EXHIBIT 1

City of Hallandale Beach, Florida

Investment Performance Review
Quarter Ended September 30, 2012

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(PFM Month End Statement is available online at www.pfm.com)

PFM Funds September 30, 2012 Month-End Statement

(PFM Funds Month End Statement is available online at www.pfmfunds.com)

TAB I

Summary

- During the third quarter, further easing measures by central banks around the world spurred investors' demand for riskier assets, resulting in strong performance for corporate bonds, mortgage-backed securities, and equities.
- While the U.S. housing recovery seemed to be building momentum, manufacturing activity and job growth have continued to show persistent weakness.
- The domestic economy will likely continue its sluggish recovery, despite uncertainties about the U.S. election and the looming fiscal cliff.

Economic Snapshot

- The unemployment rate fell to 7.8% in September. The economy added 437,000 jobs in the third quarter, up from 200,000 in the prior period.
- The S&P Case-Shiller Index of home prices for July marked a year-over-year increase that was more than consensus predicted, reflecting a continued housing recovery.
- The Institute for Supply Management's manufacturing survey fell slightly below 50 for June, July, and August, indicating a weakening of the important manufacturing base, but rose to 51.5 in September, suggesting slow growth (A measure above 50 is the dividing point between growth and expansion.)
- The Consumer Price Index increased by 0.6% in August on a seasonally adjusted basis, its largest gain since June 2009; this was primarily due to increases in food and energy prices.
- Most economists expect U.S. gross domestic product (GDP) to grow by only 1.8% to 2% for the year.

Interest Rates

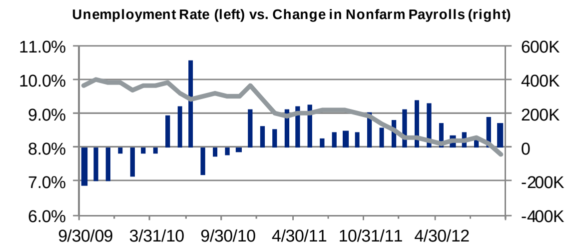
- Interest rates ended the quarter modestly lower, while yield spreads on Federal Agencies, corporates, and mortgage-backed securities (MBS) tightened significantly.
- Long-term Treasury yields experienced significant intra-quarter volatility, while two-year Treasury yields remained in a tight range of 0.20% to 0.30% for the quarter.
- The Federal Reserve announced that it will keep short-term rates at extremely low levels through mid-2015. It also initiated a third round of Quantitative Easing (QE3), a new program to purchase $40 billion in agency MBS each month until economic conditions improve.

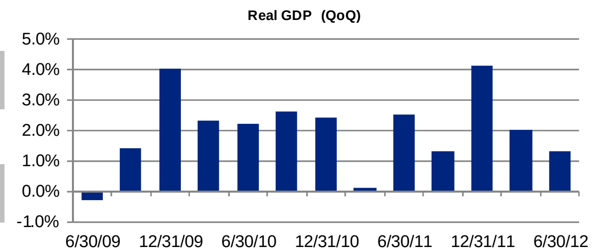
Sector Performance

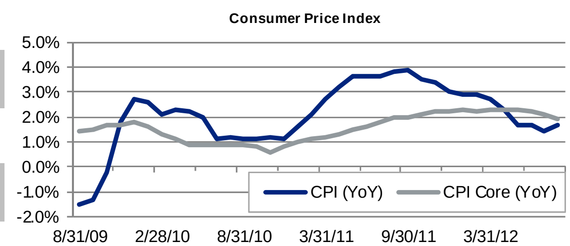
- Accommodative measures by global central banks gave investors confidence in the prospects for economic growth. The resulting shift from Treasuries and Agencies to high-quality corporate bonds helped corporate bonds to outperform. Bonds issued by financial firms did particularly well, outpacing those in the industrial and utility sectors.
- Supported by the new QE3 purchase program, Agency MBS performed well, but returns were tempered as a result of increased pre-payments, which shortened their average lives.
- While the Municipal sector lagged the corporate sector, it generated returns in excess of Treasuries and Agencies, and offered the additional value of diversification.
- Supply reductions should keep Agency spreads narrow, as Fannie Mae and Freddie Mac reduce their retained portfolios by 15% per year, as mandated by the Treasury Department.

