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SAN FRANCISCO, CALIFORNIA 94108
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MF OPPORTUNITY AND FEASIBILITY ANALYSIS FOR CHEROKEE COUNTY, NORTH CAROLINA

DRAFT REPORT
NOVEMBER 17, 2017

PREPARED FOR:
CHEROKEE COUNTY

LIST OF EXHIBITS

III. Site Specific Analysis

1. Local Setting
2. Program Recommendations
3. Program Positioning
4. Residual
5. Fiscal Impact Analysis

I. MARKET OVERVIEW

EXHIBIT I-1

REGIONAL LOCATION
CHEROKEE COUNTY
NOVEMBER 2017

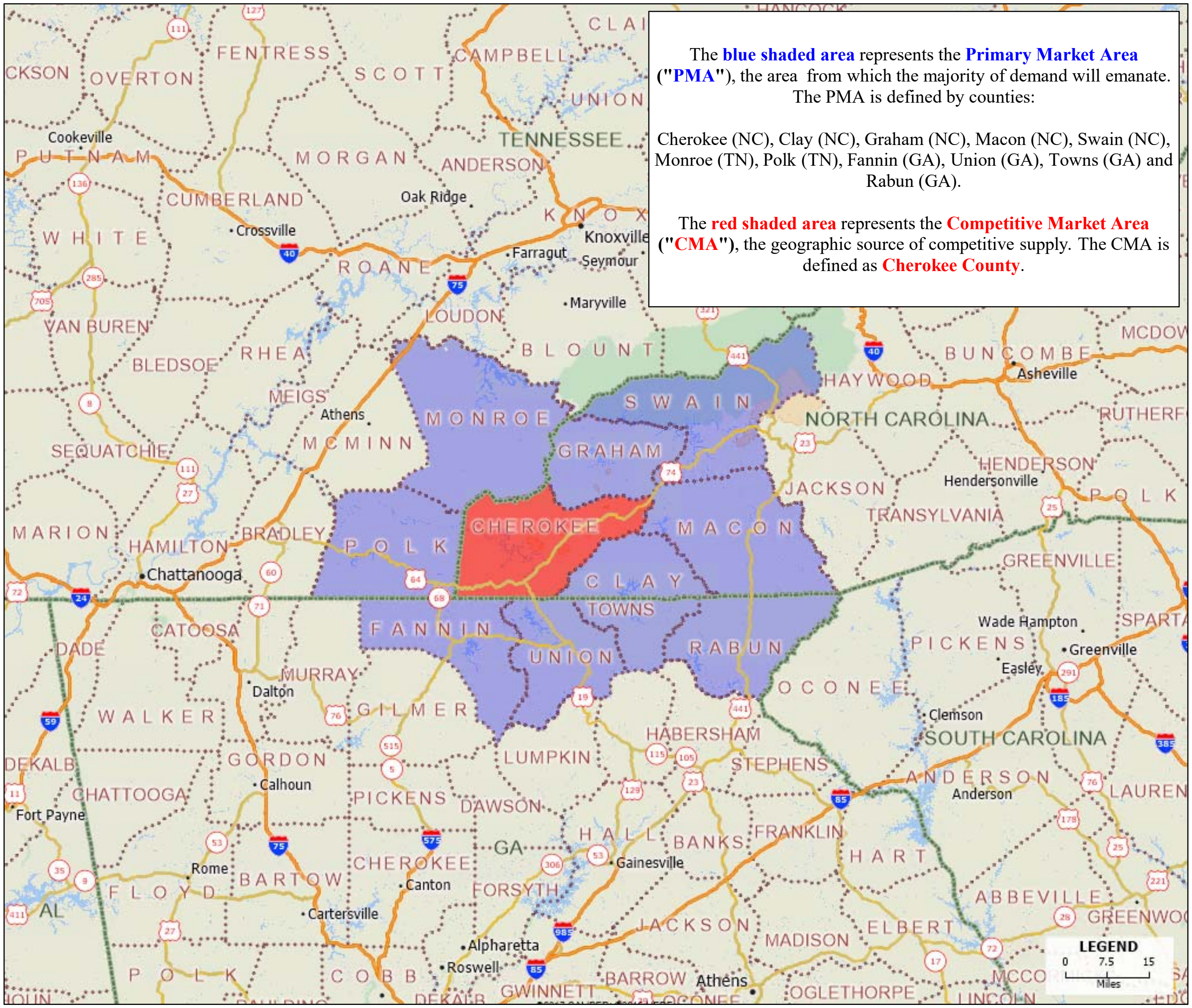
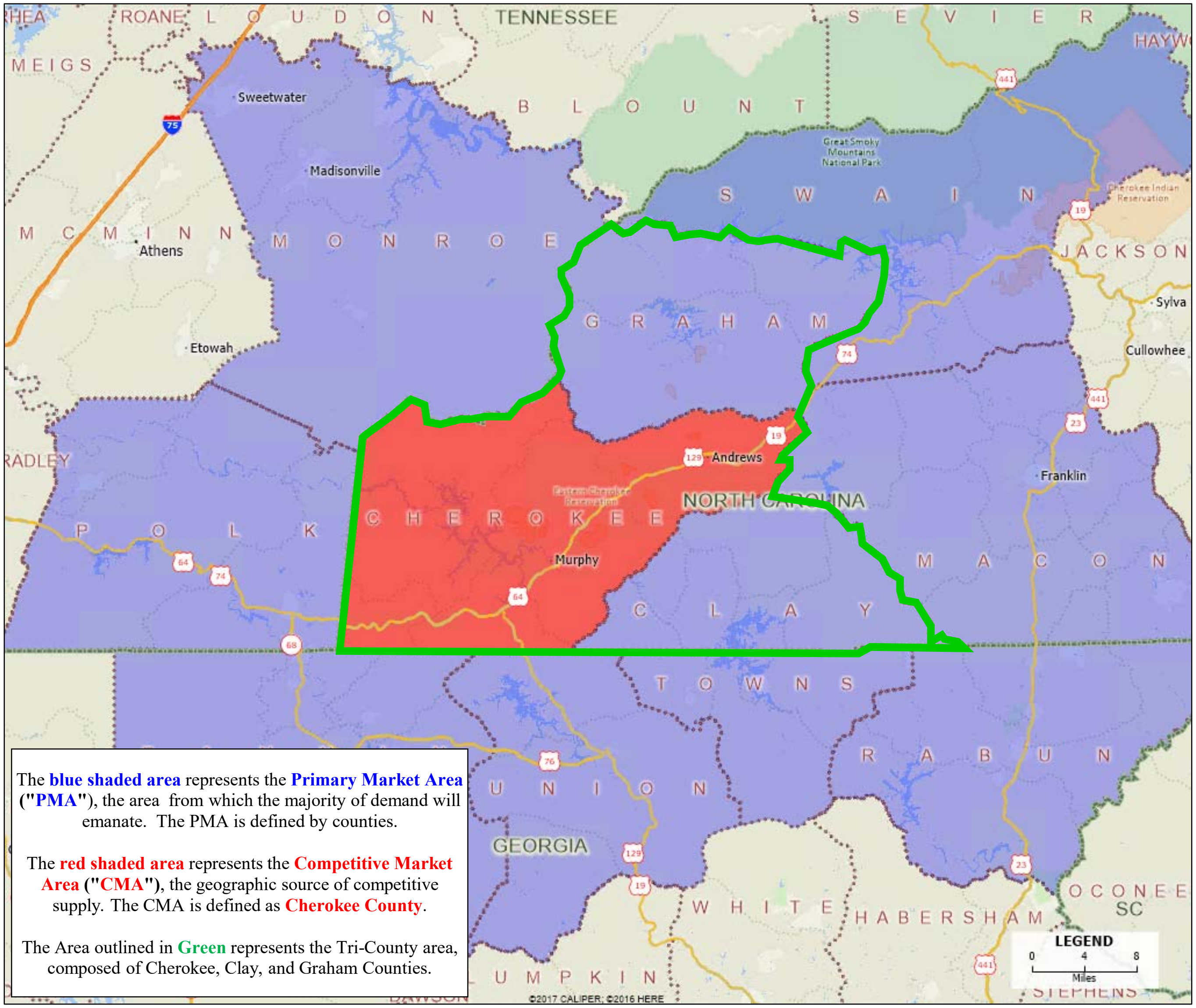


EXHIBIT I-1

REGIONAL LOCATION
CHEROKEE COUNTY
NOVEMBER 2017



The **blue shaded area** represents the **Primary Market Area ("PMA")**, the area from which the majority of demand will emanate. The PMA is defined by counties.

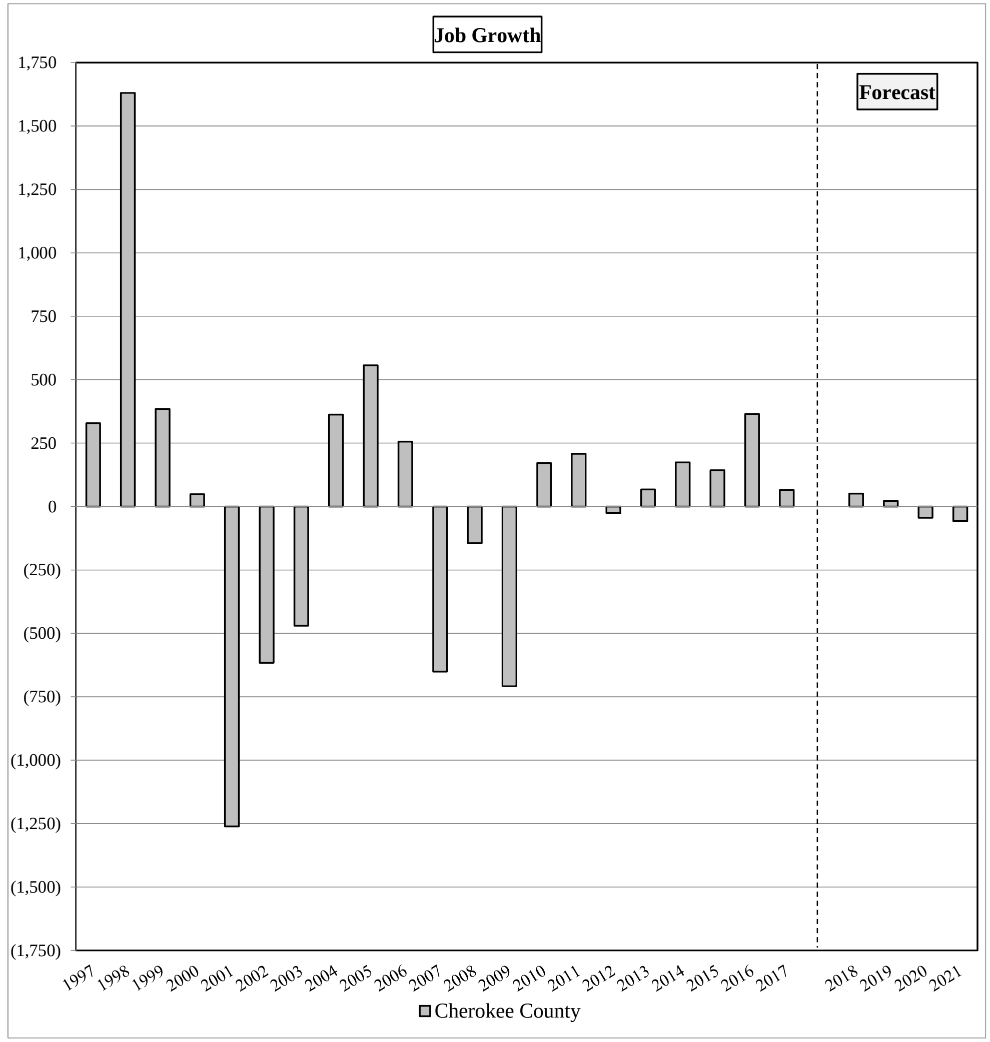
The **red shaded area** represents the **Competitive Market Area ("CMA")**, the geographic source of competitive supply. The CMA is defined as **Cherokee County**.

The Area outlined in **Green** represents the Tri-County area, composed of Cherokee, Clay, and Graham Counties.

