

**U.S. FIXED INCOME TRUST
(US FIT)
PARTICIPATION AGREEMENT**

Preamble

This participation agreement (the "Agreement") is made and entered into by and between the U.S. Fixed Income Trust (the "Trust "), the U.S. Fixed Income Trust Investment Pools ("US FIT Pools"), and _____ (the "Participant").

WHEREAS, the Public Funds Investment Act¹ (the "Act") provide for the creation of a public funds investment pool to which any local government or state agency may delegate, by contract, the authority to hold legal title as custodian and to make investments purchased with local funds;

WHEREAS, US-FIT Pools are public funds investment pools, which funds are invested in certain eligible investments as more fully described hereafter;

WHEREAS, the Participant has determined that it is authorized to invest in a public funds investment pool created under the Act and to enter into this Agreement;

WHEREAS, the Participant acknowledges that the Trust is not responsible for independently verifying the Participant's authority to invest under the Act or to enter this Agreement;

WHEREAS, the Participant acknowledges that the performance of US-FIT Pools is not guaranteed by the State of Texas or the Trust and that there is no secondary source of payment for the US-FIT Pools; and

WHEREAS, to ensure the continued availability of an investment pool as a vehicle for investment of local government funds and simultaneously provide for enhancement in services and potential decreases in management and administrative fees, Participant and Trust desire to provide in this Agreement that the Trust may obtain private professional investment management and related services.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and agreements herein contained, the receipt and sufficiency of which are acknowledged, the parties hereto agree with each other as follows:

¹ Texas Government Code Ann., Ch. 2256. ("Texas PFIA")

Section 1: Definitions

"Account" shall mean any account or accounts, established by the Participant in US-FIT Pools under this Agreement and the Operating Procedures (as defined herein), which Account represents an undivided beneficial ownership in US FIT Pools.

"Advisory Board" shall mean the advisory board provided for in the Investment Act (as defined below).

"Authorized Investments" shall mean those investments which are authorized by the Investment Act (as herein defined) for investment of public funds.

"Authorized Representative(s) of the Participant" shall mean any individual who is authorized to execute documents and take such other necessary actions under this Agreement as evidenced by the duly enacted Resolution of the Participant.

"Authorized Representative(s) of the Trust" shall mean any officer Trust who is designated in writing by the Trust's Board or the Trust's Chief Executive Officer to act as the authorized Trust representative for purposes of this Agreement and shall include employees of any private entity performing the obligations under this Agreement.

"Board" shall mean the board of trustees overseeing the Trust, as described in the Trust's Declaration of Trust and provided for in the Trust's bylaws.

"Investment Act" shall mean the Public Funds Investment Act, Texas Government Code Ann., Ch. 2256, as amended from time to time.

"Investment Policy" shall mean the written US-FIT Pools Investment Policies, as amended from time to time, relating to the investment and management of funds in US-FIT Pools as established by the Trust consistent with the Investment Act.

"Letter of Instruction" shall mean a written authorization and direction to the Trust signed by an Authorized Representative of the Participant.

"Operating Procedures" shall mean the written procedures established by the Trust describing the management and operation of US-FIT Pools, and providing for the establishment of, deposits to and withdrawals from the Accounts, as amended from time to time.

"Participant" shall mean any entity authorized by the Act to participate in a public funds investment pool that has executed this Agreement pursuant to a Resolution.

"Resolution" shall mean the resolution adopted by the governing body of a local governmental entity authorizing the entity's participation in US-FIT Pools and designating persons to serve as Authorized Representatives of the Participant.

Section 2: Administration

Section 2.01. US-FIT Investment Pools Defined

A. US-FIT Investment Pools are public funds investment pools created under the Investment Act.

B. Subject to Section 6.10, the Trust agrees to manage the Participant's Account(s) in accordance with the Investment Act and the Investment Policy.

Section 2.02. Board and Advisory Board

A. The Board is composed of five permanent trustees and two rotational trustees that were appointed according to the Trust's Declaration of Trust and by bylaws. The Board is responsible for overseeing the management of the Trust.

B. The Advisor Board is composed of members appointed according to the requirements of the Investment Act. The Advisory Board shall advise the Board on the Investment Policy and various other matters affecting US-FIT Investment Pools and shall approve fee increases.

Section 2.03. General Administration

A. The Trust shall establish and maintain the Investment Policy specifically identifying the Authorized Investments consistent with the Investment Act and the general policy and investment goals for US-FIT Investment Pools.