Economic Snapshot

Labor Market		Latest	Jun 2012	Sep 2011
Unemployment Rate	Sep	7.8%	8.2%	9.0%
Change In Non-Farm Payrolls	Sep	114,000	45,000	202,000
Average Hourly Earnings (YoY)	Sep	1.8%	2.0%	2.0%
Personal Income (YoY)	Aug	3.5%	3.4%	4.6%
Initial Jobless Claims	Oct 12	388,000	376,000	402,000
Growth				
Real GDP (QoQ SAAR)	Q2	1.3%	2.0%[1]	1.3%
GDP Personal Consumption (QoQ SAAR)	Q2	1.5%	2.4%[1]	1.7%
Retail Sales (YoY)	Sep	5.4%	3.5%	8.3%
ISM Manufacturing Survey	Sep	51.5	49.7	52.5
Existing Home Sales (millions)	Sep	4.75	4.37	4.28
Inflation / Prices				
Personal Consumption Expenditures (YoY)	Aug 12	1.5%	1.5%	2.9%
Consumer Price Index (YoY)	Sep 12	2.0%	1.7%	3.9%
Consumer Price Index Core (YoY)	Sep 12	2.1%	0.7%	7.0%
Crude Oil Futures (WTI, per barrel)	Sep 30	$92.19	$84.96	$79.20
Gold Futures (oz)	Sep 30	$1,771	$1,604	$1,620