EXHIBIT I-2A

EMPLOYMENT - TOTAL
PRIMARY MARKET AREA
1996 THROUGH 2021

	United States			PMA			Cherokee County		
		Growth			Growth			Growth	
000s	**Num.**	**Num.**	**Perc.**	**Num.**	**Num.**	**Perc.**	**Num.**	**Num.**	**Perc.**
Annual									
1996	119,827			---			8.5		
1997	122,942	3,115	2.6%	---	---	---	8.9	0.3	3.9%
1998	126,150	3,208	2.6%	---	---	---	10.5	1.6	18.4%
1999	129,241	3,091	2.5%	---	---	---	10.9	0.4	3.7%
2000	132,034	2,793	2.2%	---	---	---	10.9	0.0	0.4%
2001	132,092	59	0.0%	64.6	---	---	9.7	(1.3)	(11.6%)
2002	130,649	(1,443)	(1.1%)	64.4	(0.2)	(0.3%)	9.0	(0.6)	(6.4%)
2003	130,344	(305)	(0.2%)	65.2	0.8	1.2%	8.6	(0.5)	(5.2%)
2004	131,770	1,426	1.1%	67.3	2.1	3.2%	8.9	0.4	4.2%
2005	134,042	2,272	1.7%	70.3	3.0	4.5%	9.5	0.6	6.2%
2006	136,458	2,415	1.8%	72.4	2.1	3.0%	9.7	0.3	2.7%
2007	137,997	1,540	1.1%	71.9	(0.5)	(0.7%)	9.1	(0.7)	(6.7%)
2008	137,241	(757)	(0.5%)	69.1	(2.8)	(3.9%)	9.0	(0.1)	(1.6%)
2009	131,300	(5,941)	(4.3%)	64.2	(5.0)	(7.2%)	8.2	(0.7)	(7.9%)
2010	130,353	(947)	(0.7%)	64.2	(0.0)	(0.0%)	8.4	0.2	2.1%
2011	131,941	1,588	1.2%	64.7	0.5	0.8%	8.6	0.2	2.5%
2012	134,173	2,232	1.7%	65.4	0.8	1.2%	8.6	(0.0)	(0.3%)
2013	136,381	2,209	1.6%	65.8	0.4	0.6%	8.7	0.1	0.8%
2014	138,939	2,558	1.9%	67.6	1.8	2.7%	8.8	0.2	2.0%
2015	141,833	2,894	2.1%	69.9	2.3	3.5%	9.0	0.1	1.6%
2016	144,310	2,477	1.7%	72.6	2.7	3.8%	9.3	0.4	4.1%
2017	146,436	2,126	1.5%	70.4	(2.3)	(3.1%)	9.4	0.1	0.7%
Forecast									
2018	148,495	2,059	1.4%	---	---	---	9.5	0.1	0.5%
2019	150,528	2,033	1.4%	---	---	---	9.5	0.0	0.2%
2020	151,990	1,462	1.0%	---	---	---	9.4	(0.0)	(0.5%)
2021	152,621	631	0.4%	---	---	---	9.4	(0.1)	(0.6%)
Historical Average (1)									
5-Yr		2,474	1.8%		1.0	2.3%		0.2	1.6%
10-Yr		785	0.6%		(0.2)	0.0%		0.0	(0.4%)
2016 vs. 2007		6,313	4.6%		0.7	1.0%		0.3	2.8%
2016 vs. 2012		10,138	7.6%		7.2	11.0%		0.7	8.7%
2020 vs. 2016		7,680	5.3%		---	---		0.1	1.0%

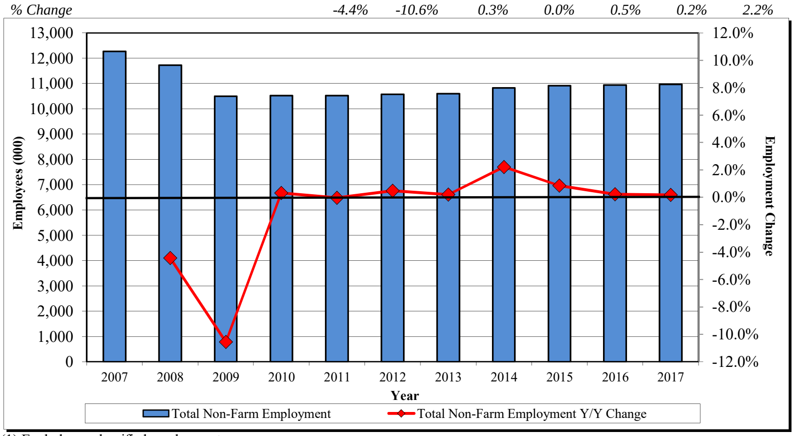


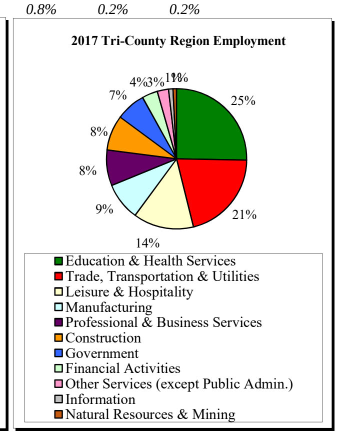
(1) 2017 estimated.
Source: Moody's

EXHIBIT I-2B

EMPLOYMENT - BY INDUSTRY
TRI-COUNTY REGION
2007 THROUGH 2017

Industry	Annual Employment (2) 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Ann. Growth '07-'17	'12-'17
Education & Health Services													
Murphy Medical Center	722	764	745	738	693	555	527	498	546	452	530	-3.0%	-0.9%
Cherokee County Schools	540	550	545	518	519	525	511	496	496	507	507	-0.6%	-0.7%
Remaining	1,553	1,650	1,688	1,737	1,707	1,688	1,744	1,750	1,694	1,810	1,738	1.1%	0.6%
Total	**2,815**	**2,964**	**2,978**	**2,993**	**2,919**	**2,768**	**2,781**	**2,744**	**2,736**	**2,769**	**2,775**	**-0.1%**	**0.1%**
Trade, Transportation & Utilities													
Walmart	429	415	415	368	335	292	296	300	300	276	256	-5.0%	-2.6%
Buckhorn Lumber/ Peachtree	---	---	---	---	---	7	7	7	7	10	15	---	16.5%
B&C Machine	---	---	6	10	9	5	8	10	10	9	11	---	17.1%
Premium Knife	---	---	---	---	---	---	---	---	---	---	6	---	---
Munters	49	37	7	3	3	3	3	3	3	3	3	-24.4%	0.0%
Remaining	2,386	2,288	1,890	1,919	1,895	1,907	1,851	1,856	1,866	1,930	1,997	-1.8%	0.9%
Total	**2,864**	**2,740**	**2,318**	**2,300**	**2,242**	**2,214**	**2,164**	**2,176**	**2,186**	**2,228**	**2,288**	**-2.2%**	**0.7%**
Leisure & Hospitality													
Valley River Casino	---	---	---	---	---	---	---	---	737	974	850	---	---
Remaining	1,589	1,488	1,241	1,148	1,145	1,246	1,413	1,450	740	526	678	-8.2%	-11.5%
Total	**1,589**	**1,488**	**1,241**	**1,148**	**1,145**	**1,246**	**1,413**	**1,450**	**1,477**	**1,500**	**1,528**	**-0.4%**	**4.2%**
Manufacturing													
Snap On Tools	195	175	178	192	235	275	286	296	294	290	290	4.0%	1.1%
IOI	223	254	270	312	360	339	322	305	223	201	198	-1.2%	-10.2%
Team	156	153	140	95	89	94	102	110	160	143	156	0.0%	10.7%
Advanced Digital Cable	60	55	55	64	77	77	72	66	66	131	132	8.2%	11.4%
MGM Brakes	189	179	165	122	109	100	94	87	87	79	79	-8.4%	-4.6%
Coleman Cable/ Southwire	75	94	78	50	51	51	53	55	57	62	57	-2.7%	2.2%
Andrews Truss	40	36	30	26	18	17	18	18	25	24	27	-3.9%	9.7%
Aegis	16	16	16	16	16	18	16	14	13	13	16	0.0%	-2.3%
Lidseen	6	5	6	4	6	5	6	7	7	7	5	-1.8%	0.0%
Remaining	311	129	29	73	---	---	6	123	189	59	---	---	---
Total	**1,271**	**1,096**	**967**	**954**	**961**	**976**	**973**	**1,081**	**1,121**	**1,009**	**960**	**-2.8%**	**-0.3%**
Professional & Business Services													
Moog	413	417	412	342	389	404	406	407	378	348	340	-1.9%	-3.4%
Parker and Riechman	50	49	47	48	49	46	46	46	55	44	47	-0.6%	0.4%
MicroAudio Metrics	10	11	11	10	10	9	7	4	4	4	4	-8.8%	-15.0%
Remaining	---	---	---	365	501	521	480	498	483	508	512	---	-0.4%
Total	**473**	**477**	**470**	**765**	**949**	**980**	**938**	**955**	**920**	**904**	**903**	**6.7%**	**-1.6%**
Construction													
Wells and West	82	75	115	53	45	47	41	35	35	35	40	-6.9%	-3.2%
Remaining	1,477	1,269	869	800	797	810	768	822	935	925	848	-5.4%	0.9%
Total	**1,559**	**1,344**	**984**	**853**	**842**	**857**	**809**	**857**	**970**	**960**	**888**	**-5.5%**	**0.7%**
Government													
Cherokee County Government	356	390	360	383	421	442	451	460	447	440	424	1.8%	-0.8%
Remaining	318	317	341	339	271	268	254	271	240	278	318	0.0%	3.5%
Total	**674**	**707**	**701**	**722**	**692**	**710**	**705**	**731**	**687**	**718**	**742**	**1.0%**	**0.9%**
Financial Activities													
Drake Enterprises	---	---	---	---	---	---	---	---	---	120	105	---	---
Remaining	583	476	433	416	383	380	356	359	379	266	290	-6.7%	-5.3%
Total	**583**	**476**	**433**	**416**	**383**	**380**	**356**	**359**	**379**	**386**	**395**	**-3.8%**	**0.8%**
Other Services (except Public Admin.)	194	184	168	157	179	217	236	253	247	271	283	3.8%	5.5%
Information	165	167	149	136	128	141	135	136	115	113	112	-3.8%	-4.5%
Natural Resources & Mining	86	86	81	80	80	82	82	85	81	84	89	0.3%	1.6%
Total Non-Farm (1)	**12,273**	**11,729**	**10,490**	**10,524**	**10,520**	**10,571**	**10,593**	**10,827**	**10,919**	**10,942**	**10,962**	**-1.1%**	**0.7%**
Y/Y Change		*-544.0*	*-1,239.0*	*34.2*	*-4.2*	*50.8*	*21.8*	*234.8*	*91.6*	*23.0*	*19.9*		
% Change		*-4.4%*	*-10.6%*	*0.3%*	*0.0%*	*0.5%*	*0.2%*	*2.2%*	*0.8%*	*0.2%*	*0.2%*		



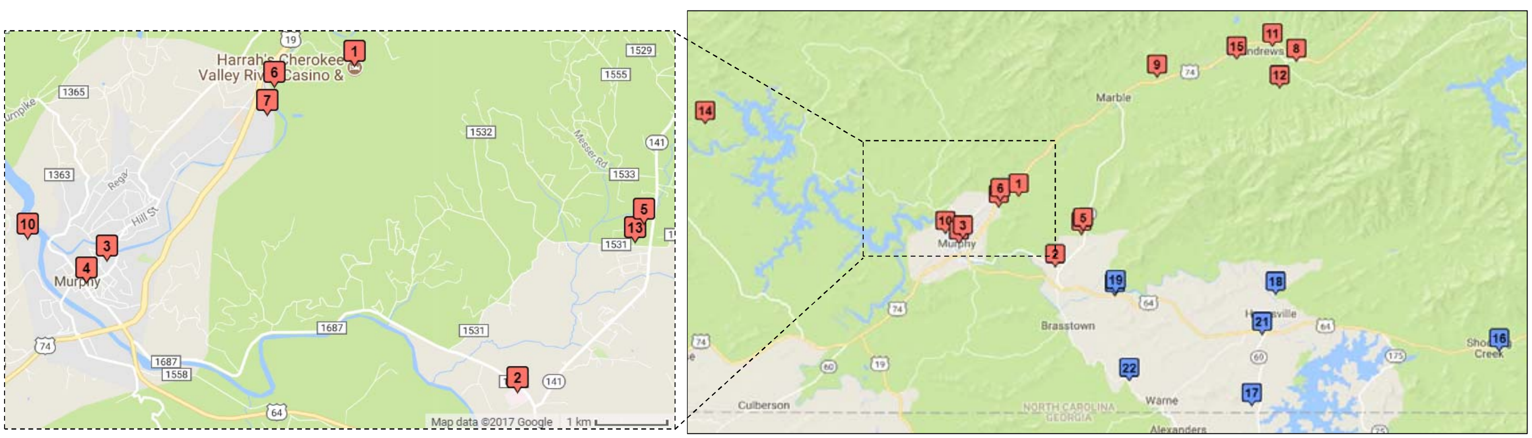


(1) Excludes unclassified employment
(2) See Exhibit I-2D; employee count estimated based on earlier month's capture of each year
Note: all employment figures represent year end; updated 10.2017; Some statistics estimated based on historical data
Source: Burleau of Labor Statistics, Tri-County Community College

