SPURR lawfully available therefor (all as provided in sections 53856 and 53857 of the California Government Code).

The Resolution requires SPURR to transfer the Pledged Revenues, during the month such moneys are received, to the Paying Agent for deposit in a special account (the "Repayment Account") and such moneys to be so held until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity. All moneys held by the Paying Agent in the Repayment Account shall be invested by the Paying Agent, on behalf of SPURR, as directed by the Managing Director of SPURR, and the proceeds of any such investments shall be deposited in the Repayment Account. Such investments may include but need not be limited to the Local Agency Investment Fund maintained by the Treasurer of the State of California.

After such date as the amount of Pledged Revenues deposited in the Repayment Account will be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Account will be transferred to the Gas Enterprise Fund of SPURR. Until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Account will be applied only for the purposes for which the Repayment Account is created.

Not including Note proceeds, SPURR expects to receive an estimated $32,396,000 in revenues on a cash basis in Fiscal Year 2012-2013. The amount of revenues needed to pay principal and interest on the Notes will be $1,974,410.50, providing a note coverage of approximately 16.41 times.

THE SCHOOL PROJECT FOR UTILITY RATE REDUCTION

History and Operation

The School Project for Utility Rate Reduction ("SPURR") is a joint exercise of powers authority duly organized and existing under the laws of the State of California. SPURR was formed pursuant to the terms of a Joint Powers Agreement dated as of September 1, 1989 and Title 1, Division 7, Chapter 5 of the Government Code, with the express purpose to seek reduction of utility rates, especially for electricity and natural gas on behalf of its members.

SPURR inaugurated a program of self-procurement of natural gas supplies that are delivered and accounted for by PG&E in February 1992. Participants pay for their natural gas by depositing monthly payments into an escrow account managed by Union Bank which, upon direction from SPURR, shall transfer payment amounts to Union Bank, N.A., the Paying Agent for the Notes.

No SPURR member participating district has ever defaulted on its gas bill; nor has any payee not been paid.

Bankruptcy of Pacific Gas & Electric Company, Inc.

On April 6, 2001, PG&E filed a petition for relief, pursuant to Chapter 11 of the U. S. Bankruptcy Code, in the United States Bankruptcy Court for the Northern District of California (the "Court") requesting protection from its creditors. On December 18, 2003 the Court approved a plan of reorganization for PG&E (the "PG&E Plan") and PG&E emerged from bankruptcy in April 2004 in accordance with the PG&E Plan.

SPURR has no way of predicting how the future disposition of the PG&E Plan shall be implemented and what its ultimate effects on the California energy industry may be, nor, what financial and operational conditions PG&E will face after the implementation of the PG&E Plan or thereafter.

SPURR can therefore give no assurances as to the future ability of PG&E to deliver gas and related services to SPURR or to the Participants.

Board of Directors

SPURR is governed by a nine-person board of directors (with one alternate director) selected in accordance with the SPURR By-Laws. Non-member Participants are not represented on the board. The principal occupation of each member and officer are as follows:

Steven Adams—Administrator of Assessment and Accountability—Clovis Unified School District—*SPURR Board President*. Responsible for all mandated State and Federal testing, local assessments, categorical funding, geographic information system analysis, and demographic analysis for the district.

John W. Bitoff—Executive Director of Maintenance and Operations—San Francisco Unified School District—*SPURR Board Vice President/Clerk*. Responsible for facilities operations and management, including energy conservation programs, for the district.

Damon Smith—Associate Superintendent—Alameda County Office of Education—*SPURR Treasurer*. Responsible for all phases of business management for the office of education, including the overall supervision of the business services of each school district in the county.

Paul Bielen—Director of Facilities Operations—Sonoma County Junior College District. Manages maintenance programs and construction projects, and related staff and contracting issues, for the district.

Joyce Lopes—Assistant Superintendent of Business and Operations—Western Placer Unified School District. Responsible for business, operations, transportation, food service, facilities, and maintenance management for the district.

Tim Nelson—Director of Maintenance and Operations—Chabot Las Positas Community College. Responsible for facilities maintenance and operations, including energy budgeting and conservation programs, for the district.

John Quinto, Ed.D.—Manager of Operations—Fresno Unified School District. Responsible for gardening, environmental services, energy management, and property security for the district.

Scott Siegel—Superintendent—Ceres Unified School District. Responsible for overall management of the district.

Brian Stephens—Superintendent—Delhi School District. Responsible for overall management of the district.

Rick Hanger—Assistant Superintendent—Humboldt County Office of Education. Responsible for all phases of business management for the office of education, including oversight of the business services of each school district in the county.

Staff Management

Michael Rochman, J. D.—Managing Director of SPURR. Responsible for managing all phases of SPURR's operation including, the natural gas program. Mr. Rochman is an attorney and non-practicing member of the Bar of the State of California. Prior to assuming the role of Managing Director of SPURR, Mr. Rochman practiced law with a firm of attorneys in San Francisco and he specialized in commercial transactions and general law. He received his J.D. from Boalt Hall School of Law of the University of California, Berkeley.

Alethea Rollins, Accounting Manager. Responsible for managing day-to-day operations of the natural gas program including, all aspects of accounting, billing and customer service. Ms. Rollins works closely with the Accounting Consultant to prepare for the annual audit.

Gary Mingle, Accounting Consultant. Responsible for managing the day-to-day finance and banking. In addition, Mr. Mingle works closely with Accounting Manager to maintain the daily accounting books and records. Mr. Mingle is a licensed C.P.A. with a MBA from the University of Chicago.

Member School Districts

There are currently approximately 250 school districts and colleges predominantly in Northern California which are members of SPURR. A complete list of SPURR's membership is contained in Appendix B. Also, approximately 200 member and non-member school districts, universities or public agencies in Northern California participate currently in the natural gas program that supports the repayment of these Notes. These participating members are listed in Appendix A.

Participants may opt to leave the SPURR gas aggregation program on any July 1 if they provide sufficient notice to SPURR. In effect, although they enter into multi-year contracts with SPURR for gas aggregation and related services, Participants may nevertheless exit the program on 120 days notice prior to the start of the next fiscal year. They remain however responsible for their share of gas payment obligations incurred while participating in the program. Also, any Participant that has specifically agreed to a longer term arrangement with SPURR will be obligated for the duration of that term. The Participants identified in Appendix A—"SPURR Natural Gas Program Participants" are all under contract at least through June 30, 2013, unless specifically noted in the appendix.

Non-Member Participants

Non-member Participants currently comprise less than 30% of the total gas aggregation program, by volume and dollars, of the overall gas aggregation efforts of SPURR. It has been the policy of SPURR to permit a limited number of non-member Participants into the gas program. Non-member Participants may be cities, counties, public universities, departments of the state government, Southern California school districts which commenced participation in the gas program during a period in which they were not eligible to join SPURR based on geography, departments of the federal government, and, to a limited extent (less than 5% of

program volume), not-for-profit educational institutions. These non-members are referenced by asterisk in Appendix A—"SPURR Natural Gas Program Participants."

Non-member Participants may opt to leave the SPURR gas aggregation program in the same manner as Member School Districts (See above – "Member School Districts – Continued Program Participation").

Revenues and Expenses

The audited statements of revenues, expenditures and changes in net assets for the four fiscal years ended June 30, 2010, and the unaudited statement of revenues, expenditures and changes in net assets for the fiscal year ended June 30, 3011, are shown in the following table.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS for the five fiscal years ended June 30, 2010

	2008 (Audited)	2009 (Audited)	2010 (Audited)	2011 (Audited)	2012 (Unaudited)
Revenues					
Operations					
Natural gas revenues	$49,644,540	$49,481,062	$37,003,004	$35,283,822	$33,200,000
Investing					
Interest income	347,192	227,456	107,964	36,728	35,000
Total revenues	49,991,732	49,708,518	37,110,968	35,320,550	33,235,000
Expenditures					
Operations					
Natural gas costs:					
Gas supply costs	34,518,743	34,786,490	23,107,689	21,450,100	20,200,000
Transportation costs	12,155,461	11,924,257	13,242,900	12,501,106	11,800,000
Total natural gas costs	46,674,204	46,710,748	36,350,589	33,951,206	32,000,000
Management and administration	1,364,496	1,326,160	780,128	786,885	795,000
	48,038,700	48,036,908	37,130,717	34,738,091	32,795,000
Financing					
Interest Expense	228,419	299,213	117,900	55,013	35,000
Other expense	42,243	44,365	57,734	63,952	62,500
Bank Charges	51,412	55,299	27,932	27,878	28,000
	322,074	398,877	203,566	146,843	125,500
Total expenditures	48,360,774	48,435,785	37,334,283	34,884,934	32,920,500
Net Income (Loss)	1,630,958	1,272,734	(223,315)	435,616	314,500
Net assets at beginning of year	3,082,024	4,712,982	5,985,716	5,762,401	6,198,017
Net assets at end of year	$4,712,982	$5,985,716	$5,762,401	6,198,017	6,512,517

ESTIMATED GAS USAGE OF TOP 10 PARTICIPANTS
As of July 2012

Rank	District/Agency	Share of Program Total
1	San Francisco Unified School District	6.7%
2	City Of Stockton	4.6
3	County of Sonoma	4.1
4	Fresno Unified School District	3.8
5	Clovis Unified School District	2.9
6	Sacramento City Unified School District	2.5
7	Mt. Diablo Unified School District	2.4
8	University of California, Berkeley-Housing	2.4
9	Chabot-Las Positas Community College	1.8
10	University of California, Davis-Campus	1.7
	TOP TWELVE TOTAL	32.9

SPURR expects to provide more than 40 million total therms to the program participants during this fiscal year period. The "Top 10" users are estimated to represent approximately 32.9% of the total program volume.