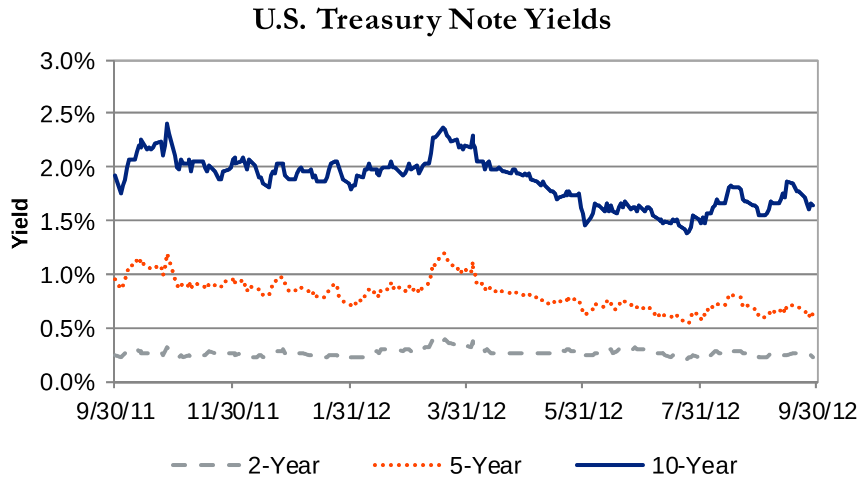


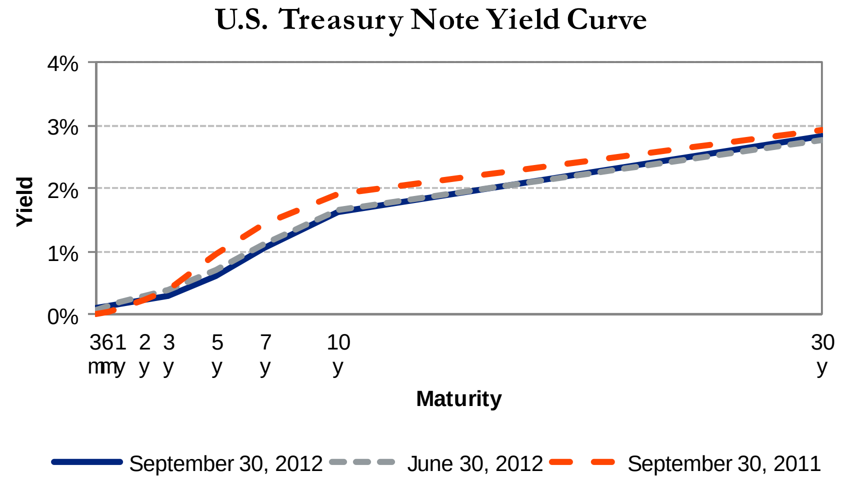
1. Data as of First Quarter 2012

Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

Source: Bloomberg

Interest Rate Overview

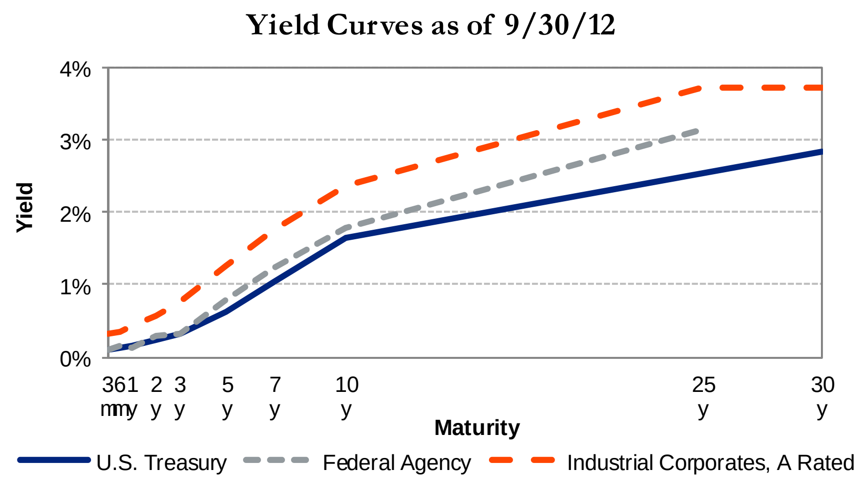




U.S. Treasury Note Yields

Maturity	9/30/12	6/30/12	Change over Quarter	9/30/11	Change over Year
3-month	0.12%	0.11%	0.00%	0.02%	0.09%
1-year	0.16%	0.26%	(0.10%)	0.17%	(0.02%)
2-year	0.25%	0.32%	(0.08%)	0.28%	(0.04%)
5-year	0.63%	0.75%	(0.11%)	0.96%	(0.33%)
10-year	1.70%	1.73%	(0.04%)	2.01%	(0.31%)
30-year	2.82%	2.78%	0.04%	2.95%	(0.13%)

Source: Bloomberg



B of A Merrill Lynch Index Returns

	As of 9/30/2012		Periods Ended 9/30/2012		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.89	0.25%	0.26%	0.56%	1.43%
Federal Agency	1.60	0.31%	0.25%	0.92%	1.58%
U.S. Corporates, A-AAA Rated	1.98	1.02%	1.50%	4.10%	3.63%
Agency MBS (0 to 3 years)	1.78	0.87%	0.91%	2.29%	3.78%
Municipals	1.84	0.52%	0.33%	1.33%	1.75%
1-5 Year Indices					
U.S. Treasury	2.74	0.34%	0.47%	1.29%	2.58%
Federal Agency	2.24	0.42%	0.46%	1.53%	2.29%
U.S. Corporates, A-AAA Rated	2.79	1.26%	2.18%	5.92%	4.98%
Agency MBS (0 to 5 years)	1.83	0.91%	1.08%	3.63%	4.73%
Municipals	2.59	0.71%	0.62%	2.23%	2.65%
Master Indices					
U.S. Treasury	6.05	0.91%	0.58%	3.19%	5.46%
Federal Agency	3.69	0.79%	0.84%	2.83%	3.95%
U.S. Corporates, A-AAA Rated	6.78	2.38%	3.53%	9.97%	8.26%
Agency MBS	1.82	0.92%	1.13%	3.74%	5.06%
Municipals	7.39	2.48%	2.51%	8.96%	6.20%

Returns for periods greater than one year are annualized
3 Month return is periodic