EXHIBIT I-2C

MAJOR EMPLOYERS - HISTORICAL EMPLOYEE HEADCOUNTS
TRI-COUNTY REGION
2005 - 2017

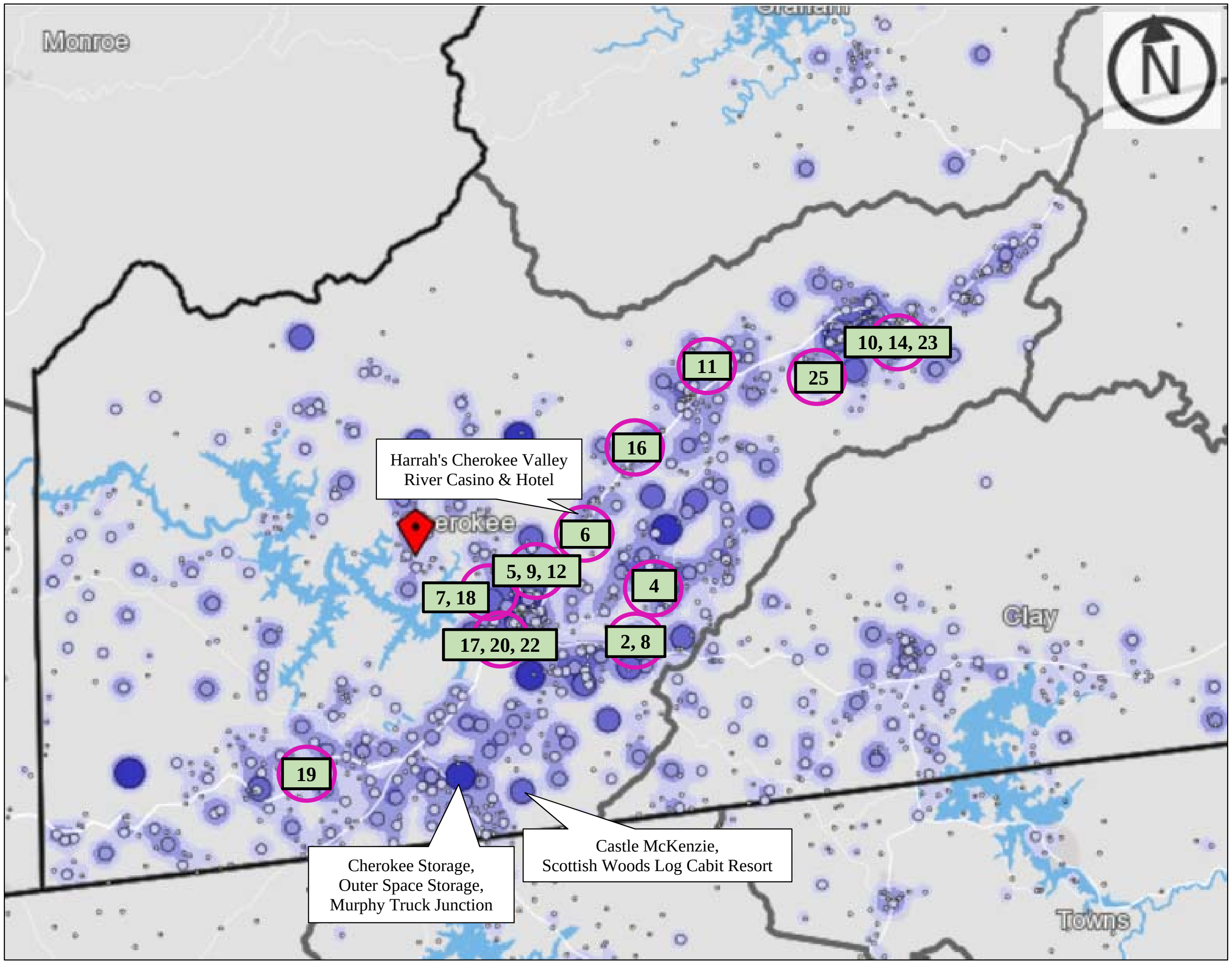
Key	Employer	Industry	Oct-05	Nov-06	Apr-07	Jun-07	Oct-07	Jun-08	Jan-09	May-09	Jul-09	Feb-10	Jan-11	Aug-12	May-14	Sep-15	Jul-16	Feb-17
Cherokee County																		
1	Valley River Casino	Leisure & Hospitality	---	---	---	---	---	---	---	---	---	---	---	---	---	737	974	850
2	Murphy Medical Center	Education & Health Services	---	679	722	722	737	764	745	742	744	738	693	555	498	546	452	530
3	Cherokee County Schools	Education & Health Services	---	---	540	544	545	550	545	545	545	518	519	525	496	496	507	507
4	Cherokee County Government	Government	---	353	356	385	386	390	360	345	353	383	421	442	460	447	440	424
5	Moog	Professional & Business Services	354	365	413	416	423	417	412	386	356	342	389	404	407	378	348	340
6	Snap On Tools	Manufacturing	200	205	195	191	181	175	178	180	178	192	235	275	296	294	290	290
7	Walmart	Trade, Transportation & Utilities	---	---	429	416	433	415	415	439	350	368	335	292	300	300	276	256
8	IOI	Manufacturing	220	222	223	228	233	254	270	360	351	312	360	339	305	223	201	198
9	Team	Manufacturing	122	181	156	156	173	153	140	83	84	95	89	94	110	160	143	156
10	MGM Brakes	Manufacturing	230	179	189	188	184	179	165	158	140	122	109	100	87	87	79	79
11	Parker and Riechman	Professional & Business Services	50	50	50	46	47	49	47	51	51	48	49	46	46	55	44	47
12	Wells and West	Construction	---	82	82	82	115	75	115	40	32	53	45	47	35	35	35	40
13	Andrews Truss	Manufacturing	---	40	40	40	45	36	30	29	30	26	18	17	18	25	24	27
14	Aegis	Manufacturing	15	16	16	16	15	16	16	15	16	16	16	18	14	13	13	16
15	MicroAudio Metrics	Manufacturing	---	10	10	10	10	11	11	11	10	10	10	9	4	4	4	4
16	Munters	Trade, Transportation & Utilities	---	40	49	49	36	37	7	5	3	3	3	3	3	3	3	3
		Cherokee County Weighted Average/Total:	**1,191**	**2,422**	**3,470**	**3,489**	**3,563**	**3,521**	**3,456**	**3,389**	**3,243**	**3,226**	**3,291**	**3,166**	**3,079**	**3,803**	**3,833**	**3,767**
		Growth (Y/Y):	---	*92%*	*138%*	*3%*	*6%*	*-2%*	*-3%*	*-6%*	*-23%*	*-1%*	*2%*	*-2%*	*-2%*	*17%*	*1%*	*-3%*
Clay County																		
17	Advanced Digital Cable	Manufacturing	---	60	60	55	50	55	55	59	59	64	77	77	66	66	131	132
18	Drake Enterprises	Financial Activities	---	---	---	---	---	---	---	---	---	---	---	---	---	---	120	105
19	Coleman Cable/ Southwire	Manufacturing	---	75	75	98	103	94	78	70	70	50	51	51	55	57	62	57
20	Buckhorn Lumber/ Peachtree	Trade, Transportation & Utilities	---	---	---	---	---	---	---	---	---	---	---	7	7	7	10	15
21	B&C Machine	Trade, Transportation & Utilities	---	---	---	---	---	---	6	8	10	10	9	5	10	10	9	11
22	Premium Knife	Trade, Transportation & Utilities	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	6
23	Lidseen	Manufacturing	---	6	6	8	3	5	6	4	4	4	6	5	7	7	7	5
		Clay County Weighted Average/Total:	**---**	**141**	**141**	**161**	**156**	**154**	**145**	**141**	**143**	**128**	**143**	**145**	**145**	**147**	**339**	**331**
		Growth (Y/Y):	---	---	*0%*	*121%*	*-9%*	*-2%*	*-10%*	*-8%*	*9%*	*-17%*	*13%*	*1%*	*0%*	*1%*	*173%*	*-4%*
		OVERALL WEIGHTED AVERAGE/TOTAL:	**1,191**	**2,563**	**3,611**	**3,650**	**3,719**	**3,675**	**3,601**	**3,530**	**3,386**	**3,354**	**3,434**	**3,311**	**3,224**	**3,950**	**4,172**	**4,098**
		Growth (Y/Y):	---	*103%*	*129%*	*7%*	*6%*	*-2%*	*-3%*	*-6%*	*-22%*	*-2%*	*3%*	*-2%*	*-2%*	*16%*	*7%*	*-3%*



Note: Tri-County Region includes Cherokee, Clay and Graham Counties.
(1) Estimated median income for salaried employees

EXHIBIT I-2C

MAJOR EMPLOYERS
CHEROKEE COUNTY
1Q17



Map Key	Company	Industry	# Employees
1	Cherokee County Board Of Education	Education & Health Services	500-999
2	Murphy Medical Center Inc	Education & Health Services	500-999
3	Cherokee County	Public Administration	250-499
4	Moog Inc	Professional & Business Services	250-499
5	Wal-Mart Associates Inc	Trade, Transportation, & Utilities	250-499
6	Sioux Tools Inc	Manufacturing	250-499
7	D Duncan Sumpter Pc	Education & Health Services	100-249
8	Tri County Community College	Education & Health Services	100-249
9	Ingles Markets Inc	Trade, Transportation, & Utilities	100-249
10	IOI Enterprises Inc	Manufacturing	100-249
11	Team Industries	Manufacturing	100-249
12	Lowes Home Centers Inc	Trade, Transportation, & Utilities	100-249
13	Bravo Cucina Italiana	Leisure & Hospitality	100-249
14	Industrial Opportunities Inc	Education & Health Services	100-249
15	Employers Edge Llc	Professional & Business Services	100-249
16	Amos Refrigeration Inc	Construction	50-99
17	McDonald's	Leisure & Hospitality	50-99
18	MGM Brakes	Manufacturing	50-99
19	Nc Department Of Transportation	Public Administration	50-99
20	United Community Bank	Financial Activities	50-99
21	Town Of Murphy	Public Administration	50-99
22	Wendys Old Fashioned Hamburgers	Leisure & Hospitality	50-99
23	Carolina Mountain C R Brown Feeds	Manufacturing	50-99
24	Shoreline Healthcare Management Llc	Education & Health Services	50-99
25	P & R Farms	Natural Resources & Mining	50-99
		SUBTOTAL:	**5,325**

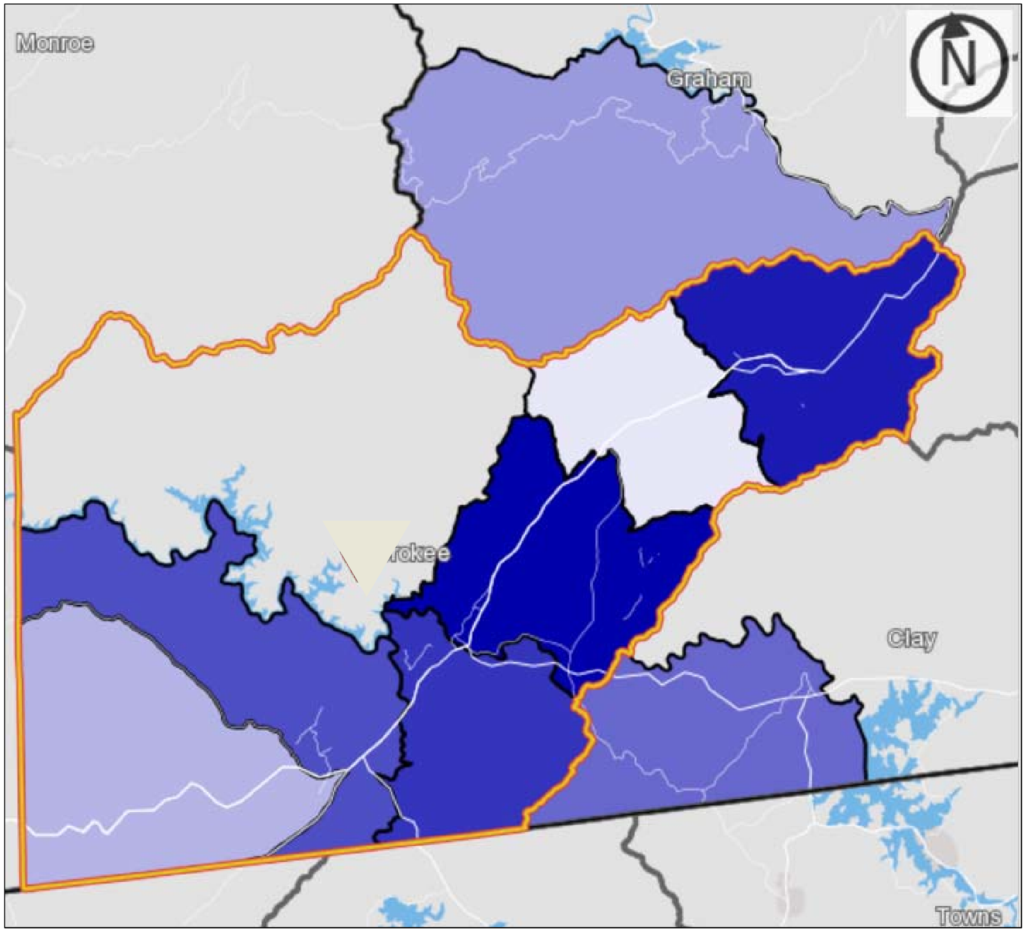
Sources: U.S. Census; BLS; OnTheMap (2014), The Beacon Council (2015)

EXHIBIT I-2D

COMMUTE PATTERNS
PRIMARY MARKET AREA
2014

Geography:	CMA Num.	CMA Perc.	PMA Num.	PMA Perc.
Jobs/Labor Ratio				
Jobs	7,472		59,630	
Employed Labor	8,708		76,152	
Jobs/Labor	0.9		0.8	
Commute to Work	*(Living in Geography)*			
Distance to Work				
Under 10-Miles	3,168	36%	26,696	35%
10-24 Miles	2,072	24%	17,204	23%
25-50 Miles	655	8%	11,335	15%
Over 50-Miles	2,813	32%	20,917	27%
Direction of Work				
Southerly	2,228	26%	25,734	34%
Westerly	1,817	21%	24,904	33%
Northerly	2,858	33%	27,062	36%
Easterly	5,776	66%	33,995	45%
Location of Work				
Murphy town, NC	1,580	18%	2,095	3%
Andrews town, NC	521	6%	681	1%
Raleigh city, NC	275	3%	925	1%
Asheville city, NC	227	3%	1,222	2%
Charlotte city, NC	187	2%	671	1%
Franklin town, NC	133	2%	3,681	5%
Cherokee CDP, NC	96	1%	1,196	2%
Blue Ridge city, GA	89	1%	1,799	2%
Sylva town, NC	82	1%	708	1%
Robbinsville town, NC	75	1%	532	1%
Hayesville town, NC	72	1%	346	0%
All Other Locations	5,371	62%	62,296	82%
Total:	8,708	100%	76,152	100%
Commute to Home	*(Working in Geography)*			
Distance to Home				
Under 10-Miles	3,286	44%	27,010	45%
10-24 Miles	2,169	29%	14,740	25%
25-50 Miles	553	7%	6,973	12%
Over 50-Miles	1,464	20%	10,907	18%
Total:	7,472	100%	59,630	100%
Direction of Home				
Northerly	2,203	29%	19,822	33%
Southerly	2,524	34%	22,881	38%
Easterly	3,989	53%	24,041	40%
Westerly	2,507	34%	22,402	38%

