



## SETTLE FOR MORE OR LESS NEGOTIATION

### Confidential Information for Bud Branam

Bud Branam and his spouse own a house and a farmstand on a 100-acre parcel in Sussex County, Ohio, originally owned by Bud Branam's grandparents. Since inheriting the land and farmstand business 10 years ago, Branam has expanded the operation, building more stores, broadening product lines, and adding outdoor and indoor play areas. The Homestyle Farmland Company, Inc. now operates eight farmstand-style markets in Ohio and Indiana, selling local fruits and vegetables, and baked goods.

Quality Quarry, Inc. is a large international company, which mines limestone, granite, and other materials for construction. A year ago, working through agents, Quality Quarry purchased 900 acres of limestone-rich land on two parcels in Sussex County, Ohio.

Quality Quarry representatives then met with Sussex County officials, residents, and business owners to explain their plans to operate a limestone quarry. Quality Quarry provided scientific data assuring local farmers that, due to the land elevation, the planned quarry would not affect the water table or their farms' productivity. Because Quality Quarry agreed to maintain the county road on which trucks will haul quarried materials to the highway and to turn the land into a county park when operations are completed, Sussex County officials have informally agreed not to oppose the quarry mining permit. The Branams own the only house and business within a mile of the planned quarry location.

When the Branams saw that neither the county nor their neighbors were objecting to Quality Quarry, they decided to do so. They filed a lawsuit with the Ohio Mining and Reclamation Commission, opposing the permit issued at the division level. The Branams feared that Quality Quarry's operation would destroy the peace of the family home, the fertility of their farmland, and their farmstand company's original location. They fear people won't want to shop while hearing the noise of limestone crushers and heavy trucks.

The Branams' lawyer informed them that, while their claim has enough merit to file, they are unlikely to succeed. The cost of preparing the complaint was \$5,000. The attorney estimates discovery and expert costs at \$75,000. Mrs. Branam is opposed to paying any more than the initial filing costs even if it will delay Quality Quarry. Bud Branam then wrote a letter, published in the local paper, pledging to stay on his grandparents' land and lamenting the encroachment of industry on the idyllic country lifestyle.

More recently, Branam and his wife have rethought the Homestyle Farmstand Company Inc. business plans and decided to expand existing stores near Dayton and Columbus. They intend to build more stores in that direction and create a distribution center. The Sussex County Property is not well located for a distribution center. The Branams are also unhappy with the County schools and have decided to move to a Columbus suburb, where public schools have an excellent reputation.



The Branams built their home on the Sussex County property for \$100,000 eight years ago. The building housing the original Homestyle Farmstand company outlet is small, having been built in the time of their grandparents. They doubt it is worth more than \$20,000. Before Quality Quarry came in last year, the Branams would have estimated the value of the entire property at \$505,000 - figuring the house on a two-acre parcel at \$250,000, the Homestyle Farmstand company building at \$20,000, and the remaining 98 acres of farmland at \$245,000, calculated at \$2,500 an acre. The tax assessment last year was at \$420,000, but everyone knows these are low. Since last year, the market has dropped temporarily due to the apparent recession, perhaps as much as 20%, making the property worth approximately \$400,000— without Quality Quarry. However, if Quality Quarry goes in, the value goes down. It is doubtful that anyone would buy a house across from a quarry, and it would be difficult to sell the rest as farmland. A local real estate agent has advised the Branams they'll be lucky to get \$200,000 for all of it, including the house, now that Quality Quarry has come in.

Branam recently learned that the state was planning to build a new highway entrance off Corina Road, which runs by their property (see the map below). This would increase the traffic on the other side of their property, potentially further reducing its value.

Last weekend, the Branams found a great house in a Columbus suburb with excellent schools. The house is listed at \$300,000. Even if the Branams only get \$200,000 for the Sussex County property, they have decided to go ahead with the \$300,000 purchase and bear a higher mortgage.

The Branams have located a 300-acre parcel between Dayton and Columbus, listed at \$500,000, and ideal for a distribution center. This would require a capital investment of \$500,000 on top of the purchase price. The business expansion would qualify for credit, but the Branams prefer to minimize their exposure to financing- the less debt the better.

A few days ago, the Branams received a call from a Quality Quarry representative, inviting them to negotiate a resolution or consider selling. Branam said he was open to talking.

