

# CHEFA

CONNECTICUT HEALTH AND EDUCATIONAL  
FACILITIES AUTHORITY



Dated: October 6, 2008

ATTENTION: CHEFA Construction Fund Clients

RE: Managed Client Reinvestments

Dear Client:

**This letter has been issued in response to inquiries from clients about the reinvestment of bond funds managed by the Authority in light of the current market conditions. Following is an overview of the Authority's policy which directs the reinvestments as well as a summary of the primary fund in use for the reinvested funds.**

### *CHEFA Bond Fund Reinvestments*

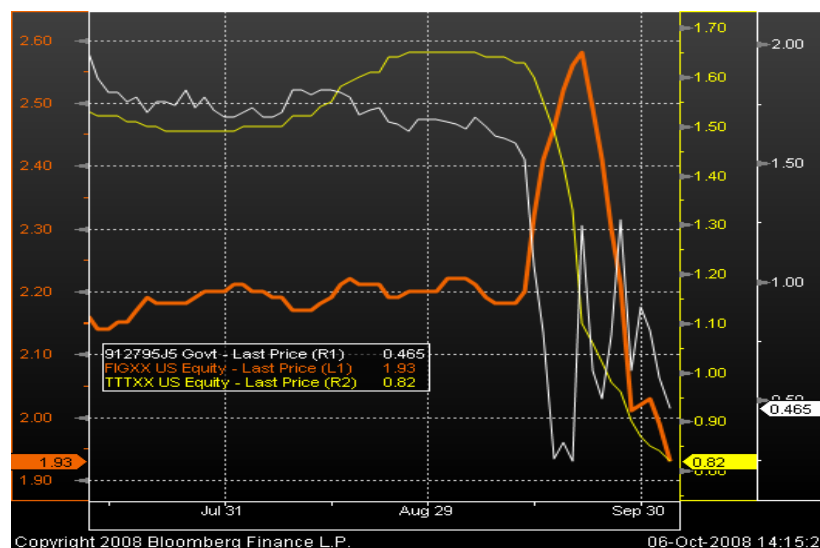
Funds created pursuant to bond issues are reinvested in strict accordance with the Permissible Investments of the Trust Indenture or Loan Agreement for the issue and applicable State statutes. The basic objective for these short-term funds is to have them available for specified payment dates, planned construction draws or other intended purposes with minimal risk to capital.

The Authority currently reinvests the funds of the Construction Fund, Cost of Issuance and Capitalized Interest accounts in the **Class I Fidelity Institutional Money Market Government Portfolio** (Fund 57 or FIGXX, CUSIP 316175108).

While no investment is fully guaranteed, to date, the Authority has not experienced any liquidity issues with the Fund 57. Fidelity's Institutional Money Market Funds comply with the Securities and Exchange Commission Rule 2a-7. The Fund 57 has also maintained its Net Asset Value (NAV) of 1.00.

### *Performance History Comparison*

The following is a graph charting the past three-month performance of the Fidelity Fund 57 along with that of a 3-Month Treasury Bill and a BlackRock Treasury fund.



**Attachments:**

- **Fund 57 monthly holdings as of August 31, 2008**
- **Fidelity Institutional Money Market Funds Rule 2a-7**
- **Fidelity Institutional Money Market Funds Government Portfolio FACT SHEET: CLASS I as of 8/31/2008**

**The following is a summary of the objective, strategies and risk of the Fund 57 found on the Fidelity website. This information and more is available on the Fidelity website.**

**[http://personal.fidelity.com/products/funds/mfl\\_frame.shtml?316175108](http://personal.fidelity.com/products/funds/mfl_frame.shtml?316175108)**

**Investment Objective**

**Government Portfolio** seeks to obtain as high a level of current income as is consistent with the preservation of principal and liquidity within the limitations prescribed for the fund.