CMA - Location of Work



Source: US Census Bureau, Center for Economic Studies

EXHIBIT I-2E

MIGRATION
CHEROKEE COUNTY
2010 - 2014

INBOUND

Within State

Rank	Migrate from:	#	% NC	% US
1	Richmond County	325	23%	0%
2	Durham County	185	13%	0%
3	Halifax County	95	7%	0%
4	Cabarrus County	93	7%	0%
5	Catawba County	74	5%	0%
6	Wilson County	63	4%	0%
7	Union County	55	4%	0%
8	Pitt County	53	4%	0%
9	Wake County	51	4%	0%
10	Hoke County	47	3%	0%
	Other Counties	375	26%	0%
	North Carolina Total:	**1,416**	**100%**	**1%**

State Rankings (1)

Rank	Migrate from:	#	% PMA
1	NC	1,416	1%
2	OH	16,562	9%
3	IL	15,542	9%
4	KY	13,885	8%
5	IN	13,677	8%
6	NY	12,530	7%
7	PA	12,432	7%
8	AR	12,229	7%
9	IA	5,483	3%
10	VA	4,286	2%
11	MO	4,282	2%
	Other States	68,758	38%
	Total	**181,082**	**100%**

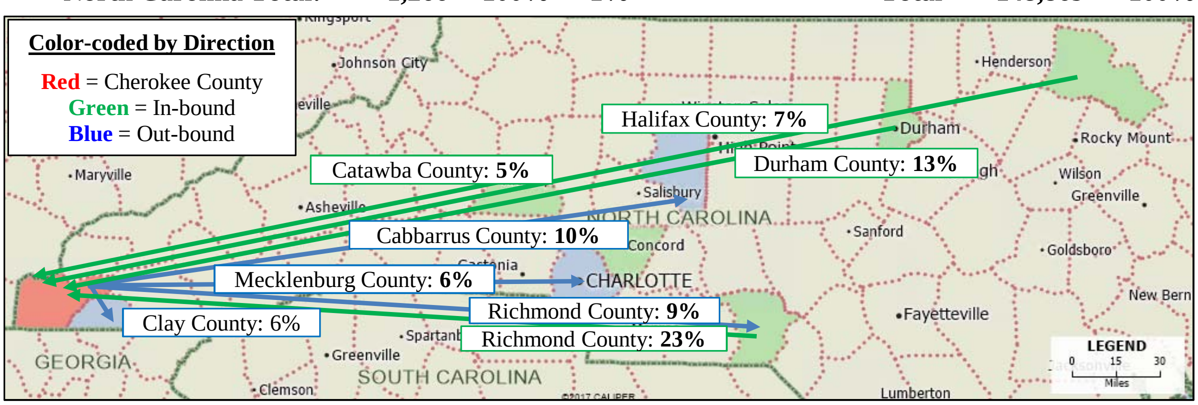
OUTBOUND

Within State

Rank	Migrate to:	#	% NC	% US
1	Davidson County	138	11%	0%
2	Cabarrus County	125	10%	0%
3	Richmond County	120	9%	0%
4	Mecklenburg County	82	6%	0%
5	Clay County	70	6%	0%
6	Brunswick County	62	5%	0%
7	Rockingham County	59	5%	0%
8	Beaufort County	55	4%	0%
9	Jackson County	55	4%	0%
10	Buncombe County	50	4%	0%
	Other Counties	450	36%	0%
	North Carolina Total:	**1,266**	**100%**	**1%**

State Rankings (1)

Rank	Migrate to:	#	% PMA
1	NC	1,266	1%
2	OH	13,601	9%
3	IL	12,445	8%
4	KY	10,017	7%
5	IN	9,836	7%
6	AR	9,457	6%
7	PA	9,133	6%
8	NY	9,032	6%
9	IA	4,087	3%
10	MO	3,778	3%
11	AL	3,300	2%
	Other States	62,917	42%
	Total	**148,869**	**100%**



(1) North Carolina does not include Cherokee County

Source: U.S. Census Bureau, 2010-2014 5-year American Community Survey

EXHIBIT I-3A

DEMOGRAPHICS - SUMMARY
PRIMARY MARKET AREA
2010 THROUGH 2022

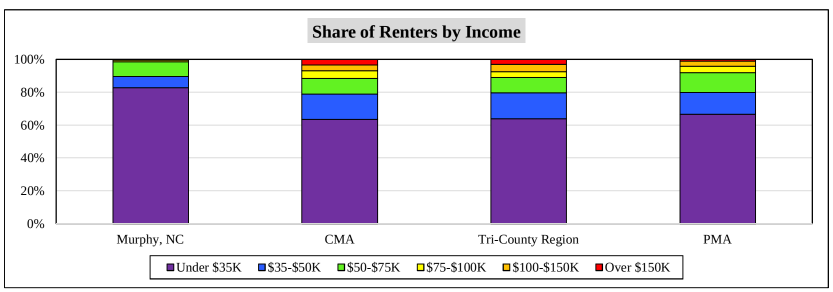
	Murphy, NC		CMA		Tri-County Region		PMA		United States	
Geography:	**Num.**	**Perc.**	**Num.**	**Perc.**	**Num.**	**Perc.**	**Num.**	**Perc.**	**Num.**	**Perc.**
Population										
2010	1,627		27,444		46,892		227,924		308,745,538	
2017	1,712		27,328		46,787		234,361		325,139,271	
Gr./ Yr.	12	0.7%	-17	-0.1%	-15	0.0%	920	0.4%	2,341,962	0.7%
2022	1,718		27,765		47,586		242,379		337,393,057	
Gr./ Yr.	1	0.1%	87	0.3%	160	0.3%	1,604	0.7%	2,450,757	0.7%
Households										
2010	706		11,753		20,114		95,334		116,716,292	
2017	744		11,767		20,116		98,297		123,356,629	
Gr./ Yr.	5	0.8%	2	0.0%	0	0.0%	423	0.4%	948,620	0.8%
2022	749		11,990		20,490		101,904		128,246,828	
Gr./ Yr.	1	0.1%	45	0.4%	75	0.4%	721	0.7%	978,040	0.8%
Owner HH ('17)	404	54%	9,522	81%	16,102	80%	75,214	77%	78,820,858	64%
Renter HH ('17)	340	46%	2,245	19%	4,014	20%	23,083	23%	44,535,771	36%
Household Size ('17)	2.3		2.3		2.3		2.4		2.6	
1-2 Persons	506	68%	8,145	69%	13,876	69%	66,388	68%	73,465,388	60%
3+ Persons	238	32%	3,622	31%	6,240	31%	31,909	32%	49,891,241	40%
Average Income										
2010	$37,526		$37,009		$37,121		$39,487		$56,644	
2017	$46,202		$46,527		$49,723		$53,029		$80,853	
Gr./ Yr.	$1,239	3.0%	$1,360	3.3%	$1,800	4.3%	$1,935	4.3%	$3,458	5.2%
2022	$48,954		$48,868		$52,531		$56,464		$87,464	
Gr./ Yr.	$550	1.2%	$468	1.0%	$562	1.1%	$687	1.3%	$1,322	1.6%
Income Profile ('17)										
Over $50K	256	34%	4,050	34%	7,273	36%	38,403	39%	68,075,939	55%
Over $75K	133	18%	2,031	17%	3,894	19%	21,561	22%	46,641,352	38%
Over $100K	68	9%	913	8%	2,007	10%	11,643	12%	31,724,938	26%
Age Profile ('17)										
Median - Population	47.0		51.0		50.2		48.4		38.2	
Householder										
Under 24	23	3%	289	2%	529	3%	2,790	3%	4,898,622	4%
25-34	73	10%	1,018	9%	1,825	9%	9,414	10%	18,534,832	15%
35-44	94	13%	1,325	11%	2,322	12%	11,705	12%	21,108,955	17%
45-54	132	18%	1,752	15%	2,997	15%	15,523	16%	23,154,907	19%
55-64	142	19%	2,578	22%	4,267	21%	20,341	21%	24,047,930	19%
65 Plus	280	38%	4,805	41%	8,176	41%	38,524	39%	31,611,383	26%

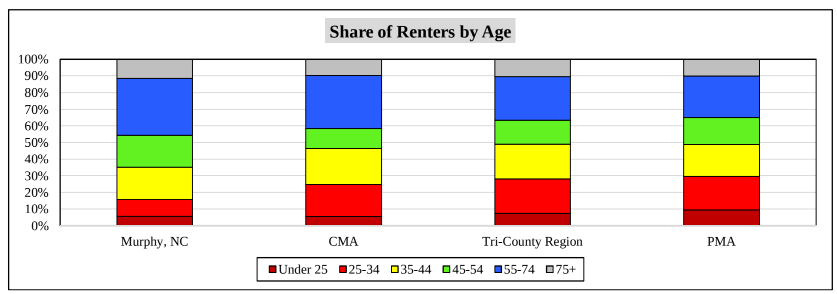
Tri-County Region includes Cherokee, Glay and Graham county.
Source: Claritas (2017), American Fact Finder (2015)

EXHIBIT I-3B

DEMOGRAPHICS - RENTERS
PRIMARY MARKET AREA
2017 - WITH 2015 AFF

	Murphy, NC					CMA					Tri-County Region					PMA				
			Renter Households					Renter Households					Renter Households					Renter Households		
	All HHs		%	Rent		All HHs		%	Rent		All HHs		%	Rent		All HHs		%	Rent	
Geography:	**Num.**	**Shr.**	**Rent (1)**	**HHs**	**Shr.**	**Num.**	**Shr.**	**Rent (1)**	**HHs**	**Shr.**	**Num.**	**Shr.**	**Rent (1)**	**HHs**	**Shr.**	**Num.**	**Shr.**	**Rent (1)**	**HHs**	**Shr.**
Households																				
Total	744	100%	46%	340	100%	11,767	100%	19%	2,245	100%	20,116	100%	20%	4,014	100%	98,297	100%	23%	23,083	100%
Income Range																				
Under $35K	407	55%	69%	281	83%	5,861	50%	24%	1,424	63%	9,591	48%	27%	2,564	64%	45,200	46%	34%	15,377	67%
$35-$50K	81	11%	29%	23	7%	1,856	16%	19%	348	15%	3,252	16%	19%	633	16%	14,694	15%	21%	3,033	13%
$50-$75K	123	17%	25%	30	9%	2,019	17%	10%	211	9%	3,379	17%	11%	372	9%	16,842	17%	17%	2,791	12%
$75-$100K	65	9%	5%	3	1%	1,118	10%	9%	106	5%	1,887	9%	8%	147	4%	9,918	10%	9%	893	4%
$100-$150K	40	5%	5%	2	1%	581	5%	14%	80	4%	1,329	7%	13%	173	4%	7,840	8%	9%	732	3%
Over $150K	28	4%	0%	0	0%	332	3%	23%	77	3%	678	3%	19%	126	3%	3,803	4%	7%	259	1%
Age Range																				
Under 25	23	3%	88%	20	6%	289	2%	44%	128	5%	529	3%	58%	305	7%	2,790	3%	78%	2,185	9%
25-34	73	10%	50%	36	10%	1,018	9%	44%	448	19%	1,825	9%	47%	865	21%	9,414	10%	49%	4,640	20%
35-44	94	13%	75%	71	20%	1,325	11%	39%	510	22%	2,322	12%	37%	866	21%	11,705	12%	38%	4,395	19%
45-54	132	18%	52%	69	19%	1,752	15%	16%	281	12%	2,997	15%	20%	594	14%	15,523	16%	24%	3,749	16%
55-74	298	40%	41%	123	34%	5,532	47%	14%	752	32%	9,209	46%	12%	1,086	26%	43,248	44%	13%	5,779	25%
75+	124	17%	33%	41	11%	1,851	16%	12%	227	10%	3,234	16%	13%	436	11%	15,617	16%	15%	2,328	10%
Household Size																				
1 Person	248	33%	60%	148	46%	3,251	28%	20%	634	28%	5,551	28%	24%	1,309	32%	26,996	27%	30%	8,184	35%
2 Person	258	35%	29%	76	23%	4,894	42%	16%	769	34%	8,325	41%	15%	1,260	31%	39,392	40%	16%	6,300	27%
3 Person	113	15%	33%	37	11%	1,725	15%	24%	414	18%	2,931	15%	23%	670	16%	14,483	15%	25%	3,658	16%
4+ Person	125	17%	51%	64	20%	1,897	16%	25%	469	21%	3,309	16%	25%	843	21%	17,426	18%	30%	5,229	22%
Children																				
With Kids @ Home	168	23%	51%	86	25%	2,454	21%	32%	797	35%	4,524	22%	32%	1,453	36%	23,760	24%	34%	8,048	35%
No Kids @ Home	576	77%	44%	254	75%	9,313	79%	16%	1,449	65%	15,592	78%	16%	2,561	64%	74,537	76%	20%	15,035	65%