Source: Bloomberg

TAB II

Executive Summary

PORTFOLIO STRATEGY

- The City's Investment Portfolio is of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate, municipal and commercial paper securities.
- PFM continued to actively manage the Investment Portfolio during the third quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result the Portfolio realized over $47,000 in gains on sales during the quarter. PFM is continually in the market monitoring for opportunities to add value to the Portfolio.
- The Investment Portfolio's quarterly total return performance was 0.34%, outperforming the benchmark's performance of 0.26% by 0.08%. Over the past year, the Portfolio earned 1.14%, versus 0.56% for the benchmark.
- Bond yields remained highly correlated with headlines out of Europe. Weakening economic conditions in the Eurozone triggered a flight-to-quality that drove intermediate-term Treasury yields to new all-time record lows in July. The development of an European Central Bank ("ECB") sovereign debt purchase program reversed the trend, causing yields to rebound sharply. Despite several periods of sharp temporary yield movements, Treasury yields ended the quarter only modestly lower in most maturities.
- Agency notes received a boost during the quarter when the Treasury Department accelerated the wind down of Fannie Mae's and Freddie Mac's investment portfolio holdings, an action which will shrink Agency bond and discount note supply by $1 trillion over the next few years. As spreads tightened, we reduced the portfolio's allocation to Agencies in favor of more U.S. Treasuries. A short-lived spike in volatility mid-quarter provided a brief opportunity to add attractively valued callable Agency bonds.
- With the ECB's sovereign debt support program in place, we are turning our attention away from Europe and focusing on domestic issues, such as U.S. economic conditions, the upcoming election and the looming fiscal cliff, and other global issues, like the troubling slowdown in China and turmoil in the Middle East. These conditions create uncertainties that are hard to handicap, and virtually impossible to predict with any degree of certainty.
- Since all of these factors have more downside risk to economic growth than upside potential, and thus a greater chance of keeping yields low in Q4, we plan to keep the portfolio's duration generally in line with benchmark's duration.
- With central banks around the globe pumping an unprecedented amount of liquidity into the market and embarking on new large scale bond purchase programs, we are faced with a scenario of more dollars chasing fewer assets. As a result, our outlook for most "spread sectors" remains positive. We anticipate relatively low volatility in yields and expect income to be a major component of total returns in the upcoming quarter.
- As always, we strive to maintain safety of principal and appropriate liquidity, while seeking opportunities to add value through active management. Our strategy will remain flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

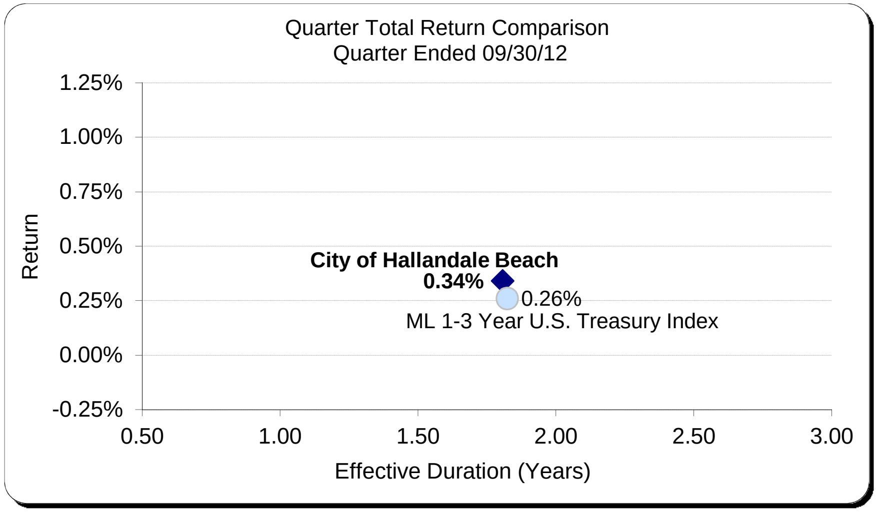
Investment Portfolio Performance

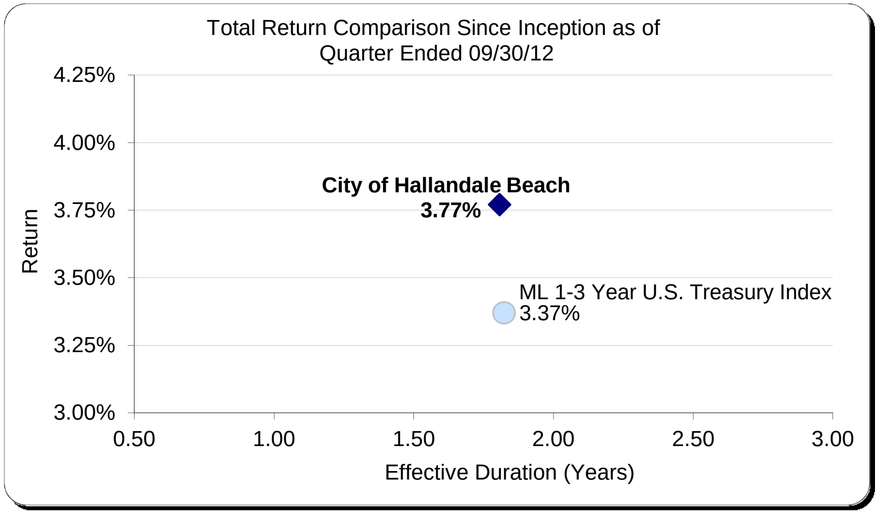
Total Portfolio Value[1,2]	September 30, 2012	June 30, 2012
Market Value	$55,765,759.22	$49,093,975.32
Amortized Cost	$55,473,002.07	$48,842,632.71