**Principal Investment Strategies**

- *Normally investing at least 80% of assets in U.S. Government securities and repurchase agreements for those securities.*
- *Investing in U.S. Government securities issued by entities that are chartered or sponsored by Congress but whose securities are neither issued nor guaranteed by the U.S. Treasury.*
- *Potentially entering into reverse repurchase agreements.*
- *Generally maintaining a dollar-weighted average maturity at 60 days or less.*
- *Investing in compliance with industry-standard regulatory requirements for money market funds for the quality, maturity, and diversification of investments.*

**Principal Investment Risks**

- *Interest Rate Changes. Interest rate increases can cause the price of a money market security to decrease.*
- *Issuer-Specific Changes. A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a money market security to decrease.*
- *An investment in the fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

If you have any questions, please contact me at the Authority. I can be reached at (860) 761-8421 or [cpeoples@chefa.com](mailto:cpeoples@chefa.com)

Thank you,



Cynthia D. Peoples H.  
Assistant Director

# Investments August 31, 2008 (Unaudited)

Showing Percentage of Net Assets

## Federal Agencies – 65.5%

Due Date	Yield (a)	Principal Amount (000s)	Value (000s)
<b>Fannie Mae – 15.9%</b>			
9/2/08 to 7/13/09	2.10 to 2.86% (b)	\$ 3,553,769	\$ 3,546,858
<b>Federal Home Loan Bank – 31.3%</b>			
9/2/08 to 6/19/09	2.16 to 3.04 (b)	7,011,885	7,007,510
<b>Freddie Mac – 18.3%</b>			
9/5/08 to 7/15/09	2.13 to 2.87 (b)	4,088,878	4,082,486
<b>TOTAL FEDERAL AGENCIES</b>			<b>14,636,854</b>

## U.S. Treasury Obligations – 0.2%

<b>U.S. Treasury Bills – 0.2%</b>			
8/27/09	2.17 to 2.19	50,000	<b>48,936</b>

## Repurchase Agreements – 34.1%

	Maturity Amount (000s)	
In a joint trading account at:		
2.06% dated 8/29/08 due 9/2/08 (Collateralized by U.S. Government Obligations) #	\$ 374,093	374,007
2.14% dated 8/29/08 due 9/2/08 (Collateralized by U.S. Government Obligations) #	6,736,053	6,734,452
With:		
CS First Boston Corp. At 2.25%, dated 8/12/08 due 9/12/08 (Collateralized by U.S. Government Obligations valued at \$357,703,629, 4.13% – 6.5%, 7/30/09 – 9/1/38)	349,676	349,000

	Maturity Amount (000s)	Value (000s)
With:		
UBS Warburg LLC At 4.83%, dated 9/10/07 due 9/4/08 (Collateralized by U.S. Government Obligations valued at \$181,259,222, 3.5% – 6%, 5/25/18 – 1/25/36)	\$ 176,114	\$ 168,000
<b>TOTAL REPURCHASE AGREEMENTS</b>		<b>7,625,459</b>
<b>TOTAL INVESTMENT PORTFOLIO – 99.8%</b> (Cost \$22,311,249)		<b>22,311,249</b>
<b>NET OTHER ASSETS – 0.2%</b>		<b>33,724</b>
<b>NET ASSETS – 100%</b>		<b>\$ 22,344,973</b>

## Legend

- (a) Yield represents either the annualized yield at the date of purchase, or the stated coupon rate, or, for floating rate securities, the rate at period end.
- (b) Coupon rates for floating and adjustable rate securities reflect the rates in effect at period end. Due dates for these security types are the next interest rate reset date or, when applicable, the final maturity date.

# Additional Information on each counterparty to the repurchase agreement is as follows:

Repurchase Agreement / Counterparty	Value (Amounts in thousands)
<b>\$374,007,000 due 9/02/08 at 2.06%</b>	
Banc of America Securities LLC	\$ 232,614
ING Financial Markets LLC	141,393
	<u>\$ 374,007</u>
<b>\$6,734,452,000 due 9/02/08 at 2.14%</b>	
ING Financial Markets LLC	\$ 1,445,557
J.P. Morgan Securities, Inc.	755,556
Merrill Lynch Government Securities, Inc.	2,266,669
Societe Generale, New York Branch	1,511,113
UBS Securities LLC	755,557
	<u>\$ 6,734,452</u>

## Income Tax Information

At August 31, 2008, the aggregate cost of investment securities for income tax purposes was \$22,311,249,000.