Source: Claritas (2017), American Fact Finder (2015)
(1) 2015 American Factfinder

EXHIBIT I-3Ci

DEMOGRAPHICS - HOUSING TYPE
CHEROKEE COUNTY
NOVEMBER 2017

Units in Structure

	Annual							5-Yr
Unit Structure	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Avg.**
1, detached	12,061	12,684	13,397	13,427	13,131	13,239	13,265	13,292
1, attached	107	176	132	133	95	77	93	106
2	186	138	157	118	88	68	119	110
3 or 4	252	274	186	216	231	194	200	205
5 to 9	153	203	162	171	138	163	132	153
10 or more	60	109	119	114	114	84	64	99
Total:	**12,819**	**13,584**	**14,153**	**14,179**	**13,797**	**13,825**	**13,873**	**13,965**
Attached Total:	***758***	***900***	***756***	***752***	***666***	***586***	***608***	***674***
5+ Units Total:	***213***	***312***	***281***	***285***	***252***	***247***	***196***	***252***

Multifamily Inventory Units by Unit Structure

	Annual							5-Yr
Unit Structure	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Avg.**
5 to 9	9	9	9	9	9	9	9	9
10 or more	47	47	47	47	47	47	47	47
Total:	**56**	**56**	**56**	**56**	**56**	**56**	**56**	**56**

Structures by Year Home Built

	Annual (1)							5-Yr
Year Built	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Avg.**
Built 2010 or later	---	117	158	11	103	111	161	109
Built 2000 to 2009	1,504	1,818	2,636	3,337	3,931	4,041	4,294	3,648
Built 1990 to 1999	3,865	4,550	4,273	4,448	4,379	4,320	4,163	4,317
Built 1980 to 1989	3,367	3,404	3,324	2,987	2,953	3,180	3,213	3,131
Built 1970 to 1979	2,842	2,713	2,420	2,370	2,355	2,397	2,426	2,394
Built 1960 to 1969	1,673	1,865	2,079	1,924	1,819	1,629	1,447	1,780
Built 1950 to 1959	1,365	1,135	935	835	673	534	559	707
Built 1940 to 1949	563	491	579	579	511	601	694	593
Built 1939 or earlier	1,007	978	956	972	792	800	710	846
Total:	**16,186**	**17,071**	**17,360**	**17,463**	**17,516**	**17,613**	**17,667**	**17,524**
Built 2000 or Later:	***1,504***	***1,935***	***2,794***	***3,348***	***4,034***	***4,152***	***4,455***	***3,757***

(1) 2010 and 2011 distribution for post-2000 estimated.
Source: United States Census Bureau

I-3Cii
DEMOGRAPHICS - HOUSING TYPE- BUILDING PERMITS
TRI-COUNTY AREA
2000-2016

	Housing Type			Total		
		Multifamily			% Share	
Year	SFD	<5 Units	5+ Units	#	<5	5+
2000	480	0	0	480	0.0%	0.0%
2001	458	0	32	490	0.0%	6.5%
2002	566	0	10	576	0.0%	1.7%
2003	638	4	6	648	0.6%	0.9%
2004	746	6	0	752	0.8%	0.0%
2005	850	8	10	868	0.9%	1.2%
2006	887	0	0	887	0.0%	0.0%
2007	510	0	0	510	0.0%	0.0%
2008	299	0	0	299	0.0%	0.0%
2009	175	0	0	175	0.0%	0.0%
2010	178	0	0	178	0.0%	0.0%
2011	141	0	0	141	0.0%	0.0%
2012	154	0	0	154	0.0%	0.0%
2013	148	0	0	148	0.0%	0.0%
2014	157	0	0	157	0.0%	0.0%
2015	191	0	0	191	0.0%	0.0%
2016	208	0	0	208	0.0%	0.0%
5-Yr Avg.	172	0	0	172	0.0%	0.0%
10-Yr Avg.	216	0	0	216	0.0%	0.0%

Source: HUD

EXHIBIT I-4

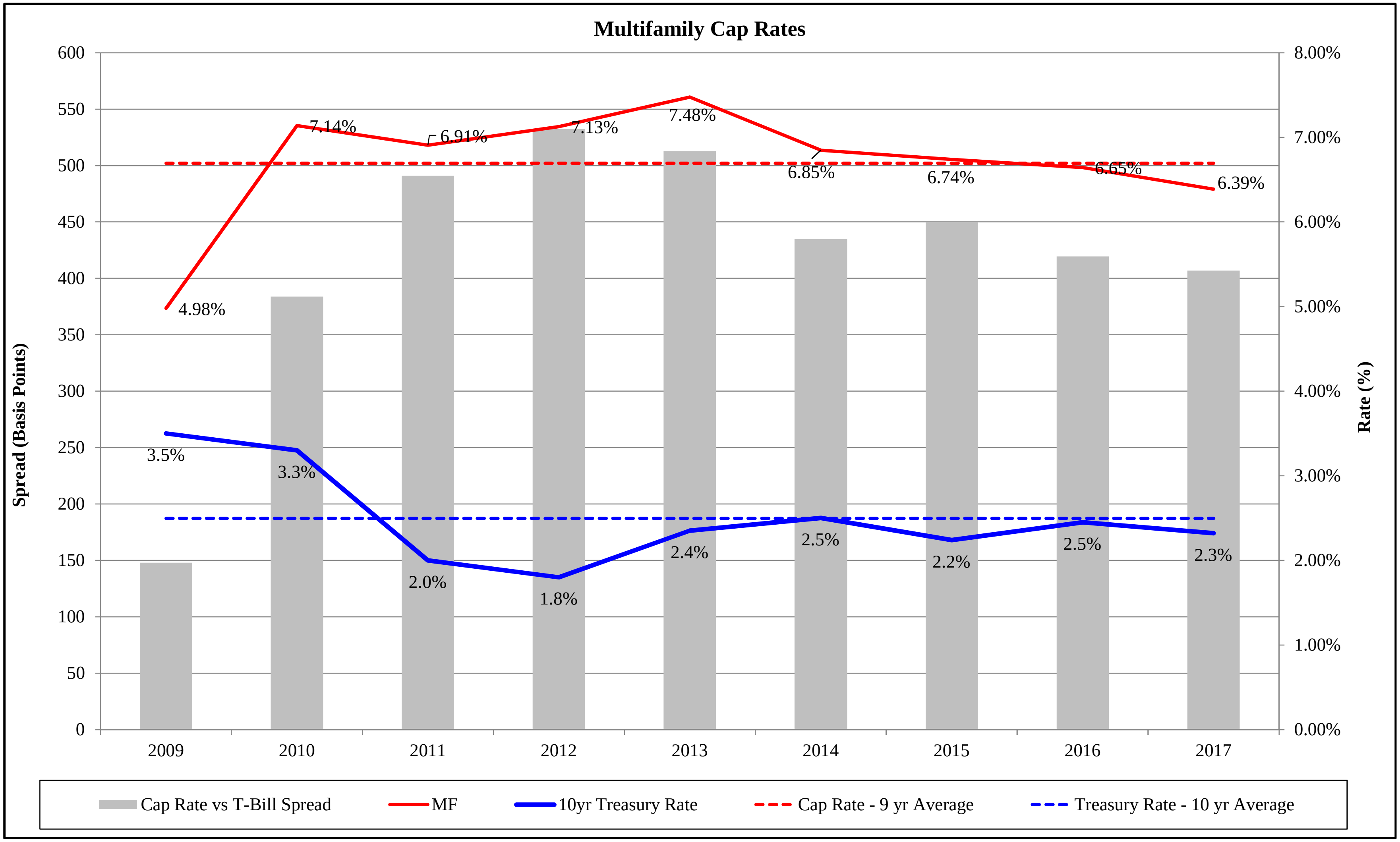
HISTORICAL TRENDS
PRIMARY MARKET AREA
2000 THROUGH 2Q17

	Annual (2)																	Annual Average (1)			Quarterly	
Metric	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**5-Yr**	**10-Yr**	**15-Yr**	**1Q17**	**2Q17**
Inventory (Properties)																						
PMA	69	71	72	73	75	77	77	79	81	82	82	83	84	84	84	84	84	84	83	80	84	84
CMA	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
% PMA	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
Inventory (Units) (3)																						
PMA	1,403	1,450	1,482	1,549	1,607	1,685	1,685	1,751	1,807	1,885	1,885	1,933	1,981	1,981	1,981	1,981	1,981	1,981	1,917	1,812	1,981	1,981
CMA	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56
% PMA	*4%*	*4%*	*4%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Net Deliveries																						
PMA	---	47	32	67	58	78	0	66	56	78	0	48	48	0	0	0	0	10	30	35	0	0
CMA	---	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% PMA	---	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Occupancy																						
PMA	93%	93%	93%	93%	91%	93%	93%	92%	91%	92%	93%	93%	92%	93%	93%	93%	93%	93%	92%	92%	93%	93%
CMA	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied Units																						
PMA	1,309	1,343	1,374	1,437	1,464	1,565	1,567	1,618	1,646	1,730	1,746	1,790	1,821	1,838	1,834	1,846	1,842	1,836	1,771	1,675	1,842	1,840
CMA	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53
% PMA	*4%*	*4%*	*4%*	*4%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Net Absorption																						
PMA	---	34	31	64	27	101	2	51	28	84	15	44	31	18	(4)	12	(4)	10	28	33	0	(2)
CMA	---	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% PMA	---	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	---	*0%*
Rent PSF																						
PMA	$1.05	$1.06	$1.05	$1.00	$0.99	$1.00	$1.06	$1.05	$1.02	$0.99	$1.00	$1.00	$1.00	$1.02	$1.04	$1.07	$1.09	$1.04	$1.03	$1.02	$1.09	$1.10
Gr./Yr. or Gr./Q.	---	0.5%	(0.7%)	(4.4%)	(1.6%)	1.1%	6.5%	(1.7%)	(2.0%)	(3.6%)	0.8%	0.5%	0.1%	2.0%	1.9%	2.4%	2.0%	2.1%	0.4%	0.3%	0.5%	0.4%
Asking Rent																						
PMA	$815	$834	$823	$807	$807	$816	$869	$894	$880	$848	$855	$863	$880	$898	$915	$937	$956	$917	$893	$870	$961	$965
Gr./Yr. or Gr./Q.	---	2.3%	(1.3%)	(1.9%)	0.0%	1.1%	6.5%	2.9%	(1.6%)	(3.6%)	0.8%	0.9%	2.0%	2.0%	1.9%	2.4%	2.0%	2.1%	0.7%	1.1%	0.5%	0.4%

(1) Does not include 2Q17
(2) Includes market and affordable rate apartments
(3) CMA inventory is for Hopewell Village (24 affordable units), Mobile Home Park on 757 Upper Peachtree Rd, Murphy, NC (23 units) and Yellow Pines Dr (9 units).
Source: CoStar