Total Return[1,2,3,4,5,6,7,8]	Quarterly Return September 30, 2012	Calendar Year to Date	Last 12 Months	Last 24 Months	Since Inception December 31, 2005
Investment Portfolio	**0.34%**	**0.89%**	**1.14%**	**1.20%**	**3.77%**
Merrill Lynch 1-3 Year U.S. Treasury Index	0.26%	0.37%	0.56%	0.88%	3.37%

Effective Duration(Years)[4]	September 30, 2012	June 30, 2012
Investment Portfolio	**1.81**	**1.80**
Merrill Lynch 1-3 Year U.S. Treasury Index	1.82	1.83
Portfolio Duration % of Benchmark Duration	99%	98%

Yields	September 30, 2012	June 30, 2012
Yield at Market	**0.30%**	0.41%
Yield at Cost	**0.61%**	0.70%



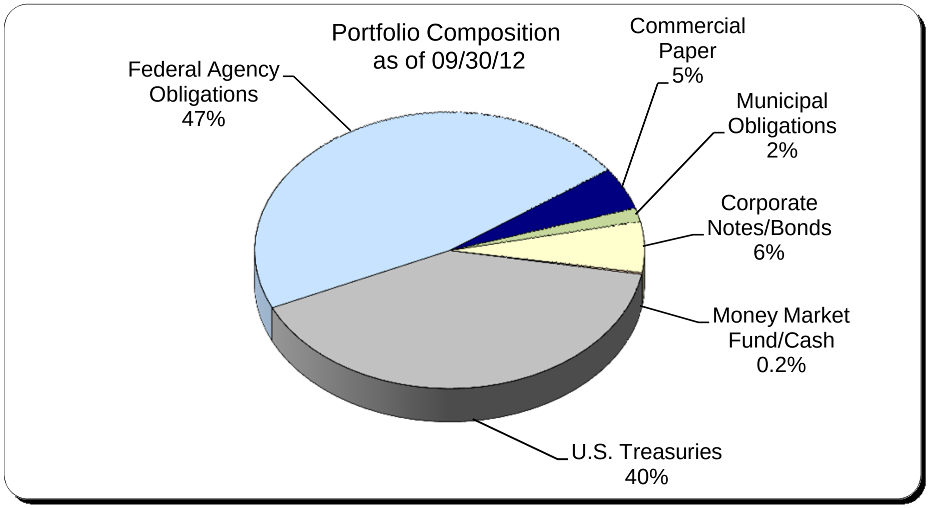


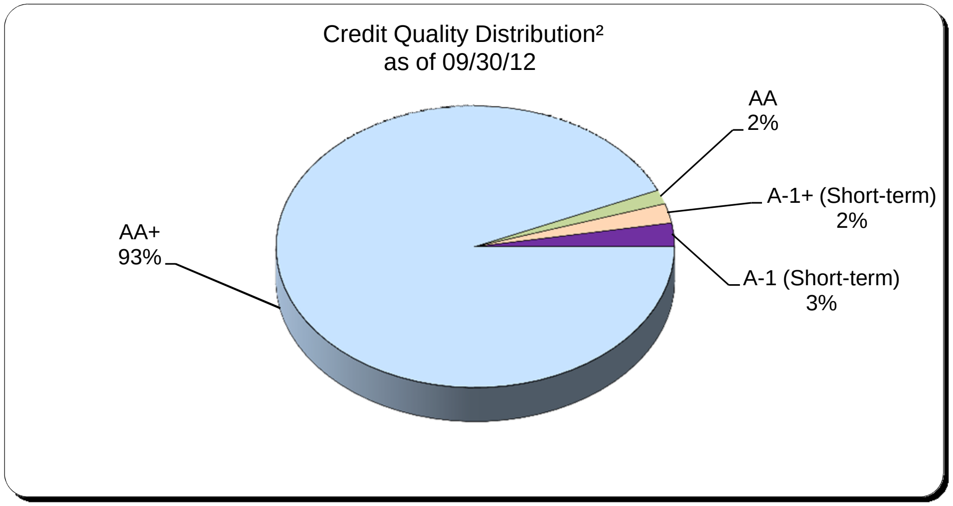
Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
2. End of quarter trade-date market values of portfolio holdings, including accrued interest.
3. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS).
4. Merrill Lynch Indices provided by Bloomberg Financial Markets.
5. Quarterly returns are presented on an unannualized basis.
6. Includes money market fund/cash in performance and duration computations.
7. Returns presented for 12 months or longer are presented on an annual basis.
8. Past performance is not indicative of future results.