SPURR's Sources of Revenue

SPURR's primary source of revenues each year is derived from the sale of natural gas to the program Participants who share in the payment of the operational and administrative fees of the program. For fiscal year 2012-2013, SPURR projects that it will have total revenues of approximately $32,396,057 of which more than 99% are from the sale of natural gas and the collection of local transportation charges for gas delivery.

Outstanding Debt

As of June 30, 2012, SPURR had no outstanding debt other than its $3,250,000 2011 Revenue Anticipation Notes (the "2011 Notes") which were fully paid on August 1, 2012.

Estimated Monthly Cash Flow

SPURR has prepared the accompanying monthly cash-flow statements covering the past fiscal year and projected fiscal year 2012-2013. The projected fiscal 2012-2013 cash flow shows and takes into consideration the Notes.

The estimates of amounts and timing of receipts and disbursements in the tables on the following pages are based on certain assumptions and should not be construed as statements of fact. The assumptions are based on present circumstances and currently available information and are believed to be reasonable. The assumptions may be affected by numerous factors, and there can be no assurance that such estimates will be achieved.

The Fiscal Year 2012-2013 projected and Fiscal Year 2011-12 actual cash flows are shown on the following pages.

School Project For Utility Rate Reduction
Cash Flows and Cash Accounts
Projected for the Period
July 1, 2012 through June 30, 2013

	Operating Funds												
Projected or Actual:	Projected* Jul-12	Projected Aug-12	Projected Sep-12	Projected Oct-12	Projected Nov-12	Projected Dec-12	Projected Jan-13	Projected 2/29/2013	Projected Mar-13	Projected Apr-13	Projected May-13	Projected Jun-13	Total FYE 6/30/13
Beginning Cash Balance	$ 6,858,119	$ 6,091,159	$ 6,612,159	$ 6,672,714	$ 6,371,844	$ 7,354,517	$ 5,833,277	$ 4,742,077	$ 4,645,207	$ 5,040,832	$ 5,321,802	$ 5,234,897	$ 6,858,119
Sources of Cash:													
Natural Gas Receipts	2,034,057	1,958,000	1,567,000	1,460,000	1,629,000	2,135,000	3,005,000	3,849,000	4,023,000	3,850,000	3,576,000	3,310,000	32,396,057
Interest on Operating Cash	25	-	-	-	-	-	-	-	-	-	-	-	25
Interest on Restricted Cash	-	-	-									-	-
RANS (2012) Net Proceeds					1,952,223								1,952,223
Total Sources of Cash:	2,034,082	1,958,000	1,567,000	1,460,000	3,581,223	2,135,000	3,005,000	3,849,000	4,023,000	3,850,000	3,576,000	3,310,000	34,348,305
Uses of Cash:													
Natural Gas Supply	1,624,000	1,393,000	1,474,000	1,727,000	2,563,000	3,608,000	4,017,000	3,855,000	3,537,000	3,491,000	2,933,000	2,093,000	32,315,000
Trans to Administrative General Fund	49,000	44,000	32,445	33,870	35,550	48,240	79,200	90,870	90,375	78,030	79,905	73,650	735,135
RANS (2011) Prin Repayment	1,082,000												1,082,000
RANS (2011) Int Payment	46,042												46,042
RANS (2012) Restrictions											650,000	650,000	1,300,000
Total Uses of Cash:	2,801,042	1,437,000	1,506,445	1,760,870	2,598,550	3,656,240	4,096,200	3,945,870	3,627,375	3,569,030	3,662,905	2,816,650	35,478,177
Ending Cash Balance	$ 6,091,159	$ 6,612,159	$ 6,672,714	$ 6,371,844	$ 7,354,517	$ 5,833,277	$ 4,742,077	$ 4,645,207	$ 5,040,832	$ 5,321,802	$ 5,234,897	$ 5,728,247	$ 5,728,247

School Project For Utility Rate Reduction
Cash Flows and Cash Accounts
Actual for the Period
July 1, 2011 through June 30, 2012

Operating Funds	Actual Jul-11	Actual Aug-11	Actual Sep-11	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Actual Feb-12	Actual Mar-12	Actual Apr-12	Actual May-12	Actual Jun-12	Total FYE Jun-12
Beginning Cash Balance	$ 6,031,976	$ 4,693,559	$ 4,706,580	$ 4,593,081	$ 4,666,499	$ 7,571,208	$ 6,995,616	$ 6,835,339	$ 6,227,486	$ 7,717,739	$ 7,276,853	$ 8,106,234	$ 6,031,976
Sources of Cash:													
Natural Gas Receipts	2,404,930	1,841,437	1,423,765	1,902,571	1,581,259	3,049,072	3,703,598	3,931,215	5,168,281	3,949,855	4,181,108	2,138,732	35,275,823
Interest on Operating Cash	11	10	8	7	7	7	7	6	4	6	0	6	79
Misc. Revenues													
Interest on Restricted Cash													
RANS (2011) Net Proceeds					3,250,000								3,250,000
Total Sources of Cash:	2,404,941	1,841,447	1,423,773	1,902,578	4,831,266	3,049,079	3,703,605	3,931,221	5,168,285	3,949,861	4,181,108	2,138,738	38,525,901
Uses of Cash:													
Natural Gas Supply	2,453,405	1,826,239	1,535,108	1,693,432	1,886,054	3,622,595	3,757,869	4,456,846	3,555,403	4,388,450	2,168,536	2,200,067	33,544,005
Admin Fees	66,048			133,599	38,371		103,804	80,125	120,458		99,190	100,603	742,198
Misc. Expenses	2,148	2,186	2,164	2,129	2,132	2,076	2,210	2,102	2,170	2,297	-	2,184	23,798
RANS (2010) Trust Deposit	1,221,757												1,221,757
RANS (2011) Trust Deposit											1,084,000	1,084,000	2,168,000
Total Uses of Cash:	3,743,358	1,828,426	1,537,272	1,829,160	1,926,557	3,624,671	3,863,883	4,539,074	3,678,031	4,390,748	3,351,726	3,386,854	37,699,759
Ending Cash Balance	$ 4,693,559	$ 4,706,580	$ 4,593,081	$ 4,666,499	$ 7,571,208	$ 6,995,616	$ 6,835,339	$ 6,227,486	$ 7,717,739	$ 7,276,853	$ 8,106,234	$ 6,858,119	$ 6,858,119

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SPURR'S REVENUES

Article XIII A of the California Constitution

Section 1(a) of Article XIII A limits the maximum ad valorem tax on real property to one percent of full cash value (as defined in Section 2), to be collected by the counties and apportioned according to law. As recently amended, Article XIII A exempts from the one percent tax limitation any taxes above that level required to pay debt service on voter-approved general obligation bonds for real property or improvements thereon. Section 1(b) provides that the one percent limitation does not apply to ad valorem taxes to pay interest or redemption charges on indebtedness approved by the voters prior to July 1, 1978. Section 2 of Article XIII A defined "full cash value" or, thereafter, "the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or reduction in the consumer price index or compatible local data, or reduced in the event of declining property value caused by damage, destruction or other factors. The State Board of Equalization has adopted regulations, binding on county assessors, interpreting the meaning of "change in ownership" and "new construction" for purposes of determining full cash value of property under Article XIII A.

Article XIII A required a vote of two-thirds of the qualified electorate to impose special taxes, while generally precluding the imposition of any additional ad valorem, sales or transaction tax on real property. As recently amended, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues.

Future assessed valuation growth under Article XIII A (new construction, change of ownership and two percent annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" revenues from the tax rate area. SPURR is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Section 4 of Article XIII A effectively prohibits the levying of any other ad valorem property tax above the limits set in Section 1, even with the approval of the affected voters.