B. The Trust shall establish and maintain the Information Statement and Operating Procedures, describing the management and operation of US-FIT Investment Pools and providing for procedures to be followed for the establishment of, deposits to, and withdrawals from the Accounts and such other matters as are necessary to carry out the intent of this Agreement.

C. The Trust shall have the power to take any action necessary to carry out the purposes of this Agreement, subject to applicable law and the terms of this Agreement.

Section 2.04. Ownership Interest. Each Participant shall own an undivided beneficial interest in the assets of US-FIT Investment Pools in an amount proportional to the total amount of such Participant's Accounts relative to the total amount of all Participants' Accounts in US-FIT Investment Pools, computed daily.

Section 2.05. Independent Audit. US-FIT Investment Pools are subject to annual review by an independent auditor consistent with the Investment Act and any other applicable law. The Trust may obtain such legal, accounting, financial or other professional services as it deems necessary or appropriate to assist US-FIT Investment Pools in meeting its goals and objectives.

Section 2.06. Liability. Any liability of the Trust, representatives or agents of the Trust, any trustee or member of the Board or Advisory Board for any loss, damage or claim, including losses from investments and transfers, to the Participant shall be limited to the full extent allowed by applicable laws and the Trust's organizational documents. The Trust's responsibilities hereunder are limited to the management and investment of US-FIT Investment Pools and the providing of reports and information herein required.

Section 3. Participant Requirements

Section 3.01. The Participation Agreement. The Participant must execute this Agreement and provide a Resolution authorizing participation in US-FIT Pools and designating persons to serve as Authorized Representatives of the Participant and any other documents as are required under, and substantially in the form prescribed by, the Operating Procedures before depositing any funds into US-FIT Pools. The Participant must provide an updated Resolution designating Authorized Representatives within five business days of the departure of any Authorized Representative of the Participant.

Section 3.02. Operating Procedures

- A. The Participant acknowledges receipt of a copy of the Operating Procedures. The Operating Procedures describe in detail the procedures required for the establishment of accounts, deposits to and withdrawals from US-FIT Pools, and related information.
- B. The Trust may modify the Operating Procedures as appropriate to remain consistent with established banking practices and capabilities and when such modification is deemed necessary to improve the operation of US-FIT Pools.
- C. The Participant concurs with and agrees to abide by the Operating Procedures.

Section 4: Investment Procedures

Section 4.01. Investments. All monies held in US-FIT Pools shall be invested and reinvested by the Trust or Authorized Representatives of the Trust only in Authorized Investments per the Agreement, the Investment Policy, and the Investment Act. Participant concurs with any such investment so made by the Trust. Available funds of US-FIT Pools that are uninvested may be held at the Trust's account at the Federal Reserve Bank of Dallas, or any designated custodian account, or with a custodian selected by the Trust. All investment assets and collateral will be in the possession of the Trust and held in its book- entry safekeeping account at the Federal Reserve Bank, any designated custodian account, or with a custodian selected by the Trust.

Section 4.02. Failed Investment Transaction. In the extraordinary event that a purchase of securities results in a failed settlement, any resulting uninvested funds shall remain in the Trust's Federal Bank of Dallas account, any designated custodian account or with a custodian selected by the Trust. If an alternative investment can be secured after the failure of the trade to settle, US-FIT Pools will receive all the income earnings, including but not limited to, any compensation from the purchaser failing in the trade and the interest income from the alternative investment.

Section 4.03. Investment Earnings and Losses Allocation. All interest earnings in US-FIT Pools will be valued daily and credited to the Participant's Accounts monthly, on a pro rata allocation basis. All losses, if any, resulting from the investment of monies in US-FIT Pools shall also be allocated on a pro rata allocation basis. The Trust will allocate all earnings and losses to the Participant's Accounts following generally accepted accounting procedures.

Section 4.04. Commingling of Accounts. Participant agrees that the Trust may commingle monies deposited in US FIT Pools with all other monies held in US-FIT Pools, respectively for purposes of common investment and operational efficiency. However, each Participant will have separate Accounts on the books and records of US-FIT Pools, as further provided for in the Operating Procedures.

Section 5: Fees, Expenses, and Reports

Section 5.01. Fees and Expenses. The Participant agrees to pay the amount outlined in the fee schedule. Participant agrees that all fees shall be directly and automatically assessed and charged against the Participant's Accounts. The Trust shall calculate the basic service fee as a reduction in the daily income earned and only the net income shall be credited to the Participant's Account. Fees for special services shall be charged to each Participant's account as they are incurred or performed. A schedule of fees shall be provided to the Participant annually. Each Participant will be notified 30 days before the effective date of any change in

the fee schedule.