Investment Portfolio Composition and Credit Quality Characteristics

Security Type[1]	September 30, 2012	% of Portfolio	June 30, 2012	% of Portfolio
U.S. Treasuries	**$22,529,783.39**	**40.4%**	$16,351,203.91	33.3%
Federal Agencies	**26,178,289.70**	**46.9%**	28,455,351.44	58.0%
Commercial Paper	**2,746,454.75**	**4.9%**	0.00	0.0%
Certificates of Deposit	**0.00**	**0.0%**	0.00	0.0%
Bankers Acceptances	**0.00**	**0.0%**	0.00	0.0%
Repurchase Agreements	**0.00**	**0.0%**	0.00	0.0%
Municipal Obligations	**907,630.00**	**1.6%**	898,171.00	1.8%
Corporate Notes/Bonds	**3,295,485.53**	**5.9%**	3,288,670.78	6.7%
Corporate Notes-FDIC Insured	**0.00**	**0.0%**	0.00	0.0%
Mortgage Backed	**0.00**	**0.0%**	0.00	0.0%
Money Market Fund/Cash	**108,115.85**	**0.2%**	100,578.19	0.2%
Totals	**$55,765,759.22**	**100.0%**	$49,093,975.32	100.0%



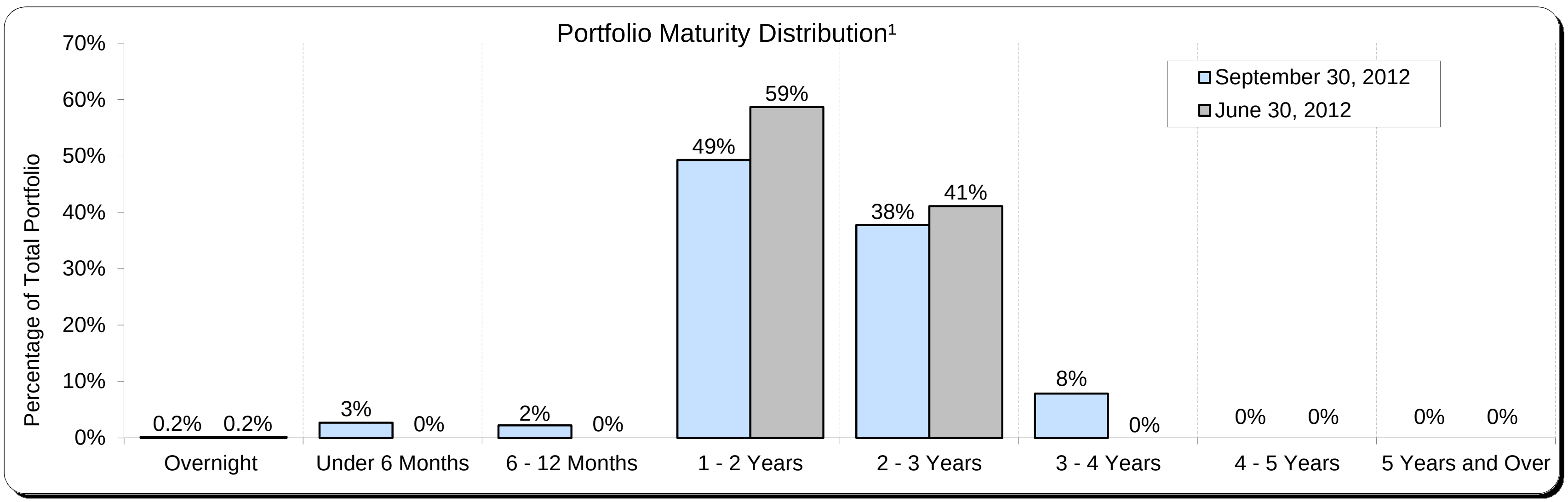


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Investment Portfolio Maturity Distribution