Article XIII B of the California Constitution

Article XIII B limits the annual appropriations of the State and any city, county, school districts or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and liability insurance funds. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity or government from (1) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (2) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Unitary Property

Assembly Bill 454 (Chapter 921, Statutes of 1986) ("AB 454") provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 3, 1988. A final State Court of Appeal decision has declared the majority voter provisions referred to in (d) above to be unconstitutional. A second appellate court decision held unconstitutional both the effective date and majority-vote provisions of Proposition 62. However, the State Supreme Court has ordered that the latter decision to be depublished (making it unavailable for citation as precedent) thus creating uncertainty as to the voter-approval requirement of Proposition 62.

Propositions 98 and 111

On November 8, 1988, the voters approved Proposition 98, an initiative constitutional amendment and statute called "The Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the Education Code, Proposition 98 also amended Article XIIIB and Section 8 of Article XVI of the State Constitution and added Section 8.5 of Article XVI to the State Constitution, the effects of which are to establish a minimum level of State Funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school SPURR appropriations limits.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation. Article XIIIB, as amended by both Proposition 98 and Proposition 111, is discussed below under "CONSTITUTIONAL LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIB of the California Constitution."

The provisions of Sections 8 and 8.5 of Article XVI, as added and/or amended by Proposition 98 and 111, may be summarized as follows:

(a) State Funding of Schools (Section 8). Moneys to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests":

(i) The amount which, as a percentage of the State general fund ("General Fund") revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of General Fund revenues appropriated for school districts in fiscal year 1986-87;

(ii) The amount actually appropriated to school districts in the prior fiscal year from General Fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus one-half of one percent);

(iii) The amount actually appropriated to school districts in the prior fiscal year from General Fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita General Fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess state revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita General Fund revenues plus one-half of one percent).

If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the General Fund revenue growth exceeds personal income growth.

The State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) Allocations to the State School Fund (Section 8.5). In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess state revenues (pursuant to Article XIIIB) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIIIB limitations and are to be made in an equal amount per enrollment.

STATE OF CALIFORNIA FINANCES AND SUPPORT OF SCHOOL EDUCATION

General

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes. State funds typically make up the majority of a district's revenue limit. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting individual school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. **Neither SPURR nor the Underwriter is responsible for the information relating to the State's budgets provided in this section.** Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process

The State's fiscal year begins on July 1 and ends on June 30 of the following year. The annual budget is proposed by the Governor by January 10 for the next fiscal year. In May the Governor offers a revision to the proposed budget and a final budget act must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely breached. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure.

As required by Proposition 58, beginning with fiscal year 2004-05, the Legislature may not pass a budget bill in which State general fund expenditures exceed estimated State general fund revenues and fund balances at the time of the passage.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of annual expenditure appropriations is the annual budget act, however, appropriations may be included in other legislation. Bills containing State general fund appropriations must be approved by a two-thirds majority vote in each house of the Legislature and be signed by the Governor, except bills containing appropriations for K-12 schools or community colleges ("K-14 education"), which require a simple majority vote, and continuing appropriations, which are available without regard to the fiscal year and may be provided by statute or the State Constitution. Funds necessary to meet an appropriation are not required to be in the State Treasury at the time an appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither SPURR nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from

prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites has not been reviewed by SPURR and is not incorporated herein by reference.

(i) The State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Information," posts various State Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

(ii) The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information," posts the State's audited financial statements. In addition, the "Financial Information" section includes the State's Rule 15c2-12 filings for State bond issues. The "Financial Information" section also includes the "Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation" from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

(iii) The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.

(iv) The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Products."

THE STATE HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH SPURR OR THE OWNERS OF THE NOTES TO PROVIDE STATE BUDGET INFORMATION TO THE DISTRICT OR THE OWNERS OF THE NOTES. ALTHOUGH THEY BELIEVE THE STATE SOURCES OF INFORMATION LISTED ABOVE ARE RELIABLE, THE DISTRICT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE STATE BUDGET INFORMATION SET FORTH HEREIN OR INCORPORATED BY REFERENCE HEREIN.

LEGAL MATTERS

Litigation

No litigation is pending or, to the best of the knowledge of SPURR, threatened concerning the validity of the Notes, and an opinion, representation or certificate of SPURR's Counsel to that effect will be given at the time of the original delivery of the Notes. SPURR is not aware of any litigation pending or threatened questioning the political existence of SPURR or contesting SPURR's ability to collect or receive pledged revenues or contesting SPURR's ability to issue and retire the Notes.

Legality for Investment

Under provisions of the California Financial Code, the Notes are legal investments for commercial banks in California to the extent that the Notes, in the informed opinion of the bank, are prudent for the investment of funds of its depositors and are eligible to secure deposits of public moneys in the State of California under provisions of the California Government Code.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. SPURR has covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to SPURR's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Notes is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of SPURR with respect to certain material facts within SPURR's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax exempt interest, including interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for the Notes is the price at which a substantial amount of the Notes is first sold to the public. The Issue Price of the Notes may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Notes who dispose of Notes prior to the stated maturity (whether by sale, redemption or otherwise), purchase Notes in the initial public offering, but at a price different from the Issue Price or purchase Notes subsequent to the initial public offering should consult their own tax advisors.

If a Note is purchased at any time for a price that is less than the Note's stated redemption price at maturity, the purchaser will be treated as having purchased a Note with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Note is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Note. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Notes.

An investor may purchase a Note at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Note in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax exempt bond. The amortized bond premium is treated as a reduction in the tax exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Note. Investors who purchase a Note at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Note's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Note.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat SPURR as a taxpayer and the Noteholders may have no right to participate in such procedure. The

commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W 9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Notes is exempt from California Person income taxes.

Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Notes is set forth in APPENDIX D—FORM OF FINAL OPINION OF BOND COUNSEL.

RATING

The Notes are rated "MIG 1" by Moody's Investors Service. Such rating reflects only the view of Moody's Investors Service. An explanation of the significance of such rating may be obtained from the Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, (212) 553-0300. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward entirely by the rating organization if, in the judgment of said organization, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

The Notes are to be purchased by Wulff, Hansen & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain terms and conditions set forth in the Note Purchase Agreement, to purchase the Notes at a price of $1,952,223.00, representing the principal amount of the Notes ($1,950,000.00), less an Underwriter's discount of $12,187.50, plus an original issue premium of $14,410.50. The Underwriter will purchase all the Notes if any are purchased. The Notes may be offered and sold to dealers (including dealers depositing said Notes into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

The execution of this Official Statement has been authorized by SPURR.

At the time of delivery and payment for the Notes, an authorized representative of SPURR will deliver a certificate stating that to the best of his knowledge this Official Statement

does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. Such certificate will also certify that to the best of his knowledge, from the date of this Official Statement to the date of such delivery and payment, there was no material adverse change in the information set forth herein.