EXHIBIT I-5

APARTMENT HISTORICAL CAP RATES
PRIMARY MARKET AREA
2009 - 2017

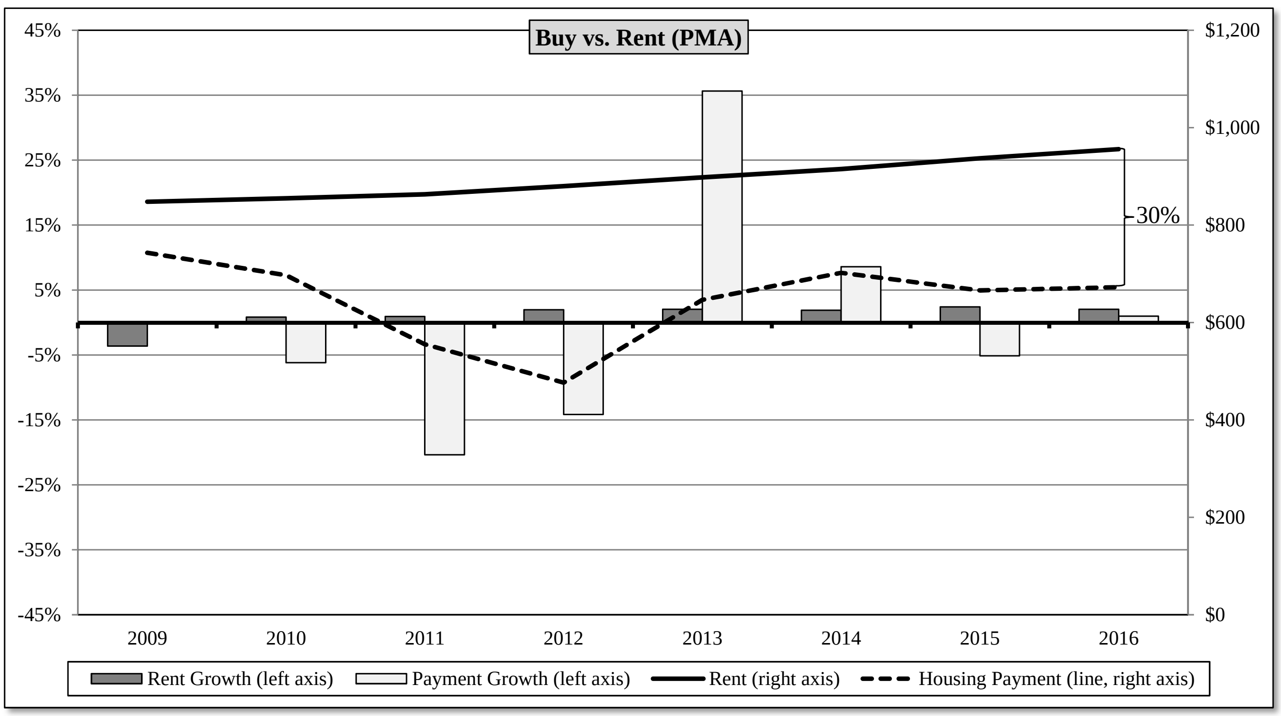


Source: RCA, Integra Realty Resources, CBRE, TCG

EXHIBIT I-6

BUY VS. RENT ANALYSIS
PRIMARY MARKET AREA
2009 THROUGH 2016

	Annual								**5-Yr**
Annual	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Avg.**
Asking Rent									
PMA	$848	$855	$863	$880	$898	$915	$937	$956	
Gr./Yr.	(3.6%)	0.8%	0.9%	2.0%	2.0%	1.9%	2.4%	2.0%	1.0%
Median Resale Price (3)									
PMA	$138,647	$141,295	$137,773	$130,058	$133,805	$139,600	$137,206	$145,005	
Gr./Yr.	---	1.9%	(2.5%)	(5.6%)	2.9%	4.3%	(1.7%)	5.7%	0.5%
Mortgage Payment									
% Down	20%	20%	20%	20%	20%	20%	20%	20%	
i-Rate	5.0%	4.7%	4.5%	3.7%	4.0%	4.2%	3.9%	3.6%	
Insurance (1)	$49	$38	---	---	$46	$53	$51	$48	
Property tax (2)	$96	$74	---	---	$90	$104	$100	$94	
Monthly Payment	$743	$697	$555	$477	$646	$702	$666	$672	
Gr./Yr.	---	(6.2%)	(20.4%)	(14.2%)	35.6%	8.6%	(5.1%)	1.0%	(0.5%)
PMA Own vs. Rent	**(12%)**	**(18%)**	**(36%)**	**(46%)**	**(28%)**	**(23%)**	**(29%)**	**(30%)**	**(32%)**



(1) NC average monthly homeowners insurance
(2) NC property tax 0.98%
(3) Resale prices are based on historical sales for PMA.
Source: Median Rent - CoStar; Home Price - Zillow; 30-Year Fixed Rate - Freddie Mac

EXHIBIT I-7

DEMAND ESTIMATE - MULTIFAMILY
PRIMARY MARKET AREA
2017 THROUGH 2022 (ANNUAL)

I. Stabilized Rental Demand - PMA

			Demand Pool							Demand from HH Growth			Ann. Renter Demand	
			Existing Households			Renters Moving				Net New		New HH	PMA	
Household Income Range	Income to Rent	Affordable Monthly Rent	Num.	% Rent	Renters	Turnover	Total	% Obs.	Demand	HH (1)	% Rent	Demand	All	New
$0 - $25,000	40%	$0 - $800	31,846	37%	11,657	70%	8,160	0.5%	41	0	37%	0	8,160	41
$25,000 - $35,000	35%	$800 - $1,000	13,354	24%	3,219	60%	1,931	0.5%	10	28	24%	7	1,938	16
$35,000 - $50,000	27%	$1,000 - $1,100	14,694	21%	3,018	50%	1,509	0.5%	8	97	21%	20	1,529	28
$50,000 - $75,000	20%	$1,100 - $1,300	16,842	16%	2,747	40%	1,099	0.5%	5	101	16%	17	1,115	22
$75,000 - $100,000	17%	$1,300 - $1,400	9,918	9%	915	30%	274	0.5%	1	149	9%	14	288	15
$100,000 - $125,000	14%	$1,400 - $1,500	5,134	11%	565	20%	113	0.5%	1	172	11%	19	132	20
$125,000 - $150,000	13%	$1,500 - $1,600	2,706	11%	284	15%	43	0.5%	0	117	11%	12	55	12
$150,000 - $200,000	10%	$1,600 - $1,700	2,164	9%	195	10%	19	0.5%	0	103	9%	9	29	9
$200,000 +	7%	$1,700 +	1,639	8%	131	5%	7	0.5%	0	101	8%	8	15	8
		Subtotal/Wtd. Avg.:	**98,297**	**23%**	**22,730**	**58%**	**13,155**	**0.5%**	**66**	**869**	**12%**	**106**	**13,260**	**171**
		Income Qualified ($800+):	***66,451***	***17%***	***11,073***	***45%***	***4,995***	***0.5%***	***25***	***869***	***12%***	***106***	***5,100***	***130***

II. Historical Scale of Market

		CMA	
Metric	**PMA**	**Num.**	**% Capture**
Households (2)			
Total - 2017	98,297	11,767	12%
Annual Growth - '17-'22	423	2	0%
% Rent	23%	19%	
Renters (% Rent x Growth)	99	0	0%
Net Absorption (3)			
2016	-4	0	0%
5-Yr	10	0	0%
10-Yr	28	0	0%
Net Deliveries (3)			
2016	0	1	---
5-Yr	10	0	0%
10-Yr	30	0	0%

III. Absorption Projection ($800+ Demand)

A. Household Growth

	2017	2018	2019	2020	2021
PMA	130	130	130	130	130
CMA	16	16	16	16	16
% PMA	12.0%	12.0%	12.0%	12.0%	12.0%

B. Upside Case

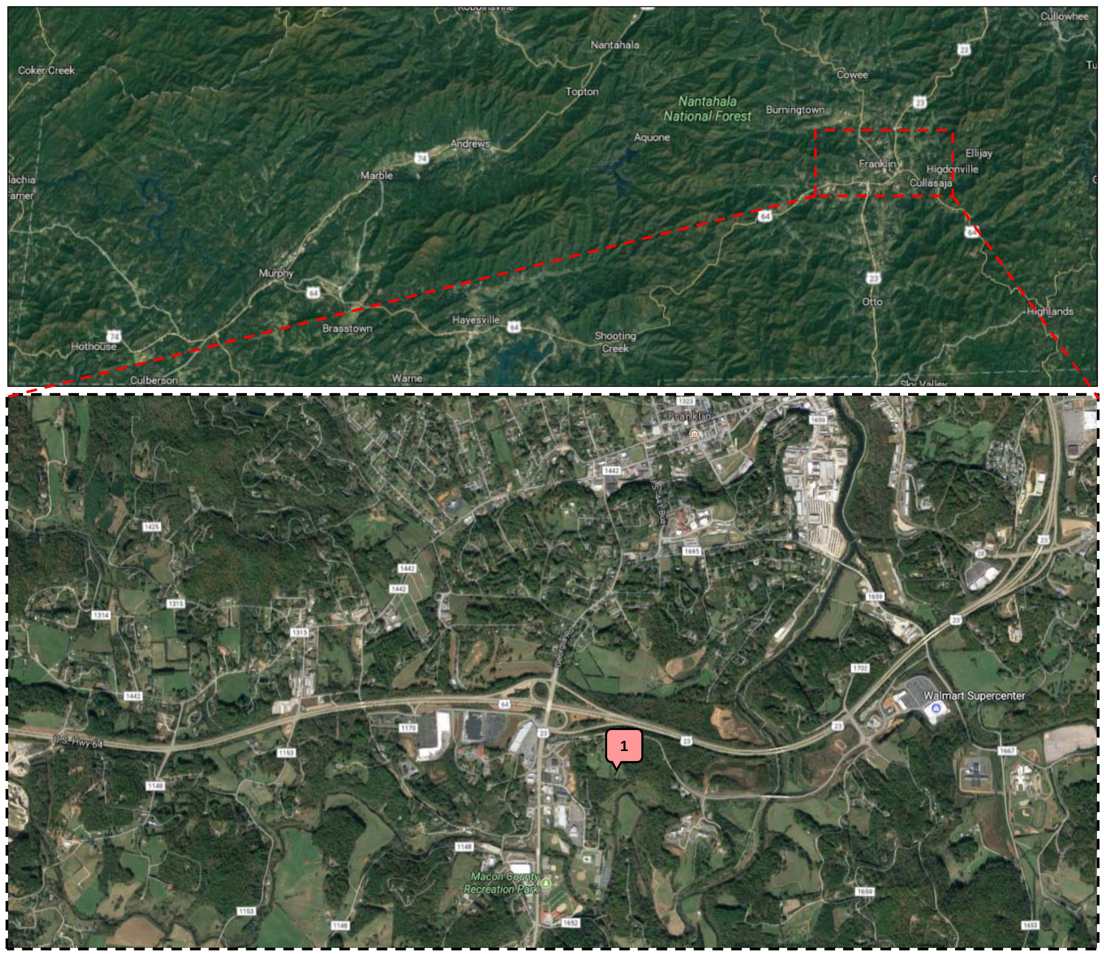
	2017	2018	2019	2020	2021
PMA	130	130	130	130	130
CMA	39	39	39	39	39
% PMA	30.0%	30.0%	30.0%	30.0%	30.0%

(1) Nets potential loss to zero
(2) Exhibit I-3A
(3) Exhibit I-4

EXHIBIT I-8

FUTURE DEVELOPMENT
PRIMARY MARKET AREA
NOVEMBER 2017

Map							Est.	Units			Likelihood		Delivery of Market Rate Units (2)					
Key	Project Name (1)	Address	City	State	Developer	Type	Deliv.	Total	Aff	Mkt	%	Units	2017	2018	2019	2020	2021	'17-'21
UNDER CONSTRUCTION																		
1	Indigo Apartments	299 Siler Rd	Franklin	NC	Workforce Homestead, Inc.	Affordable - Rent Restricted	2017	48	48	0	100%	48	48	0	0	0	0	48
						Under Construction Subtotal:		**48**	**48**	**0**		**48**	**48**	**0**	**0**	**0**	**0**	**48**
					PRIMARY MARKET AREA - FUTURE DEVELOPMENT TOTAL:			**48**	**48**	**0**		**48**	**48**	**0**	**0**	**0**	**0**	**48**



(1) Pipeline excludes subject site
(2) Total units weighted by TCG % Likely
Sources: CoStar, County Planning Departments, TCG

EXHIBIT I-9

SUPPLY VS. DEMAND - HOUSEHOLD GROWTH CASE
COMPETITIVE MARKET AREA
2016 THROUGH 2021

		Projection						
		Annual					5-Yr	
Year:	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**	**Source:**
Apartment Inventory								
Start Supply		56	104	104	104	104		
Planned Supply		48	0	0	0	0	48	Exhibit II-4
End Supply	56	104	104	104	104	104		
Occupancy								
Start Occupied Units		53	69	85	100	116		
Additional Demand		16	16	16	16	16	78	Exhibit II-3A
End Occupied Units	53	69	85	100	116	131		
Occupancy Rate	95.0%	66.2%	81.3%	96.3%	100.0%	100.0%		Exhibit II-1A
Over / Under Supply Evaluation								
Stabilized Occupancy	95%	95%	95%	95%	95%	95%		
Stabilized Occupied Units	53	99	99	99	99	99		
(Under) / Over Supply	**0**	**30**	**30**	**14**	**(1)**	**(17)**		

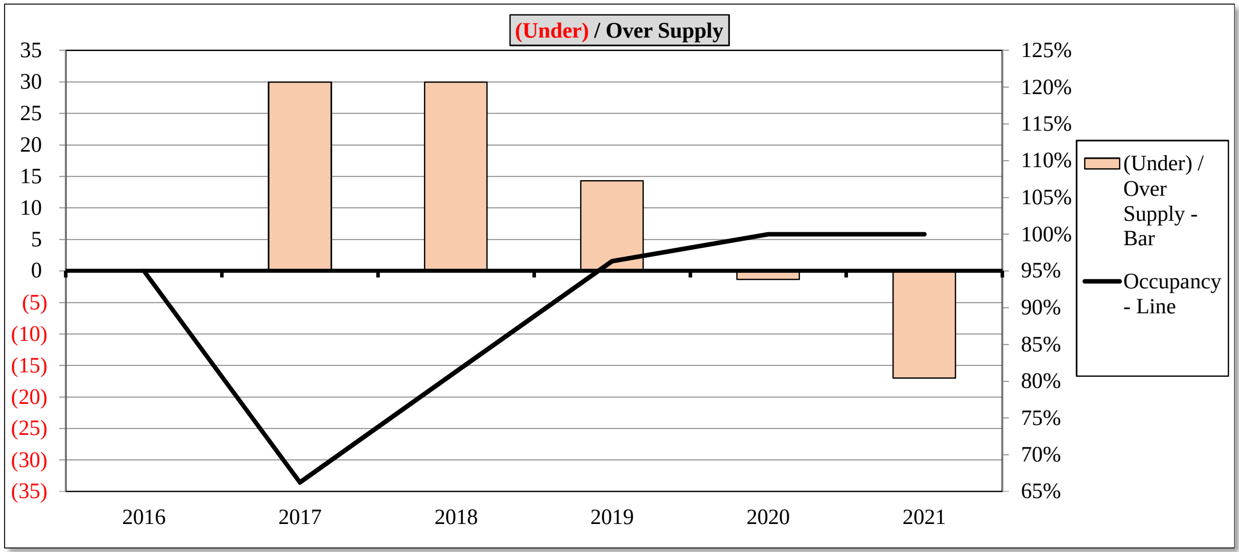
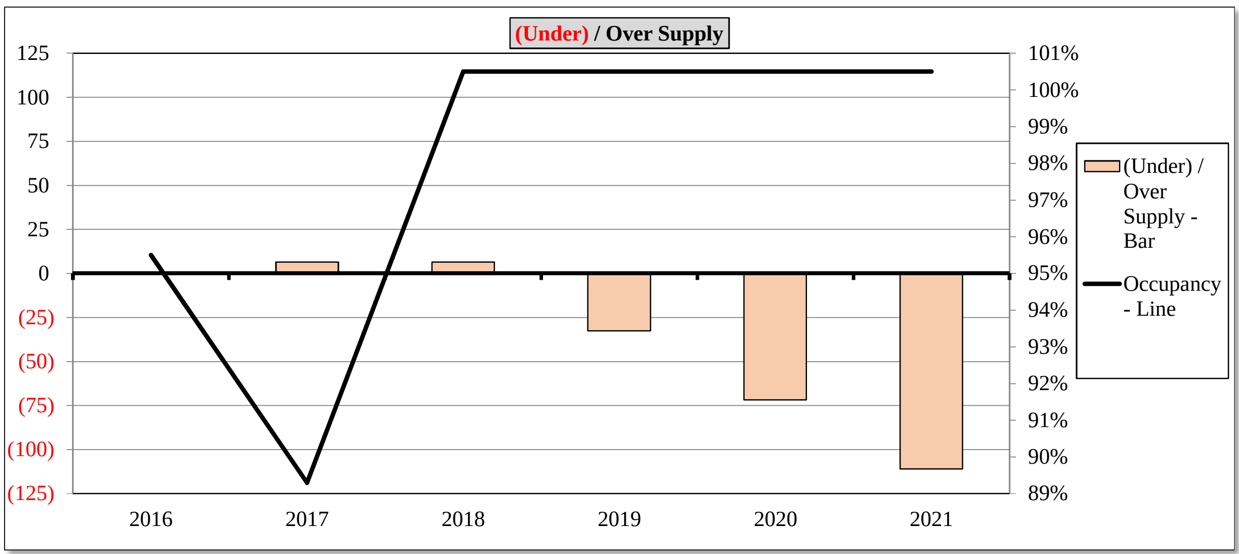