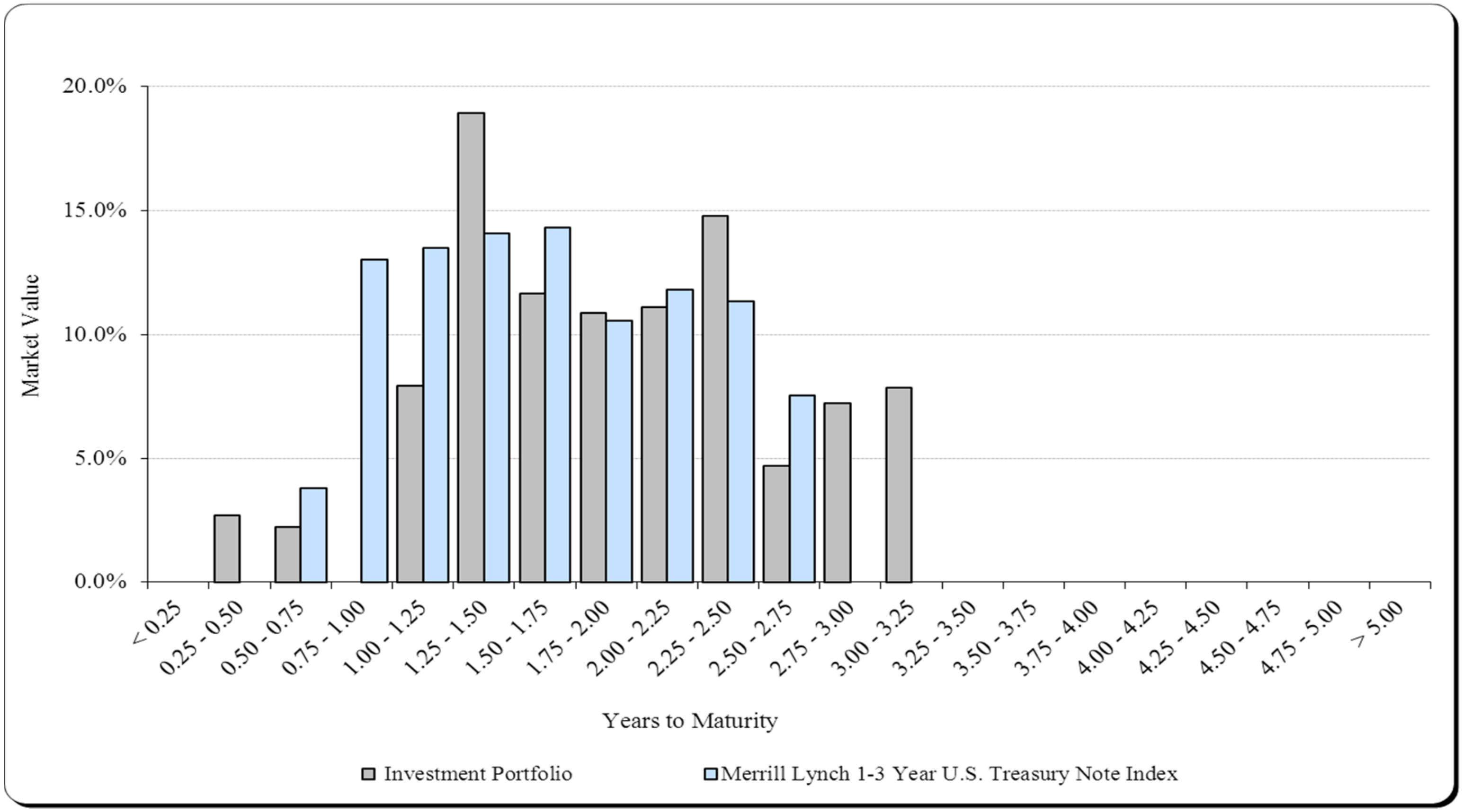
Maturity Distribution[1]	September 30, 2012	June 30, 2012
Overnight (Money Market Fund)	**$108,115.85**	$100,578.19
Under 6 Months	**1,498,438.50**	0.00
6 - 12 Months	**1,248,016.25**	0.00
1 - 2 Years	**27,487,187.10**	28,805,228.05
2 - 3 Years	**21,050,847.23**	20,188,169.08
3 - 4 Years	**4,373,154.29**	0.00
4 - 5 Years	**0.00**	0.00
5 Years and Over Meri	**0.00**	0.00
Totals	**$55,765,759.22**	$49,093,975.32