SCHOOL PROJECT FOR UTILITY RATE REDUCTION

By /s/ Michael Rochman
Managing Director

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APPENDIX A

LIST OF SPURR NATURAL GAS PROGRAM PARTICIPANTS

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SPURR

School Project for Utility Rate Reduction

Natural Gas Program Participants, as of July 1, 2012

Ackerman Elementary School District
Alameda County Superintendent of Schools
Alameda Unified School District
Albany Unified School District
Alum Rock Elementary School District
Arcata School District
Atwater Elementary School District
Bakersfield City Schools
Bellevue Union School District
Berkeley Unified School District
Berryessa Union School District
Brentwood Union School District
Burlingame School District
Byron Union School District
Calaveras Unified School District
California Maritime Academy
California State University, Monterey Bay
Campbell Union High School District
Campbell Union School District
Carmel Unified School District
Castro Valley Unified School District
Center Unified School District
Central Marin Sanitation Agency
Central Unified School District
Ceres Unified School District
Chabot-Los Positas Community College
Chowchilla Union High School District
Chualar Union Elementary School District
Cinnabar Elementary School District
City of Stockton
Clovis Unified School District
Colusa Unified School District
Contra Costa Community College District
Correctional Training Facility, (CTC)
County of Sonoma
County of Tulare
Cupertino Union School District
Delhi School District
Department of Motor Vehicles, Northern California
Dixie School District
Dixon Unified School District
Dos Palos Oro Loma Joint Unified School
Dry Creek Joint Elementary School District
Dublin Unified School District
East Side Union High School District
Empire Union School District
Escalon Unified School District
Eureka City Schools
Eureka Union School District
Evergreen School District
Fairfax School District
Fairfield - Suisun Unified School District
Firebaugh-Las Deltas Unified School District
Folsom Cordova Unified School District
Fortuna Union High School District
Fowler Unified School District
Fremont Unified School District
Fremont Union High School District
Fresno Unified School District
Geyserville Unified School District
Golden Plains Unified School District
Gonzales Unified School District
Hillsborough City School District
Humboldt County Office of Education
Hydesville Elementary School District
Jacoby Creek School District
Jefferson Elementary School District
Kentfield Elementary School District
Kern Community College District
Kern County Superintendent of Schools
Kern High School District
King City Union School District
Lakeside Union Elementary School District
Liberty Union High School District
Lincoln Unified School District
Linden Unified School District
Live Oak Union High School District
Livermore Valley Joint Unified School District
Lodi Unified School District
Loleta Union School District
Loomis Union School District
Los Banos Unified School District
Los Gatos - Saratoga Joint Union High School Dist
Los Gatos Union Elementary School District
Los Rios Community College District
Madera County Office of Education
Marin Community College District
Marin County Office of Education
Maxwell Unified School District
Mc Gee Correctional Training Facility
Mckinleyville Union School District
Mendocino Lake Community College
Merced City School District
Merced County Office of Education
Merced Union High School District
Metropolitan Education District
Midway School District
Mill Valley School District
Millbrae School District
Milpitas Unified School District
Modesto City Schools
Monterey County Office of Education
Morgan Hill Unified School District
Mt. Diablo Unified School District
Mt. Pleasant Elem School District
Napa Valley College
Napa Valley Unified School District
Natomas Unified School District
Nevada Joint Union High School District
New Haven Unified School District
Newark Unified School District
Northern Humboldt Union High School District
Novato Unified School District
Oak Grove Union School District
Oakdale Joint Unified School District
Oroville City Elementary School District
Oroville Union High School District
Pacific Grove Unified School District
Pajaro Valley Unified School District
Panama-Buena Vista Union School District
Patterson Joint Unified School District
Peralta Community College
Petaluma City Joint Union School District
Pittsburg Unified School District
Placer Union High School District
Red Bluff Joint Union High School District
Redwood City School District
Redwoods Community College District
River Delta Unified School District
Riverbank School District
Rocklin Unified School District
Rohnerville School District
Roseland School District
Roseville City School District
Roseville Joint Union High School District
Sacramento Unified School District
Salinas City Elementary School District
Sanger Unified School District
San Bruno Park School District
San Francisco Unified School District
San Jose State University, Student Union
San Jose Unified School District
San Leandro Unified School District
San Lorenzo Valley Unified School District
San Mateo Co. Community College District
San Mateo Union High School District
San Mateo-Foster City School District
San Rafael City Schools
San Rafael Elementary District
San Ramon Valley Unified School District
Santa Barbara School District
Santa Clara Unified School District
Santa Cruz City Schools
Santa Cruz County Office of Education
Santa Rita Union School District
Scotts Valley Unified School District
Selma Unified School District
Shandon Unified School District
Shasta County Office of Education
Sierra Community College
Solano Community College District
Solano County Office of Education
Sonoma County Junior College District
Sonoma County Office of Education
Sonoma Valley Unified School District
South Bay Elementary School District
St. Francis of Assisi
St. Helena Unified School District
St. Ignatius College Prep
Standard School District
Stanislaus Union School District
State Center Community College
Stockton Unified School District
Sylvan Union School District
Taft City School District
Tamalpais Union High School District
The California Medical Facility
The Yolo County Office of Education
Tracy Unified School District
Trona Joint Unified School District
Turlock Unified School District
Twin Rivers Unified School District
Ukiah Unified School District
Union School District
University of California, Berkeley
University of California, Berkeley-Housing
University of California, Davis – Campus
University of California, San Francisco
University of the Pacific
Washington Colony School District
Washington Unified School District
West Contra Costa Unified School District
West Kern Community College
Western Placer Unified School District
Wheatland School District
Williams Unified School District
Willits Unified School District
Windsor Unified School District
Winton Elementary School District
Woodland Unified School District
Wright Elementary School District
Yosemite Community College District

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APPENDIX B

LIST OF CURRENT MEMBERSHIP OF SPURR

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SPURR
School Project for Utility Rate Reduction

JPA Membership

as of July 1, 2012

Ackerman Elementary School District
Alameda County Superintendent of Schools
Alameda Unified School District
Albany Unified School District
Alum Rock Union Elementary School District
Antelope School District
Antioch Unified School District
Arcata School District
Atwater Elementary School District
Bakersfield City School District
Ballico-Cressey Elementary School District
Bellevue Union School District
Berkeley Unified School District
Berryessa Union School District
Brentwood Union School District
Buckeye Union Elementary School District
Burlingame School District
Butte Community College
Burnt Ranch Elementary School District
Byron Union School District
Calaveras Unified School District
Caruthers Union High School District
Camino Union School District
Campbell Union School District
Campbell Union High School District
Carmel Unified School District
Center Unified School District
Central Unified School District, Fresno
Ceres Unified School District
Chabot-Los Positas Community College
Chico Unified School District
Chicago Park School District
Chowchilla Union High School District
Chualar Union Elementary School District
Chowchilla Union High School District
Cinnabar Elementary School District
Coalinga-Huron Unified School District
Clovis Unified School District
Coarsegold Union School District
Contra Costa Community College
Colusa Unified School District
Cupertino Union School District
Davis Jt Unified School District
Delhi School District
Dinuba Unified School District
Dixie School District
Dixon Unified School District
Dos Palos Oro Loma Jt Unified School District
Douglas City Elementary School District
Dry Creek Jt Elementary School District
Dublin Unified School District
East Side Union High School District
Elk Grove Unified School District
Empire Union School District
Escalon Unified School District
Eureka Union School District
Eureka City Schools
Evergreen School District
Evergreen Union Elementary School District
Fairfax School District
Fairfield - Suisun Unified School District
Farmersville Unified School District
Firebaugh-Las Deltas Unified School District
Folsom Cordova Unified School District
Fortuna Union High School District
Fowler Unified School District
Fremont Union High School District
Fremont Unified School District
Fresno Unified School District
Gerber Union Elementary School District
Gilroy Unified School District
Geyserville Unified School District
Gold Oak Union School District
Golden Feather Union School District
Golden Plains Unified School District
Gonzales Unified School District
Greenfield Union School District
Gustine Unified School District
Hartnell Community College
Hillsborough City School District
Horicon Elementary School District
Humboldt County Office of Education
Jefferson Elementary School District
John Swett Unified School District
Hydesville Elementary School District
Igo-Ono Platina Union School District
Jacoby Creek School District
Junction School District
Kings Canyon Unified School District
King City Union School District
Klamath-Trinity Jt Unified School District
Kneeland School District
La Honda-Pescadero Unified School District
Lake Tahoe Unified School District
Larkspur Elementary School District
Laytonville Unified School District
Le Grand Union Elementary School District
Liberty Union High School District
Lincoln Unified School District
Linden Unified School District
Live Oak Elementary School District
Lodi Unified School District
Loleta Union School District
Loomis Union School District
Los Banos Unified School District
Los Gatos Union Elementary School District
Los Gatos-Saratoga Jt Union High School District
Los Molinos Unified School District
Madera County Office of Education
Madera Unified School District
Manteca Unified School District
Maple Creek Elementary School District
Marin Community College District
Marin County Office of Education
Mariposa County Unified School District
Maxwell Unified School District
McKinleyville Union School District
Mendota Unified School District
Merced County Office of Education
Metropolitan Education District
Millbrae School District
Milpitas Unified School District
Mill Valley School District
Mendocino Lake Community College
Merced City School District
Merced Union High School District
Modesto City Schools
Monterey Peninsula Unified School District
Morgan Hill Unified School District
Mt. Diablo Unified School District
Mt. Pleasant Elementary
Napa Valley Unified School District
Natomas Unified School District
Nevada County Office of Education
Nevada Jt Union High School District
New Haven Unified School District
Newark Unified School District
Nicasio Elementary School District
North Monterey County Unified School Disrict
Northern Humboldt Union High School District
Novato Unified School District
Oak Grove Union School District
Oakland Unified School District
Oroville City Elementary School District
Oroville Union High School District
Outside Creek School District
Pacific Grove Unified School District
Pajaro Valley Unified School District
Parlier Unified School District
Patterson Jt Unified School District
Peninsula Union Elementary School District
Peralta Community College
Petaluma City - Elem & Jt Union School District
Pittsburg Unified School District
Plainsburg Union Elementary School District
Planada Elementary School District
Pleasant Valley School District, Penn Valley
Pleasanton Unified School District
Point Arena Jt Union High School
Pollock Pines School District
Red Bluff Jt Union High School District
Redwood City School District
Redwoods Community College District
Reed Union School District
Reef-Sunset Unified School District
Ripon Unified School District
Riverbank School District
Robla Elementary School District
Rocklin Unified School District
Rohnerville School District
Roseland School District
Roseville City School District
Roseville Jt Union High School District
Ross School District
Sacramento City Unified School District
Salinas Union High School District
Salinas City Elementary School District
San Antonio Union School District
San Ardo Union Elementary School District
San Bruno Park School District
San Francisco Unified School District
San Jose Unified School District
San Juan Unified School District
San Leandro Unified School District
San Lorenzo Valley Unified School District
San Lucas Union School District
San Mateo County Community College District
San Mateo Union High School District
San Mateo-Foster City School District
San Rafael City -Elementary & High School District
San Ramon Valley Unified School District
Sanger Unified School District
Santa Barbara School District
Santa Clara County Office of Education
Santa Clara Unified School District
Santa Cruz City Schools
Santa Cruz County Office of Education
Santa Rita Union School District
Scotts Valley Unified School District
Sebastopol Union Elementary School Distr
Sierra Sands Unified School District
Selma Unified School District
Shasta County Office of Education
Shoreline Unified School District
Solano County Office of Education
Soledad Union Elementary School District
Sonoma County Junior College District
Sonoma Valley Unified School District
South Bay Elementary School District
Southern Humboldt Jt Unified School District
St. Helena Unified School District
Standard School District
Stanislaus Union School District
State Center Community College
Stockton Unified School District
Sylvan Union School District
Tahoe-Truckee Unified School District
Tamalpais Union High School District
Tracy Unified High School District
Travis Unified School District
Trinidad School District
Twin Rivers Unified School District
Tulelake Basin Jt Unified School District
Turlock Union High School District
Ukiah Unified School District
Union School District
Upper Lake Union High School District
Vallejo Unified School District
Vacaville Unified School District
Washington Colony School District
Washington Unified School District
Waterford Elementary School District
West Contra Costa Unified School District
West Fresno Elementary School District
West Valley/Mission College
Western Placer Unified School District
Wheatland School District
Whitmore Union Elementary School District
Williams Unified School District
Willits Unified School District
Windsor Unified School District
Winton Elementary School District
Wright Elementary School District
Woodland Unified School District
Yolo County Office of Education