The fund's schedule of investments as of the date on the cover of this report has not been audited. The schedule is preliminary and subject to change without notice. Fidelity assumes no obligation to update or supplement the schedule to reflect any changes that may occur. This report is provided for the general information of the fund's shareholders. Click on the appropriate link to view the fund's audited schedule of investments included in its annual report or contact your investment professional to request a free copy.

Third party trademarks and service marks are the property of their respective owners. All other trademarks and service marks are the property of FMR LLC or an affiliate.

## Protecting the Safety and Liquidity of Short-Term Investments

**RULE 2A-7 OF THE INVESTMENT COMPANY ACT OF 1940** governs the management of money market mutual funds by setting strict standards for quality, diversification, and maturity.<sup>1</sup> By adhering to these standards, money market mutual funds seek to maintain a constant net asset value of \$1.00.

**ESTABLISHED IN 1983**, **RULE 2A-7** has been revised periodically by the Securities and Exchange Commission:

**1986** – expanded the types of allowable investments

**1991** – strengthened the quality and average maturity requirements of taxable money market mutual fund holdings

**1996** – strengthened the quality of tax-exempt money market fund holdings<sup>2</sup>

**1997** – revised terminology to reflect common market usage and resolve certain interpretive issues

All money market mutual funds must comply with Rule 2a-7. Although money market funds are not federally insured, Rule 2a-7 provides a solid framework by which a money market fund may seek high current income while maintaining liquidity and preserving capital.

For information about  
**Fidelity Institutional Money Market Funds**  
please call your investment representative

Not FDIC Insured • May Lose Value • No Bank Guarantee

1. Diversification does not guarantee against a loss.

2. Income exempt from federal income tax may be subject to state or local tax. A portion of the dividends you receive may be subject to federal and state income taxes.

Please carefully consider the funds' investment objectives, risks, charges, and expenses before investing. For this and other information, call Fidelity or visit [advisor.fidelity.com](http://advisor.fidelity.com) for a free prospectus. Read it carefully before you invest or send money.

## ► Highlights of Rule 2a-7

**Quality:** Limited to investing in securities with minimal credit risk and a rating in one of the two highest categories by at least two nationally recognized rating organizations or determined to be of comparable quality pursuant to procedures adopted by the fund's board of directors.

**Single-issuer limit:** No more than 5% of a money market mutual fund's total assets may be invested in a single issuer, although a fund may invest up to 25% in first-tier securities of a single issuer for up to three business days.

**Maximum dollar-weighted average maturity:** 90 days

**Maximum maturity of an individual security:** 397 days

**Second-tier securities:** No more than 5% of total assets

Not NCUA or NCUSIF insured. May lose value. No credit union guarantee.

Fidelity Investments & Pyramid Design is a registered service mark of FMR Corp.

**An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.**

Fidelity Investments  
Institutional Services Company, Inc.  
82 Devonshire Street, Boston, MA 02109

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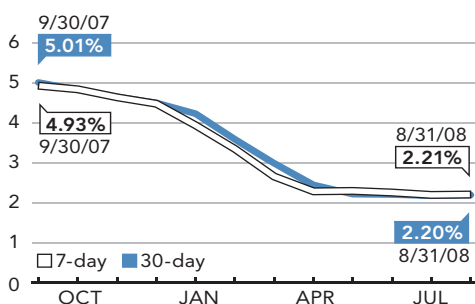
# Fidelity Institutional Money Market Funds Government Portfolio

FACT SHEET: CLASS I

AS OF 8/31/2008

## ANNUALIZED YIELD<sup>1</sup>

If certain expenses had not been voluntarily reimbursed, annualized 30- and 7-day yields as of 8/31/08 would have been 2.19% and n/a, respectively.



## ANNUALIZED YIELD (%) BY MONTH<sup>1</sup>

Month	7-day	30-day
Sep 2007	4.93	5.01
Oct	4.84	4.83
Nov	4.64	4.65
Dec	4.48	4.50
Jan 2008	3.94	4.23
Feb	3.35	3.59
Mar	2.66	2.99
Apr	2.29	2.45
May	2.30	2.22
Jun	2.26	2.21
Jul	2.20	2.18
Aug	2.21	2.20

Current performance may be higher or lower than that quoted. Visit [advisor.fidelity.com](http://advisor.fidelity.com) or call your investment professional for most recent month-end performance. Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold.