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

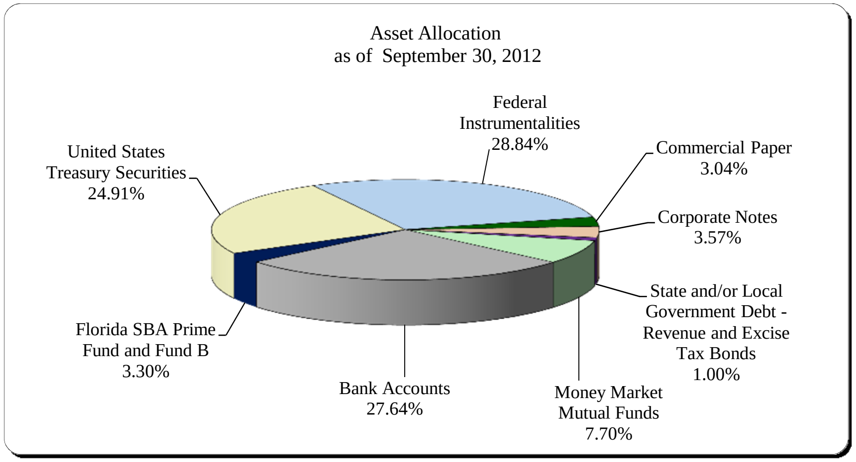
Investment Portfolio Maturity Distribution versus the Benchmark[1]



Notes:

1. Due to the nature of the security, Mortgage-Backed Securities are represented based on their average life maturity rather than their final maturity.

Security Type[3]	September 30, 2012	Notes	Permitted by Policy
Florida SBA Prime Fund and Fund B	3.30%	2	**100%**
United States Treasury Securities	24.91%		**100%**
United States Government Agency Securities	0.00%		**100%**
Federal Instrumentalities	28.84%	1	**100%**
Mortgage-Backed Securities	0.00%	1	**40%**
Certificates of Deposit	0.00%		**10%**
Repurchase Agreements	0.00%		**20%**
Commercial Paper	3.04%		**25%**
Corporate Notes	3.57%		**15%**
Bankers' Acceptances	0.00%		**25%**
State and/or Local Government Debt - General Obligation Bonds	0.00%		**25%**
State and/or Local Government Debt - Revenue and Excise Tax Bonds	1.00%		**10%**
Money Market Mutual Funds	7.70%		**20%**
Intergovernmental Investment Pool	0.00%		**25%**
Bank Accounts	27.64%	2	**100%**



Individual Issuer Breakdown	September 30, 2012	Notes	Permitted by Policy
Government National Mortgage Association (GNMA)	0.00%		**40%**
US Export-Import Bank (Ex-Im)	0.00%		**40%**
Farmers Home Administration (FMHA)	0.00%		**40%**
Federal Financing Bank	0.00%		**40%**
Federal Housing Administration (FHA)	0.00%		**40%**
General Services Administration	0.00%		**40%**
New Communities Act Debentures	0.00%		**40%**
US Public Housing Notes & Bonds	0.00%		**40%**
US Dept. of Housing and Urban Development	0.00%		**40%**
Federal Farm Credit Bank (FFCB)	0.00%		**40%**
Federal Home Loan Bank (FHLB)	3.78%		**40%**
Federal National Mortgage Association (FNMA)	12.04%		**40%**
Federal Home Loan Mortgage Corporation (FHLMC)	13.01%		**40%**

Individual Issuer Breakdown	September 30, 2012	Notes	Permitted by Policy
Toyota CP	1.38%		**5%**
Bank of Tokyo Mitsubishi CP	1.66%		**5%**
General Electric Corporate Notes	1.91%		**5%**
Berkshire Hathaway Corporate Notes	1.65%		**5%**
Regional Trans Authority, IL Revenue Bond	1.00%		**10%**
PFM Funds Prime Series Money Market Fund	7.70%		**10%**
Florida Prime	2.83%	2	**100%**
SBA Fund B	0.48%	2	**N/A**
City National Bank Account	27.38%	2	**100%**
Bank of America Bank Account	0.26%	2	**100%**

Notes:
1. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 100%. The combined total as of September 30, 2012 is 28.84%.
2. Managed by the City.
3. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
* No Bond Proceeds

TAB III

Insert Month End Statement here to complete the report.

Statements are available online at **www.pfm.com**
login and click on the link to “Monthly Statements”
on the left side of the screen.

PFM Funds statements are available online at **www.pfmfunds.com**