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APPENDIX C

AUDITED FINANCIAL STATEMENTS OF SPURR FOR THE FISCAL YEARS ENDED JUNE 30, 2010, AND JUNE 30, 2011

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SCHOOL PROJECT FOR UTILITY RATE REDUCTION (SPURR)

(A Joint Powers Authority)

ANNUAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2011 & 2010

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SPURR
School Project for Utility Rate Reduction

MANAGING DIRECTOR'S LETTER

To the Board of Directors
School Project for Utility Rate Reduction
Concord, California

During the fiscal year ending June 30, 2011, the School Project for Utility Rate Reduction ("SPURR") provided our participating agencies with aggregated procurement services to help them control and reduce utility costs.

SPURR's **Natural Gas Procurement Program** provides direct access to the wholesale market by aggregating thousands of school and public agency facilities. Due to our relationships with multiple wholesaler suppliers, we get the best market prices and terms for our participants. We manage price risk, improve budgetary stability, and provide market expertise for our participants. In contrast, California's regulated natural gas distribution utilities, such as PG&E, pass all price risk on to bundled customers, with no opportunity to reduce or manage risk.

SPURR also provides superior customer service and account oversight. Many times each year, we catch utility billing errors and insist on corrections before our program participants ever see a bill. Our staff is trained to meet the specific requirements of public agencies and to exceed their expectations whenever we provide invoices or information to our schools.

SPURR's **Energy Center Program** helps participants build a culture of conservation to manage and reduce their energy costs through a Web portal that harvests data from "smart meters" recently deployed in California. The Energy Center makes it easy and exciting to save energy, at a low cost and with no need to add additional staff.

SPURR's **E-Rate Procurement Program** conducts statewide Requests for Proposal for telecommunications services eligible for federal "E-Rate" funding. Any SPURR member, if they choose and if their procurement practices allow, can participate in the excellent pricing in our SPURR Master Contracts, and E-Rate applicants can simplify the funding process.

SPURR's **Electricity Procurement Program** takes advantage of customer choice opportunities for accounts on the PG&E and Southern California Edison system. This opportunity, called "Direct Access" in California, is currently limited by statute. We are working with other consumer groups to try to expand electricity customer choice in the future.

SPURR provides **Regulatory Representation** on behalf of our constituents. We appear in proceedings at the Public Utilities Commission and in Legislative hearings. Recent efforts have focused on reducing natural gas Transportation rates for our participants and on correcting anti-competitive utility practices.

In August 2011, SPURR repaid its **Revenue Anticipation Notes** ("RANs") issued in 2010, as scheduled. In November 2011, we issued another series of RANs, in the principal amount of $3.25 million, with a yield rate of 0.80% per annum. This favorable rate was a result of the "Investment Grade 1" rating of our RANs by Moody's Investors Services. The RANs afford SPURR's management flexibility in cash management practices.

We look forward to serving our members and program participants in the year ahead.

December 9, 2011

Michael Rochman
SPURR Managing Director

1850 Gateway Blvd, Suite 235 • Concord, CA 94520 • (925) 743-1292 • (925) 743-1014

SCHOOL PROJECT FOR UTILITY RATE REDUCTION
Management's Discussion and Analysis of
Financial Condition and Results of Operations
Fiscal Years Ended June 30, 2011 & 2010

Overview, History and Operation

The School Project for Utility Rate Reduction ("SPURR") is a joint exercise of powers authority formed pursuant to the terms of a Joint Powers Agreement dated as of September 1, 1989 under Title 1, Division 7, and Chapter 5 of the California Government Code. SPURR's purpose is to seek reduction and control of utility costs on behalf of its members.

In 1992, SPURR inaugurated a program of self-procurement of natural gas supplies that are delivered and accounted for by Pacific Gas & Electric Company ("PG&E"). Participants in the SPURR gas program pay for their natural gas by depositing monthly payments into an escrow account managed by Union Bank of California. No SPURR member or participant has ever defaulted on its gas purchases; nor has any vendor not been paid.

Currently just over 200 public agencies in Northern California participate in SPURR's "core" natural gas program for service to about 3,500 sites; also 21 public agencies participate in the "noncore" gas program for service to 24 sites. SPURR gas program participants (the "Participants") may opt to leave the gas aggregation program of SPURR effective at the start of the next fiscal year (July 1) if they provide notice to SPURR prior to the preceding March 1, unless the Participant has agreed to a longer notice period as part of specific energy procurement for that Participant.

SPURR's primary source of revenues each year is derived from the sale of natural gas to Participants who share the costs of program energy procurement, operational expenses, and administrative overhead. For the fiscal year 2011/12 SPURR projects total revenues of approximately $35,300,000 from the sale of natural gas and the collection of local transportation charges for gas delivery.

As of June 30, 2011, SPURR had no outstanding debt other than its 2010 Revenue Anticipation Notes in the principal amount of $3,570,000, which were fully redeemed on the stated due date August 01, 2011. A new Series of 2011 Revenue Anticipation Notes in the principal amount of $3,250,000 were issued November 16, 2011, and are due for repayment on August 1, 2012.

Annual Report Presentation

This annual report must be read in its entirety—Managing Director's Letter, Management's Discussion and Analysis, financial statements & related notes and Independent Auditors' Report—to obtain a thorough understanding of the program, its financial condition and results of operations as of, or for the year ended June 30, 2011. This section, Management's Discussion and Analysis, provides an overview of SPURR's financial activities for the fiscal year ending June 30, 2011.

Condensed Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, similar to accounting methods used by most private-sector entities. Net assets are the difference between total assets and total liabilities.

	(in thousands)		
	2011	2010	Change
ASSETS			
Cash and equivalents	$ 5,237	$ 4,113	27.32%
Accounts receivable	3,057	2,985	2.43%
Earned but Unbilled	960	1,032	-6.98%
Investments	3,195	4,240	-24.65%
Gas in storage	1,153	1,234	-6.55%
Total assets	$ 13,602	$ 13,604	-0.01%
LIABILITIES			
Accounts payable and accrued liabilities	$ 2,741	$ 3,177	-13.73%
Revenue anticipation notes	3,570	3,600	-0.83%
Operating Imbalance	76	108	-29.63%
Deferred revenue	1,017	956	-6.36%
Total liabilities	$ 7,404	$ 7,842	-5.58%
NET ASSETS	$ 6,198	$ 5,762	7.56%

Condensed Statement of Net Assets (continued)

All assets and liabilities are current. Net assets of $6,198,000 on June 30, 2011, and $5,762,000 on June 30, 2010 are not reserved or designated and may be used for any matters authorized in the bylaws or, as otherwise approved by the Board of Directors.

Condensed Statement of Revenues and Expenditures

The Statement of Revenues and Expenditures presents the revenues received by SPURR along with costs associated in generating the revenues and other costs of managing and financing the program.