## PORTFOLIO DIVERSIFICATION (%)<sup>2</sup> (as of 7/31/08)

Agency Fixed	23.0	Repurchase Agreements	37.6
Agency Floater	39.4		

**Not authorized for distribution unless preceded or accompanied by a current fund prospectus.**

1. 30-day and 7-day annualized yields are for the month-end. Annualized yields are based on net investment income for the stated periods. Annualized yields are historical, will fluctuate, and are based on each fund's total net investment income for the period. If certain expenses had not been voluntarily reimbursed during these periods, annualized yields would have been lower. These arrangements may be discontinued by FMR at any time.

2. Portfolio diversification is presented to illustrate examples of the securities that each fund has bought and may not be representative of a fund's current or future investments. Each fund's investments may change at any time. Percentages may not add up to 100 due to rounding.

3. Each fund is composed of multiple classes of shares: Classes I, II, III, and Select. In addition, the Money Market and Prime Money Market Portfolios have an Institutional class of shares; the Treasury Only, Treasury, and Prime Money Market Portfolios also have Class IV. Each class of shares offers different expenses; consult each fund's prospectus for further information. Total portfolio net assets reflect the sum of assets in all applicable share classes.

4. FMR has voluntarily agreed to reimburse the fund to the extent that expenses exceed this amount. Without the reimbursement, the fund's yield would have been lower. This arrangement may be terminated at any time.

5. Average Weighted Days to Maturity (WAM) is the average maturity of the individual securities in the fund weighted in proportion to their dollar value.

6. Securities are "highest-quality" if rated in the highest rating category by at least two nationally recognized rating services or by one if only one rating service has rated a security or, if unrated, determined to be of equivalent quality by Fidelity Management & Research Company (FMR). The following funds received AAAM and Aaa ratings from Standard & Poor's and Moody's, respectively: Prime Portfolio, Government Portfolio, Treasury Portfolio, and Tax-Exempt Portfolio. Independent rating agency fund ratings include, but are not limited to, a regular analysis of a fund's liquidity, diversification, operational policies, and internal controls; its management characteristics; and the creditworthiness of its assets. Ratings are not intended as a recommendation and may change at any time.

Standard & Poor's Fund Ratings represent an opinion only, not a recommendation to buy or sell.

\* Selected by iMoneyNet from among 100 U.S. managers of Government, Prime, and National Tax-Free/Municipal money funds with portfolio assets of at least \$1 billion. Fidelity U.S. Government Reserves finished first with a gross total return of 5.36% and total portfolio assets of \$3.40 billion as of 12/31/07.

Fidelity Investments and iMoneyNet are not affiliated.

Not NCUA or NCUSIF insured • May lose value • No credit union guarantee

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

## Fund #057

Symbol: FIGXX

CUSIP: 316175108

Total Assets:<sup>3</sup> \$22.32 billion

Expense Cap:<sup>4</sup> 0.20%

Weighted Avg. Maturity (WAM):<sup>5</sup> 56 days

Ratings:<sup>6</sup> Aaa (Moody's), AAAM (S&P)

Trading Hours: 8:30 a.m. to 5:00 p.m. ET

Minimum Inv: \$1,000,000 per account

Fund Inception: July 25, 1985



## Strategy

The fund normally invests at least 80% of its assets in U.S. government securities and repurchase agreements for these securities. The fund may also enter into reverse repurchase agreements.

## Fund Manager: Timothy R. Huyck

Timothy R. Huyck joined Fidelity in 1990. He currently manages a number of Fidelity money market funds, including FIMM Treasury Portfolio and FIMM Treasury Only Portfolio, and was appointed to manage the FIMM Government Portfolio in March 2004. In December 2007, Timothy R. Huyck was named the Top Portfolio Manager among 100 Government Portfolio Managers by iMoneyNet.\*

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FOR INVESTORS



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