**Quarry**

**Settle for More or Less**

**Confidential Information for Quality Quarry**

Bud Branam and his spouse own BB, Inc., a corporation which operates eight farmstand style markets selling local vegetables and baked goods. The first BB location is at their home, on a 100-acre parcel Branam inherited from his grandparents. Quality Quarry, Inc. is a large company that conducts mining operations. A year ago Quarry purchased 900 acres of land next to the Branams for $2.25 million, or $2500 per acre, intending to open a limestone quarry.

Quarry provided studies assuring that residents would not be adversely affected and officials informally agreed not to oppose the Quarry’s permit application. The Branams, however, the only people located near the planned quarry location, filed suit to block Quarry’s permit.

Quarry’s lawyers are 90% confident that they will defeat the lawsuit and get the permit, but as it turns out Quality Quarry may want Branam’s land. A new highway entrance will be built off Corina Road (see below), and Quarry would like to send its trucks through the Branam parcel to the new entrance. It would also like to mine Branam’s land and avoid delay of litigating.

The land itself is worth $250K as a mining site. Access to the road would be worth $150K in reduced hauling costs. Legal fees would be at least $150,000 and the delay in beginning operations represents an additional $100,000 in expense. Thus while it would much prefer to pay less, Quarry would pay up to $600,000 to buy the Branam land and end the case.

Last year Branam’s property would have been valued at $560,000, but since then the market has dropped, perhaps by 20%, into the mid 4’s. The tax assessment last year was at $400,000, but those tend to be low. A few days ago, a representative of Quality Quarry called Bud Branam, asking if he would consider selling. Branam said he was open to talking and they met a few days later. The offers were as follows: Branam opened at $950K, Quarry responded with $250K, Branam dropped to $850K, Quarry then declined to move further.

Prepare to continue the negotiation from that point.