	(in thousands)		
	2011	2010	Change
Gas revenues	$ 35,284	$ 37,003	-4.65%
Gas costs	33,951	36,350	-6.60%
Margin	1,333	653	104.13%
Management costs	(787)	(780)	0.87%
Interest income	37	108	-65.98%
Interest expenses	(55)	(118)	-53.34%
Other expenses	(92)	(86)	8.78%
Net income (loss)	$ 436	$ (223)	- 295.29%

As a general rule, SPURR's gas prices are based on the wholesale cost of natural gas in Northern California, including related costs such as transportation, gas storage, management fees, plus anticipated working capital requirements. SPURR's gas revenues also include "local transportation" costs owed by consumers to PG&E and collected by SPURR for remittance to PG&E.

During the fiscal year ended June 30, 2011, SPURR's core program had a volume of 37.6 million therms compared to a volume of 36.2 million therms for the fiscal year ended June 30, 2010. Non-core program volumes for the fiscal year ended June 30, 2011 were 6.4 million therms, compared to 7.3 million therms in the prior fiscal year. Changes in therm volume are due to changes in weather, accounts, facility usage patterns, and participants from year to year.

SPURR's twelve largest Participants accounted for 34.2% of total gas volume in the fiscal year ending June 30, 2011, as compared to 36.2% in the prior fiscal year.

Interest expense decreased in 2011 due to a smaller RANS issue plus reduced interest held. The interest income decreased due to interest rate decreases in the bond prime investment markets.

Condensed Statement of Cash Flows

The Condensed Statement of Cash Flows presents information about cash activity during the year. The statement is divided into sections that detail cash provided or used by all activities affecting the program operating, investing, and financing plus the beginning and ending cash balances.

	(in thousands) 2011	(in thousands) 2010
Cash provided (used) by:		
Operating activities	$ 109	$ 35
Investing activities	1,045	3,407
Financing activities	(30)	(3,900)
Net change in cash	1,124	(458)
Cash, beginning of year	4,113	4,572
Cash, end of year	$ 5,237	$ 4,113

The major changes in cash provided or used by SPURR are the result of the timing of vendor payments with the alternative of maximizing safe, highly liquid investments.

Prospective Outlook Affecting Subsequent Fiscal Years

As this Annual Report is being finalized in early December 2011, wholesale natural gas prices for January 2012 delivery have vacillated between a price of $3.50 and $5.50 per MMBtu during the most recent twelve months. Factors that directly affect the price of natural gas include (a) the value of the US dollar, (b) rates of domestic and international economic growth, (c) geopolitical conflicts, and (d) various technical, economic and political constraints on development of new natural gas production and transportation facilities. We believe that continued unpredictability of these factors will cause continued volatility in pricing indefinitely.

SPURR manages price volatility in two basic ways. First, we contract with multiple wholesale suppliers. We purchased significant supplies from at least six different wholesale marketers in the fiscal year ending June 30, 2011. This provides us with good visibility on prices (as we have multiple sources of information) as well as better prices overall (as numerous suppliers compete for our business). Second, we purchase gas for future delivery under a variety of fixed price contracts. We enter into these fixed price contracts at different times, in a process similar to "dollar cost averaging" in a retirement plan. That is, we lock in prices a little bit at a time. Our prices will be both more predictable and more stable than gas suppliers who do not engage in these types of hedging strategies.

Prospective Outlook Affecting Subsequent Fiscal Years (continued)

One issue not within our control is the performance of the UDCs, which are responsible for delivering our gas to our participants' facilities, as well as for handling metering responsibilities. Since the UDC has a legal monopoly on those functions, we cannot shop elsewhere if we are dissatisfied with the UDC's services.

On October 19, 2004, SPURR filed suit in California Superior Court (Alameda County) against several participants in California's natural gas markets. The case seeks recovery of damages related to the defendants' intentional false reporting of natural gas price and trading information and sham sales to artificially inflate natural gas prices and to fix the price of natural gas in California for the defendants' benefit. As of June 30, 2010, SPURR had settled its claims against all defendants. The settlements are subject to a court-ordered nondisclosure agreement. SPURR has reimbursed its special litigation counsel and program manager for certain out-of-pocket expenses and has paid contingency fees on recoveries as well.

SCHOOL PROJECT FOR UTILITY RATE REDUCTION
Statements of Net Assets
For the Fiscal Years June 30, 2011 and 2010

ASSETS	2011	2010
Cash and cash equivalents in bank	$ 5,236,910	$ 4,113,241
Accounts receivable	3,057,327	2,984,733
Earned but Unbilled	960,505	1,032,609
Investments	3,195,073	4,240,224
Gas in storage	1,152,599	1,233,424
Total assets	$ 13,602,413	$ 13,604,232
LIABILITIES		
Accounts payable	$ 2,665,677	$ 3,119,873
Revenue anticipation notes	3,570,000	3,600,000
Operating Imbalance	76,000	108,000
Accrued interest on revenue anticipation notes	46,013	57,474
Gas Contract Liability	29,415	-
Deferred revenue	1,017,291	956,484
Total liabilities	$ 7,404,396	$ 7,841,831
NET ASSETS		
Unreserved or undesignated	$ 6,198,017	$ 5,762,401
Total net assets	$ 6,198,017	$ 5,762,401

The accompanying notes are an integral part of these financial statements.

SCHOOL PROJECT FOR UTILITY RATE REDUCTION
Statements of Activities
For the Fiscal Years Ended June 30, 2010 and 2009

	2011	2010
Revenues		
Operations		
Natural gas revenues	$ 35,283,822	$ 37,003,004
Expenses		
Operations		
Natural gas costs	$ 33,951,206	$ 36,350,589
Management and administration	786,885	780,128
Total operating expenses	$ 34,738,091	$ 37,130,717
Operating income (loss)	$ 545,731	$ (127,713)
Other income (expenses)		
Interest income	$ 36,728	$ 107,964
Interest expense	(55,013)	(117,900)
Other expense	(63,952)	(57,734)
Bank charges	(27,878)	(27,932)
Total other income (expenses)	$ (110,115)	$ (95,602)
Changes in net assets	$ 435,616	$ (223,315)
Net assets at beginning of year	5,762,401	5,985,716
Net assets at end of year	$ 6,198,017	$ 5,762,401

The accompanying notes are an integral part of these financial statements.

SCHOOL PROJECT FOR UTILITY RATE REDUCTION
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Receipts from natural gas customers	$ 35,364,158	$ 38,427,181
Payments to suppliers	(34,465,068)	(37,428,522)
Payments of management and administration fees	(760,826)	(868,072)
Interest received	36,728	107,964
Interest payments	(66,474)	(203,568)
Net cash provided by operating activities	$ 108,518	$ 34,983
Cash flows from investing activities		
Net redemption of investments	$ 1,045,151	$ 3,406,738
Net cash provided by investing activities	$ 1,045,151	$ 3,406,738
Cash flows from financing activities		
Issuance of revenue anticipation notes	$ 3,570,000	$ 3,600,000
Retirement of revenue anticipation notes	(3,600,000)	(7,500,000)
Net cash (used in) financing activities	$ (30,000)	$ (3,900,000)
Net increase (decrease) in cash and cash equivalents	$ 1,123,669	$ (458,279)
Cash and cash equivalents at beginning of year	4,113,241	4,571,520
Cash and cash equivalents at end of year	$ 5,236,910	$ 4,113,241
Cash flows from operating activities		
Change in net assets	$ 435,616	$ (223,315)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	(490)	685,994
Gas in storage	80,826	714,809
Accounts payable	(454,195)	(248,746)
Operating imbalance	(32,000)	(65,000)
Accrued interest on RANS	(11,461)	(173,909)
Gas Contract Liablity	29,415	-
Deferred revenue	60,807	(654,850)
Net cash provided by operating activities	$ 108,518	$ 34,983

The accompanying notes are an integral part of these financial statements.

Membership and Purpose

SPURR membership is open to all California public school K-12 districts, community college districts, and County Offices of Education, as specified in SPURR's bylaws. SPURR was formed to seek reduction and control of utility costs for its members. Governance is provided by a Board of Directors representing a cross section of the members. As of 2011, there were approximately 255 members of SPURR. Not all members participate in the SPURR natural gas acquisition program.

SPURR is a "core aggregator" which aggregates the natural gas requirements of approximately 200 Participants, including SPURR members and non-member public agencies and one non-profit educational institution. SPURR purchases gas from natural gas wholesale suppliers under a program seeking a combination of low prices, price stability and supply reliability. SPURR also arranges for the delivery of this gas to the local distribution utility, PG&E. PG&E then transports the natural gas to the program participants at their approximately 3,700 usage sites (meters) in Northern California. SPURR collects PG&E's local transportation charges from the participants and remits those funds to PG&E. SPURR also pays other transportation and commodity vendors as necessary and charges those costs to the participants as part of the cost of natural gas.