EXHIBIT I-9

SUPPLY VS. DEMAND - UPSIDE CASE
COMPETITIVE MARKET AREA
2016 THROUGH 2021

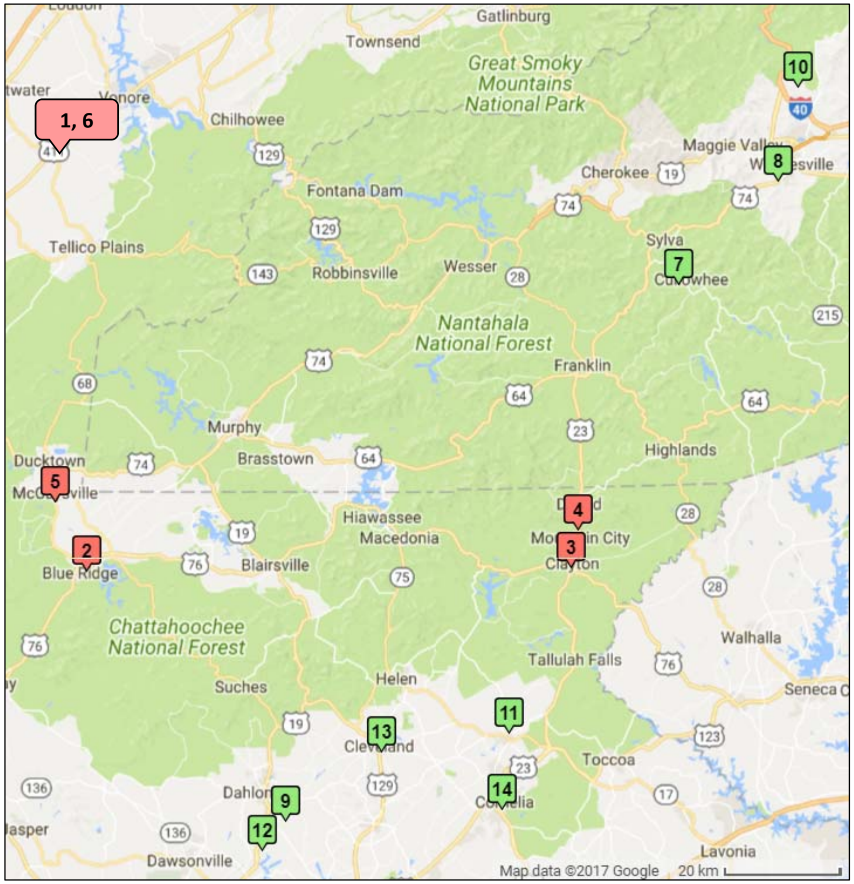
		Projection						
		Annual					5-Yr	
Year:	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**	**Source:**
Apartment Inventory								
Start Supply		56	104	104	104	104		
Planned Supply		48	0	0	0	0	48	Exhibit II-4
End Supply	56	104	104	104	104	104		
Occupancy								
Start Occupied Units		53	92	131	171	210		
Additional Demand		39	39	39	39	39	196	Exhibit II-3A
End Occupied Units	53	92	131	171	210	249		
Occupancy Rate	95.0%	88.8%	100.0%	100.0%	100.0%	100.0%		Exhibit II-1A
Over / Under Supply Evaluation								
Stabilized Occupancy	95%	95%	95%	95%	95%	95%		
Stabilized Occupied Units	53	99	99	99	99	99		
(Under) / Over Supply	**0**	**6**	**6**	**(33)**	**(72)**	**(111)**		



II. COMPARABLE ANALYSIS

EXHIBIT II-1A

FOR-RENT COMPARABLE ANALYSIS - LOCATION
PRIMARY MARKET AREA
NOVEMBER 2017



Map Key	Project Name	Type	Elev.	Rent Type	Total Units (1)	Year Built	Avg. Size	Base Rent $	Base Rent $/sf
PRIMARY MARKET AREA									
1	New Adventure Apartments	Garden	2	Market	16	1994	675	$800	$1.19
2	Mineral Springs	Garden	3	Market/Affordable	14	2003	840	$800	$0.95
3	Stavemill Apartments	Low-Rise	2	Market	62	1982	709	$664	$0.94
4	Vista Ridge	Low-Rise	1	Market/Affordable	7	---	1,072	$785	$0.73
5	Mountain Lane	Garden	2	Market	24	1985	693	$408	$0.59
6	Southside Apartments	Garden	2	Market	30	1990	825	$475	$0.58
		PMA Total/Average:	**2**		**153**	**1897**	**754**	**$619**	**$0.82**
OUTSIDE PMA									
7	Laurel Oaks Apartments	Garden	3	Market	66	1985	768	$820	$1.07
8	Vantage Pointe Homes at Balsan	Garden	3	Market	160	2009	1,114	$1,013	$0.91
9	Rock Garden Apartments	Garden	2	Market	40	1995	864	$765	$0.89
10	Mountain Trace Apartments	Garden	2	Market	48	2007	1,200	$945	$0.79
11	Cameron at Clarkesville	Low-Rise	3	Market	60	2004	1,152	$867	$0.75
12	Riverside Homes	Garden	1	Market	50	1995	884	$825	$0.93
13	Whitehall Commons	Garden	2	Market/Affordable	28	2009	1,324	$781	$0.59
14	Heritage Gardens	Mid-Rise	4	Market/Affordable	80	2006	1,077	$523	$0.49
		Outside PMA Total/Average:	**3**		**532**	**2002**	**1,048**	**$844**	**$0.81**
		TOTAL/AVERAGE:	**3**		**685**	**1979**	**983**	**$794**	**$0.81**

(1) Market rate units only.
Note: Market rate or market/affordable multifamily developments with 10+ units for PMA and 40+ units for outside PMA. Haywood (NC), Jackson (NC), Habersham (GA), White (GA), Lumpkin (GA), Gilmer (GA), Murray (GA) counties were considered for outside PMA.

EXHIBIT II-1B

FOR-RENT COMPARABLE ANALYSIS - PERFORMANCE
PRIMARY MARKET AREA
NOVEMBER 2017

Map Key	Project Name	City	County	Apt Type	Elev.	Rent Type	Total Units (1)	Year Built	Occ.	Unit Mix (by Bed Count) 1	2	3	4	Avg. Size	Base Rent $	$/sf
PRIMARY MARKET AREA																
1	New Adventure Apartments	Madisonville	Monroe	Garden	2	Market	16	1994	88%	0%	100%	0%	0%	675	$800	$1.19
2	Mineral Springs	Blue Ridge	Fannin	Garden	3	Market/Affordable	14	2003	97%	0%	100%	0%	0%	840	$800	$0.95
3	Stavemill Apartments	Clayton	Rabun	Low-Rise	2	Market	62	1982	85%	---	---	---	---	709	$664	$0.94
4	Vista Ridge	Rabun Gap	Rabun	Low-Rise	1	Market/Affordable	7	---	100%	0%	14%	86%	0%	1,072	$785	$0.73
5	Mountain Lane	Blue Ridge	Fannin	Garden	2	Market	24	1985	92%	33%	67%	0%	0%	693	$408	$0.59
6	Southside Apartments	Madisonville	Monroe	Garden	2	Market	30	1990	100%	50%	50%	0%	0%	825	$475	$0.58
				PMA Total/Average:	**2**		**153**	**1897**	**91%**	**25%**	**68%**	**7%**	**0%**	**754**	**$619**	**$0.82**
OUTSIDE PMA																
7	Laurel Oaks Apartments	Cullowhee	Jackson	Garden	3	Market	66	1985	98%	0%	100%	0%	0%	768	$820	$1.07
8	Vantage Pointe Homes at Balsam Mountain	Waynesville	Haywood	Garden	3	Market	160	2009	98%	33%	45%	23%	0%	1,114	$1,013	$0.91
9	Rock Garden Apartments	Dahlonega	Lumpkin	Garden	2	Market	40	1995	95%	0%	100%	0%	0%	864	$765	$0.89
10	Mountain Trace Apartments	Clyde	Haywood	Garden	2	Market	48	2007	100%	0%	100%	0%	0%	1,200	$945	$0.79
11	Cameron at Clarkesville	Clarkesville	Habersham	Low-Rise	3	Market	60	2004	100%	7%	33%	60%	0%	1,152	$867	$0.75
12	Riverside Homes	Dahlonega	Lumpkin	Garden	1	Market	50	1995	100%	---	---	---	---	884	$825	$0.93
13	Whitehall Commons	Cleveland	White	Garden	2	Market/Affordable	28	2009	100%	0%	54%	29%	18%	1,324	$781	$0.59
14	Heritage Gardens	Cornelia	Habersham	Mid-Rise	4	Market/Affordable	80	2006	95%	25%	50%	25%	0%	1,077	$523	$0.49
				Outside PMA Total/Average:	**3**		**532**	**2002**	**98%**	**16%**	**62%**	**21%**	**1%**	**1,048**	**$844**	**$0.81**
				TOTAL/AVERAGE:	**3**		**685**	**1979**	**97%**	**18%**	**64%**	**18%**	**1%**	**983**	**$794**	**$0.81**

(1) Market rate units only.
Note: Market rate or market/affordable multifamily developments with 10+ units for PMA and 40+ units for outside PMA. Haywood (NC), Jackson (NC), Habersham (GA), White (GA), Lumpkin (GA), Gilmer (GA), Murray (GA) counties were considered for outside PMA.

EXHIBIT II-1C

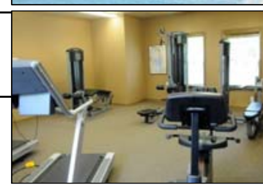
SELECT COMPARABLES - PROPERTY PROFILES
COMPETITIVE MARKET AREA
NOVEMBER 2017


Project Name:	**Mineral Springs**	**Vantage Pointe Homes at Balsam Mountain**
Year Built:	2003	2009
City, State:	Blue Ridge, GA	Waynesville, NC
Units:	14	160
Elevation:	3	3
Avg. Base Rent ($):	$800	$1,013
Avg. Base Rent ($/sf):	$0.95	$0.91
Avg. Min. Unit Size (sf):	840	1,114

Community Amenities:



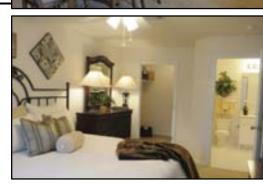


	Mineral Springs	Vantage Pointe Homes at Balsam Mountain
Services		
Online Services	No	Yes
On-Site Management	Yes; Leasing Office	Yes
Health/Wellness Amenities		
Fitness Center	Yes	Yes
Pool	No	Yes
Social Rooms		
Business Center	Yes	Yes
Clubhouse	Yes	Yes
Playground	Yes	Yes; and Billiards Room
Courtyard/Picnic Areas	Yes	Yes
Parking		
Parking	Surface Lot	Surface; garage avail.
Cost	---	---
Miscellaneous		
Controlled Access	Yes	Yes
Laundry Facilities	Yes	Yes
Pet Friendly	Yes; $400 fee	Yes; $400 fee, $15 rent

Interior Amenities:



	Mineral Springs	Vantage Pointe Homes at Balsam Mountain
Kitchen		
Appliances	Stainless Steel	---
Microwave	Yes	Yes
Dishwasher	Yes	Yes
Refridgerator with Ice Maker	Yes	Yes
Living Area		
Flooring	Carpet	Carpet
Walk-In Closets	Yes	Yes
Balcony/Patio	Yes	Yes
Fireplace	No	Electric in some
Ceiling Fan	No	Yes
In Unit Washer/Dryer	Connections	Connections
Air Conditioning/Heating	Yes	Yes