Section 5.02. Reports. The Trust will mail a monthly statement to the Participant within the first five business days of the succeeding month. The monthly statement shall include a detailed listing of the balance in the Participant's Accounts as of the date of the statement; all account activity, including deposits and withdrawals; the daily and monthly yield information; and any special fees and expenses charged. Additionally, copies of the Participant's reports in physical or computer form will be maintained for a minimum of three prior fiscal years. All records shall be available for inspection at all reasonable hours of the business day and under reasonable conditions.

Section 5.03. Confidentiality. The Trust and any private entity acting on behalf of the Trust for purposes of this Agreement will maintain the confidentiality of the Participant's Accounts, subject to the Public Information Act, Texas Government Code Ann., Ch. 552, as amended.

Section 6: Miscellaneous

Section 6.01. Notices. Any notices, Letters of Instructions or other information required or permitted to be given hereunder shall be submitted in writing and shall be deemed duly given when deposited in the U.S. mail postage prepaid or successfully transmitted via facsimile addressed to the parties as follows:

To the *Participant*

Participant Name:

Address:

Telephone:

E-mail:

To *Trust* for contractual matters or disputes under this Agreement:

U.S. Fixed Income Trust

Attn: Brent Wertz

5502 N. Nebraska Ave.

Tampa, FL 33604

(813) 321-3249

brent@waterwalkerinvestments.com

To *US-FIT Pools* for operational matters, including enrollment documents; changes to Authorized Representatives; Bank Information Sheets; initiation of deposits or withdrawals of funds; changes to addresses; audit confirmation requests; and account inquiry:

US-FIT Pool Participant Services
C/O Water Walker Investments
5502 N. Nebraska Ave.
Tampa, FL 33604
(813) 321-3254
info@waterwalkerinvestments.com

The Participant and the Trust agree to notify the other of any change affecting this information and agree that unless and until so notified, the other party shall be entitled to rely on the last information provided.

Section 6.02. Taxpayer Identification Number. The Participant's taxpayer identification number assigned by the Internal Revenue Service is: _____.

The Participant agrees to notify the Trust of any change affecting this Taxpayer Identification number and agrees that unless and until so notified, the Trust shall be entitled to rely on same in providing any reports or other information necessary or required by the Federal tax laws as amended from time to time.

Section 6.03. Severability. If any provision of this Agreement shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 6.04. Execution of Counterparts. This Agreement may be simultaneously executed in several separate counterparts, each of which shall be an original and all of which shall constitute but the same instrument.

Section 6.05. Applicable Law. This Agreement shall be governed by the laws of the State of Texas. Venue for any dispute under this Agreement shall be in _____ County, Texas.

Section 6.06. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, articles or sections of this Agreement.

Section 6.07. Amendments

- A. The Trust shall advise the Participant in writing of any amendments to this Agreement no less than 45 days before the effective date of such amendment. The Participant may ratify the proposed amendment of this Agreement by letter to the Trust. If the Participant elects not to ratify the amendment, the Participant may terminate this Agreement under Section 6.08. In the event the Participant fails to respond in writing to a notice of amendment before the effective date of such amendment, this Agreement shall be deemed amended.
- B. The Trust may periodically revise the Operating Procedures from time to time as it deems necessary for the efficient operation of US-FIT Pools. Any amendment will bind the Participant to the Operating Procedures for any transaction occurring after the time such amendment takes effect, provided however, that no such amendment shall affect the Participant's right to cease to be a Participant.

Section 6.08. Termination. This Agreement may be terminated by either party hereto, with or without cause, by tendering 30 days' prior written notice under Section 6.01.

Section 6.09. Term. Unless terminated under Section 6.08, this Agreement shall automatically renew on each anniversary date.

Section 6.10. Assignment

- A. The Trust may contract with a third-party investment manager to perform its obligations and service under this Agreement, provided that such investment manager shall manage US-FIT Pools according to the Investment Act, the Investment Policy, and in a manner consistent with that directed by the Trust.
- B. The Trust also shall have the right to assign its rights and obligations under the Agreement to a third-party investment manager if the Trust determines that such assignment is in the best interest of the Participants. In the event a successor pool to US-FIT Pools is deemed by the Trust to be in the best interest of the Participant, the Trust may take any action it deems necessary to assign its rights and benefits under any third-party agreements and transfer the assets from US-FIT Investment Pools to any successor pool.