SPURR also operates a "noncore" natural gas buying program for a number of larger gas accounts at facilities operated by Participants on the PG&E system. SPURR's core natural gas program operates solely within PG&E's natural gas service territory, while the noncore program serves accounts in service territories of PG&E and Southern California Gas Company (the Utility Distribution Companies, or "UDCs").

As required by UDCs and applicable regulation, SPURR "nominates" a projected program gas usage amount onto the gas distribution system each day. Subsequent to the usage dates, the UDCs read the meters at each usage site and transmits that information to SPURR for use in billing participants and in program accounting. The differences between amounts nominated by SPURR constitute "imbalances" which are cured by purchases, sales, or trades of natural gas by SPURR. In the core program, imbalances are typically settled three months after the usage month, but may be settled up to several years after the usage month under applicable regulation. Imbalances at June 30, 2010 represented an under delivery of 16,000 MMBtu of gas, with a projected liability of $108,000 based on actual market prices. The imbalances at June 30, 2011 represented an under delivery of 16,000 MMBtu of gas with a projected liability of $76,000. In each case where there is a year-ending liability due to an outstanding imbalance under deliver, SPURR will be able to recover the cost of that liability through charging its Participants for their share of the gas.

Under applicable state and federal regulations, the UDCs are allowed to correct or restate the actual amount of gas purchased in a given month for a period of several years after that month has ended. Such retroactive adjustments are common in California, and give rise to certain imbalances, which must be cured as discussed above.

Membership and Purpose (continued)

Effective July 1, 2009, SPURR entered into a contract with North Star Consulting, Inc. ("NSC"), of Concord, California, to provide gas program operational services. Operational services include nomination and balancing of gas supply, negotiation of supply and transportation arrangements, cost accounting and billing to participants, collection from participants, contract management, payment of supplier invoices, and collection and payment of UDC local transportation costs. NSC has subcontracted certain operational services to Golden Valley Gas Services, Inc., of Dublin, California.

In addition to operational responsibilities, NSC's responsibilities include: providing marketing services, developing an advocacy strategy with respect to core gas aggregation and the unbundling of cost in the utility industry, customer service, and new program development. NSC also provides administrative and accounting services to SPURR and communicates about the program to its members. SPURR pays management fees to NSC for operational and general management purposes on a cents-per-therm basis. Management fees totaled approximately $745,841 and $728,837 for the years ended June 30, 2011 and 2010, respectively, with approximately $117,889 payable at June 30, 2011 and $116,350 payable at June 30, 2010. NSC is responsible for payment of fees to any subcontractor of operational services.

Summary of Significant Accounting Policies

SPURR's accounting policies conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants. Significant accounting policies are summarized below.

Fund accounting

To ensure the proper identification of individual revenue sources and the expenditures made from those revenues, SPURR's accounts are organized into one fund. The operation of the fund is accounted for with a separate set of accounts that comprise its assets, liabilities, net assets, revenues and expenditures, as appropriate.

Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Governmental Accounting Standards Board ("GASB") released Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", which established a new reporting format for annual financial statements; SPURR adapted GASB 34 in fiscal 2003. That financial statement presentation provides a more comprehensive, entity-wide perspective of SPURR's assets, liabilities, revenues, expenses and cash flows, following the "business-type activities" ("bta") reporting requirements of GASB 34.

Measurement Focus and Basis of Accounting

For financial statement purposes, SPURR is considered a special-purpose government entity engaged only in business-type activities. Therefore, SPURR's financial statements are reported using the total economic resources measurement focus and full accrual basis of accounting. SPURR follows those Financial Accounting Standard Board ("FASB") Statements issued before November 30, 1989, which do not conflict with GASB statements and does not apply FASB statements issued subsequent to November 30, 1989.

Net assets, reserves and designations

Net assets represent all of SPURR's assets less its liabilities. Portions of SPURR's net assets may be reserved or designated to indicate limitations placed by the agency providing the funds, or designated by Board action. No such reserves or designations existed at June 30, 2011 or 2010, except in connection with issuance of RANs. SPURR designated $2,400,007 and $2,400,202 held in trust accounts as of June 30, 2011 and 2010 as designated for the retirement of the RANs.

Accounts receivable

Accounts receivable consists of billed and unbilled amounts to members based on actual gas usage. Billings are rendered monthly to members and participants based on actual gas usage. Unbilled receivables are the result of gas usage through year-end, which is not billed until subsequent to year-end. Management is of the opinion that member accounts receivable are collectible in full and consequently, no allowance for bad debts has been included in the accounts.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for the operating imbalance and contingencies among others. Actual results could differ from those estimates.

Summary of Significant Accounting Policies (continued)

Budget

SPURR's budget is subject to public hearings and is legally enacted through passage of a resolution by SPURR's Board of Directors prior to the start of each fiscal year.

The budget is prepared on the accrual basis of accounting and budget/actual comparisons in this report use that basis. These budgeted amounts are as originally adopted or as amended by the Board of Directors. Individual amendments were not material in relation to the original appropriations.

The following tables present a comparison of the 2011 revised budget and 2011 actual for SPURR along with the 2012 budget.

	(in thousands)			
	2012	2011	2011	
	Budget	Revised	Actual	Variance
Gas revenues	$ 35,000	$ 37,500	$ 35,284	(2,216)
Gas costs	(34,000)	(37,103)	(33,951)	(3,152)
Margin	1,000	397	1,333	936
Management costs	810	784	787	3
Interest expense	50	75	55	(20)
Interest income	(35)	(99)	(37)	62
Other expenses	100	87	92	5
Net income	75	(450)	436	886
Net assets at beginning of year	6,198	5,762	5,762	-
Net assets at end of year	$ 6,273	$ 5,312	$ 6,198	886

Cash and Cash Equivalents in Banks and County Treasury

Cash and cash equivalents are $5,236,910 and $4,113,241 as of June 30, 2011 and 2010 respectively, and include: a disbursement account, a temporary investment account, and cash on deposit with the Alameda County Treasurer. The investment account is administered by Union Bank of California and Wells Fargo Bank in which, on a daily basis, excess cash is swept into the account. Money market investments, which were uninsured and unsecured, totaled approximately $3,195,073 and $4,240,224 at June 30, 2011 and 2010, respectively.

Investments

SPURR has invested in the Pooled Money Investment Account ("PMIA") of the Local Agency Investment Fund ("LAIF") maintained by the Office of the Treasurer of the State of California. The carrying value of the investments approximates their fair market value. As such, all amounts cannot be classified in terms of market risk because they do not represent specifically identifiable investments. The PMIA consists of highly liquid investment instruments such as certificates of deposits, high-grade commercial paper, and the like. The "Average Life of Portfolio" for the PMIA as reported by LAIF was 165 days as of June 30, 2011. In addition, LAIF reported that over 71% of PMIA maturities were 120 days or less as of June 30, 2011. Additionally, SPURR has short term investments in Wells Fargo Bank and Union Bank of California. The banks invest the funds in US government bonds and high-grade commercial paper.

The Organization's investments are reported at fair value in the accompanying statement of net assets available for benefit. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SFAS No. 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments (Continued)

At June 30, 2011 investments' fair value were based on the following:

June 30, 2011

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other Than Quoted Prices in Active Markets (Level 2)	Unobservable Inputs in which Little or No Market Data Exists (Level 3)
Cash and equivalents	$ 175,997	$ 175,997	$ -	$ -
Money market mutual funds	3,003,771	3,003,771	-	-
Local agency investment fund	15,305	-	-	15,305
Total	$ 3,195,073	$ 3,179,768	$ -	$ 15,305

At June 30, 2010 investments' fair value were based on the following:

June 30, 2010

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other Than Quoted Prices in Active Markets (Level 2)	Unobservable Inputs in which Little or No Market Data Exists (Level 3)
Cash and equivalents	$ 178,274	$ 178,274	$ -	$ -
Money market mutual funds	4,046,722	4,046,722	-	-
Local agency investment fund	15,228	-	-	15,228
Total	$ 4,240,224	$ 4,224,996	$ -	$ 15,228

Gas Supply and Transportation Costs

Gas supply and transportation costs included the following at June 30, 2011 and 2010, respectively:

	2011	2010
Gas supply costs	$ 21,450,100	$ 23,107,689
Transportation costs	12,501,106	13,242,900
Total gas supply and transportation costs	$ 33,951,206	$ 36,350,589

Gas in Storage and Deferred Revenue

At June 30, 2011 and 2010, in anticipation of winter consumption requirements, SPURR had purchased gas and placed it in storage with independent gas storage providers. The gas costs were allocated to participants and billed to them at the time of purchase such billings totaled $1,017,000 and $956,000 at June 30, 2011 and 2010, respectively. Gas is withdrawn from storage during high consumption months from November through March and credits are applied to Participants' accounts during those withdrawal months. As of June 30, 2011 and 2010, gas costing $1,153,000 and $1,233,000 respectively had been placed in storage. Such gas is stated at cost using the first-in, first-out basis.