EXHIBIT II-2

SINGLE FAMILY RENTAL SHADOW MARKET
MURPHY, NC
NOVEMBER 2017

Key	Project Name	Home Size	List $	List PSF
1	147 Prairie Xing	1,700	$1,650	$0.97
2	1045 Bell Hill Rd	1,200	$950	$0.79
3	353 Flowing Springs Dr # Flowing	2,700	$2,100	$0.78
4	121 Evergreen Cir	1,554	$1,200	$0.77
5	126 Flat Top Trl	2,486	$1,900	$0.76
	Average:	***1,928***	***$1,681***	***$0.81***

EXHIBIT II-2

SINGLE FAMILY RENTAL SHADOW MARKET
MURPHY, NC
NOVEMBER 2017

Address	1045 Bell Hill Rd	121 Evergreen Cir	147 Prairie Xing	126 Flat Top Trl	353 Flowing Springs Dr # Flowing
Year Built/Renov.	---	1994	2007	2007	2004
Lot Size (Acre)	---	0.9	1.1	---	---
Beds	3	3	3	3	3
Baths	1	2	2	3.5	3
Home Size (SF)	1,200	1,554	1,700	2,486	2,700
Listed Rent	$950	$1,200	$1,650	$1,900	$2,100
PSF	$0.79	$0.77	$0.97	$0.76	$0.78





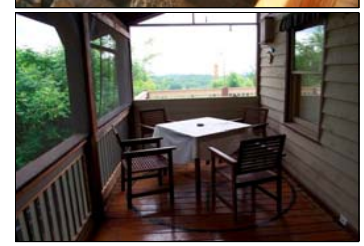




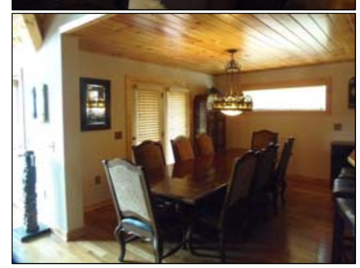













III. SITE SPECIFIC ANALYSIS

EXHIBIT III-1

LOCAL SETTING
MURPHY, NC
NOVEMBER 2017

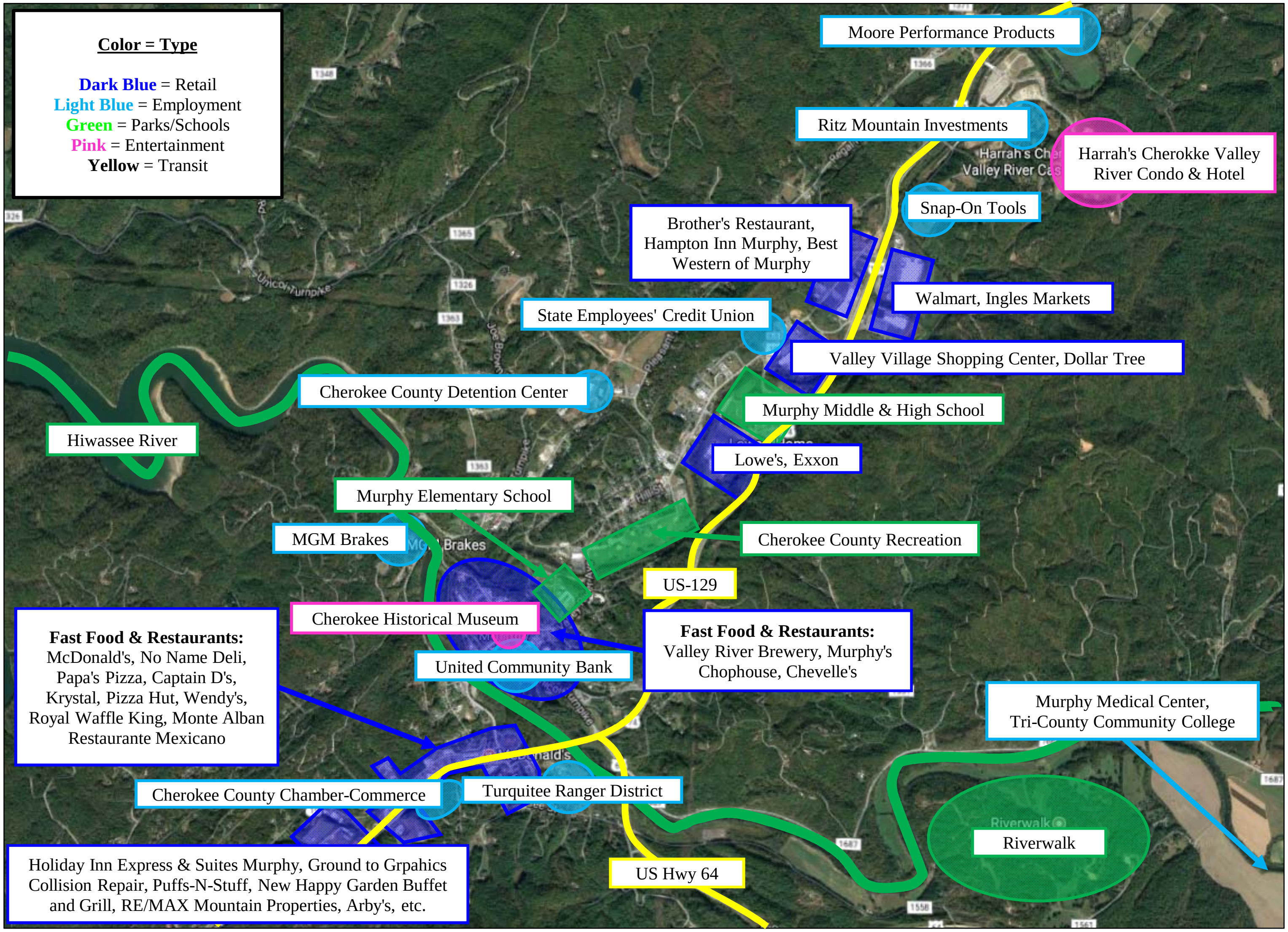


EXHIBIT III-2

RENTAL RECOMMENDATIONS - PRODUCT PROGRAM RECOMMENDATIONS
CHEROKEE COUNTY, NC
NOVEMBER 2017

Planned Product:
- Low-rise with surface parking and limited amenities
- 50-unit community with potential to expand to Phase 2

Community Amenities:
Pricing assumes the following community amenities
- Fitness Center
- Controlled Access

Interior Unit Specifications:
- White Enamel or Black
- Microwave
- Dishwasher
- Refrigerator
- Carpet in Living Area
- Air Conditioning/Heating
- Balcony/Patio
- Washer/Dryer Connections

Recommended Pricing:
- **Optimal Market Mix**

Floor Plan		SF		Total		Base Rent	
Bed	Bath	Unit	NRA	#	%	$	PSF
1	1	700	17,500	25	50.0%	$800	$1.14
2	2	975	19,500	20	40.0%	$910	$0.93
3	2	1,200	6,000	5	10.0%	$1,000	$0.83
Total/Average:		**860**	**43,000**	**50**	**100.0%**	**$864**	**$1.00**

EXHIBIT III-3

PRICE TO SIZE POSITIONING
COMPETITIVE MARKET AREA
NOVEMBER 2017

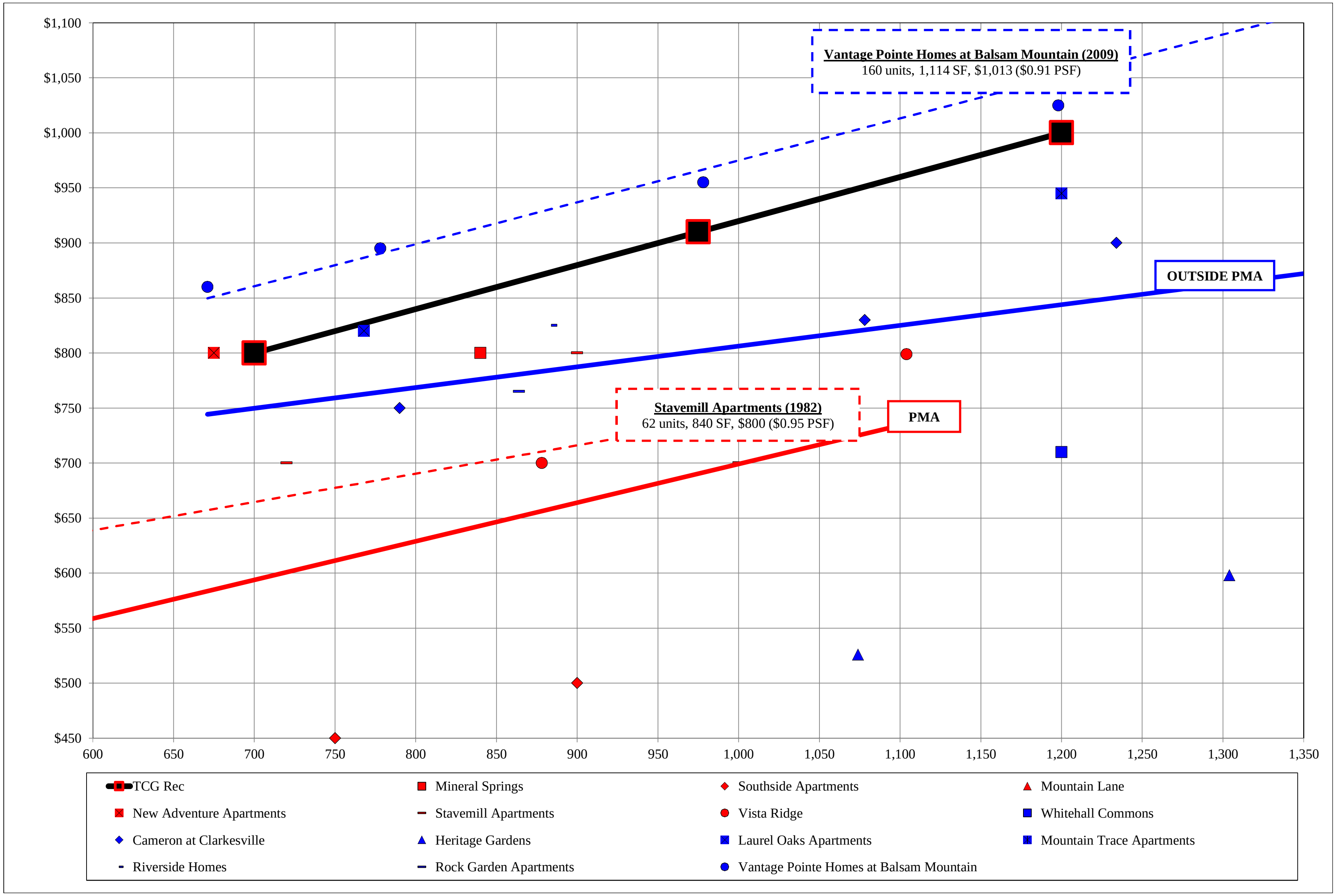


EXHIBIT III-4

MULTIFAMILY RESIDUAL
CHEROKEE COUNTY, NC
NOVEMBER 2017

	Residual - Cost Structure		
Product Types:	**High**	**Low**	**Average**
General			
Average Unit Size	860	860	860
Capitalized Value (Per Unit)			
Rent Revenue			
Monthly Rent	$864	$864	$864
Occupancy (Stabilized)	95%	95%	95%
Effective Lease Revenue	**$821**	**$821**	**$821**
Operating Expenses (Non-Recov, including leasing)			
% of Eff. Lease Rate	15%	15%	15%
Operating Expense	**$123**	**$123**	**$123**
Net Income			
Monthly	$698	$698	$698
Annual	$8,372	$8,372	$8,372
Capitalization Rate	7.75%	7.75%	7.75%
Capitalized Value	**$108,028**	**$108,028**	**$108,028**
Construction Costs (Per Unit)			
Hard Costs			
per SF	$100	$90	$95
Hard Costs	$86,000	$77,400	$81,700
Soft Costs			
% of Hard Costs	15%	15%	15%
Soft Costs	$12,900	$11,610	$12,255
Total Construction Costs	**$98,900**	**$89,010**	**$93,955**
Financing			
Loan Draw (% Const.)	55.0%	55.0%	55.0%
Loan Fee (% Loan Draw)	1.5%	1.5%	1.5%
Interest Rate (% Per Year)	6.0%	6.0%	6.0%
Hold Period (Years)	1.0	1.0	1.0
Financing Cost	**$4,080**	**$3,672**	**$3,876**
Builder Profit (Per Unit)			
Profit % of Capitalized Value	8%	8%	8%
Builder Profit	**$8,642**	**$8,642**	**$8,642**
Land/Cap Residual Value			
Per Unit	**-$3,594**	**$6,704**	**$1,555**
% Capitalized Value	-3%	6%	1%

EXHIBIT III-5

FISCAL IMPACT ANALYSIS
CHEROKEE COUNTY, NC
NOVEMBER 2017

Product Types:	Fiscal Impact Analysis
Capitalized Value	
Capitalized Value (Per Unit)	**$108,028**
Total Units	**50**
Capitalized Value	**$5,401,394**
Assessed Value	
County Assessed Rate	100%
Assessed Value	**$5,401,394**
Property Tax	
County Ad Valorem Tax Rate	0.52%
Property Tax	**$28,087**