Revenue Anticipation Notes

SPURR issues Revenue Anticipation Notes ("RANs") to cover seasonal working capital requirements in anticipation of winter gas consumption and the normal billing and collection cycle of Participants' accounts.

On November 10, 2010, SPURR issued $3,570,000 in Revenue Anticipation Notes (the "2010 RANs"), with a coupon of 2.00% and a yield of 1.00% per annum. The 2010 RANS were repaid as scheduled on August 1, 2011.

On November 16, 2011, SPURR issued $3,250,000 in Revenue Anticipation Notes (the "2011 RANs"), with a coupon of 2.00% and a yield of 0.80% per annum. The 2011 RANs have a due date of August 01, 2012. SPURR is, and at all times since issuance has been in full compliance with all provisions of the 2010 RANs loan indenture.

Contingencies

Utility companies can and do make adjustments to their reported actual usage amounts for a period extending up to several years from the month in which the gas was used. Increases in reported actual usage require that gas be purchased in the open market to cure the imbalance, and there is a risk that open market prices will be higher than prices paid in the month the gas was used. Downward adjustments of reported actual usage require sales of gas, and these sales may be at prices lower than the price paid in the month the gas was used.

The financial statements reflect all material purchases or sales of gas required as a result of such adjustments which were known to management at the date these financial statements were prepared. However, no provision has been made for the effects of any additional future adjustments which may be required by the utility companies.

On October 19, 2004, SPURR filed suit in California Superior Court (Alameda County) against several participants in California's natural gas markets. The case seeks recovery of damages related to the defendants' intentional false reporting of natural gas price and trading information and sham sales to artificially inflate natural gas prices and to fix the price of natural gas in California for the defendants' benefit. As of June 30, 2010, SPURR had settled its claims against all defendants. The settlements are subject to a court-ordered nondisclosure agreement. SPURR has reimbursed its special litigation counsel and program manager for certain out-of-pocket expenses and has paid contingency fees on recoveries as well.

Concentrations

As described above, the UDCs transport natural gas to SPURR participants through UDC pipeline and transmission mechanisms. The UDCs also provides the metered usage data for the program. The program's operations depend upon these UDC services.

As described above, NSC has sub-contracted with others to perform certain operational services of the program. In the event that any sub-contractor no longer performed such services for the program, NSC would contract with other available service providers.

Commitments-Gas Purchase Price Management

SPURR aggregates natural gas purchases for the purpose of reducing and managing volatility with respect to the net effective cost of gas and other gas-related services supplied to the Participants. By aggregating large purchases of natural gas and related services (e.g., interstate and intrastate transportation of gas, gas storage, billing and reporting), the programs are intended to reap the benefits of direct access to wholesale markets, as well as the ability to protect against price spikes, and to pass those benefits along to the Participants.

In particular, in response to continued volatility in natural gas prices on a national level and within California, which put a great deal of pressure on participants' energy budgets, SPURR offers various rate plans for its gas program Participants to meet their risk management preferences.

Commitments-Gas Purchase Price Management (Continued)

In the core program, SPURR's default pricing plan is to provide 40% of fiscal year usage to Participants at fixed rates announced at the start of each fiscal year, with the remainder provided at variable rates based on current market prices. In the noncore program, the default rate is fully variable pricing. In both programs, Participants can request that SPURR provide "customized" levels of fixed and variable rate pricing, as well as other pricing structures. SPURR supports its rate plans with physical supply agreements, with storage gas, and in some cases with financial hedge arrangements. Financial hedge arrangements consist of fixed-for-floating swaps, or purchases of call options.

SPURR made no deposits during the fiscal year ending June 30, 2011 for gas deliveries in the subsequent fiscal year. It is the opinion of SPURR that the rate plans offered by SPURR to gas program Participants enable Participants to obtain the level of budgetary protection that meets their needs. Since SPURR charges through the actual costs of gas to its Participants, management is of the opinion that pricing under rate plans will not have a material effect on SPURR's financial operations.

Core and Non-Core Fixed Price Gas Purchase Commitments

Core Fixed Price Gas Purchase Commitments as of June 30, 2011 and 2010, respectively:

	2011	2010
Fixed Price Commitments	$ 629,051	$ 4,704,613

Non-Core Fixed Price Gas Purchase Commitments as of June 30, 2011 and 2010, respectively:

	2011	2010
Fixed Price Commitments	$ 201,367	$ 1,218,296

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 15, 2011, the date the financial statements were available to be issued.

Schwartz
Giannini
Lantsberger
& Adamson

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
School Project for Utility Rate Reduction
Concord, California

We have audited the accompanying financial statements of School Project for Utility Rate Reduction ("SPURR") as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of SPURR's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SPURR's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of SPURR as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis ("MD&A") on pages 2 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Timothy J. Schwartz, CPA
Gary F. Gianninl, CPA
Philip Lantsberger, CPA
William H. Adamson
Rebecca Ford Rey, CPA
Robert Gross, CPA

Schwartz, Giannini, Lantsberger & Adamson

Stockton, California
December 15, 2011

4578 Feather River Drive
Suite D
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301

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APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Directors
School Project for Utility Rate Reduction
1430 Willow Pass Road, Suite 240
Concord, California 94520

OPINION: $1,950,000 School Project for Utility Rate Reduction 2012 Revenue Anticipation Notes (Natural Gas Purchase Program for Member California School Districts and Community Colleges)

Members of the Board of Directors:

We have acted as bond counsel to the School Project for Utility Rate Reduction ("SPURR") in connection with the issuance by SPURR of $1,950,000 principal amount of School Project for Utility Rate Reduction 2012 Revenue Anticipation Notes, dated December 18, 2013 (the "Notes"), pursuant to Article 7.6 (commencing with section 53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and a resolution of the Board of Directors of SPURR (the "Board") adopted on June 13, 2012 (the "Resolution"). We have examined the law and such certified proceedings and other papers, as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of SPURR contained in the Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. SPURR is duly created and validly existing as a joint exercise of powers authority with the power to issue the Notes and to perform its obligations under the Resolution and the Notes.

2. The Resolution has been duly adopted by the Board and creates a valid first lien on the funds pledged under the Resolution for the security of the Notes.

3. The Notes have been duly authorized, executed and delivered by SPURR and are valid and binding general obligations of SPURR enforceable in accordance with their terms.

4. Subject to SPURR's compliance with certain covenants, under present law, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such SPURR covenants could cause interest on the Notes to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

5. Interest on the Notes is exempt from personal income taxation imposed by the State of California.

Ownership of the Notes may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes.

The rights of the owners of the Notes and the enforceability of the Notes and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of SPURR and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the SCHOOL PROJECT FOR UTILITY RATE REDUCTION ("SPURR") in connection with the issuance by SPURR of $1,950,000 School Project for Utility Rate Reduction 2012 Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Directors of SPURR on June 13, 2012 (the "Resolution"). SPURR covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Dissemination Agent" shall mean SPURR or any successor Dissemination Agent designated in writing by SPURR and which has filed with SPURR a written acceptance of such designation. In the absence of such a designation, SPURR shall act as the Dissemination Agent.

"EMMA" or *"Electronic Municipal Market Access"* means the centralized on-line repository system located at www.emma.msrb.org for documents filed with the MSRB pursuant to the Rule, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"Listed Events" shall mean any of the events listed in Section 3 of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Participating Underwriter" shall mean the original underwriter of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Authority under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by SPURR for the benefit of the holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 3. Reporting of Listed Events.

(a) *Reportable Events.* SPURR shall, or shall cause the Dissemination (if not SPURR) to, give notice of the occurrence of any of the following events with respect to the Notes:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* SPURR shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* SPURR shall, or shall cause the Dissemination Agent (if not SPURR) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days (as such term is defined in the applicable federal regulations) after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Notes under the Resolution.

Section 4. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. Termination of Reporting Obligation. SPURR's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes. If

such termination occurs prior to the final maturity of the Notes, SPURR shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 6. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* SPURR may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not SPURR, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by SPURR pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be SPURR.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by SPURR for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and SPURR from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for SPURR, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from SPURR or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to SPURR.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, SPURR may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by SPURR that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Note holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Note holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Note holders or Beneficial Owners.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent SPURR from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If SPURR chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, SPURR shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of SPURR to comply with any provision of this Disclosure Certificate, any Note holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause SPURR to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of SPURR to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and SPURR agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of SPURR under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of SPURR, the Dissemination Agent, the Participating Underwriter and Note holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: [Closing Date]

SCHOOL PROJECT FOR UTILITY RATE REDUCTION

By _____
Managing Director