

The State Fair of Virginia

Practices

Bankruptcy & Creditors' Rights

In Virginia, the State does not own and operate the state fair.

Instead, the Fair was owned by a private non-profit that operated the event each year. In 2009, the owners of the Fair entered into a bond transaction to acquire "The Meadow Event Park"- a new site that would give the Fair room to expand its offerings and prosper. The pastoral land they acquired was once the home of famed racehorse Secretariat and would give the organizers ample room for greater livestock and equestrian events.

Like so many other institutions, the State Fair of Virginia had a very difficult time during the recession. They were unable to sustain operations, defaulted on the bond, and in December 2011, filed for Chapter 11 bankruptcy protection in Virginia.

Christy Myatt, the Practice Group Leader for Nexsen Pruet's Bankruptcy and Creditor's Rights team, was brought in to represent the group of bondholders who had funded the land acquisition and construction of the new facility. Myatt worked with the bondholders, creditors and the State Fair to allow the State Fair time to try to find an additional investor or a buyer. That effort ultimately was unsuccessful. The bondholders owed in excess of \$74 million subsequently foreclosed on the property.

Universal Fairs LLC, an experienced for-profit entity that operates fairs in several states, bought the State Fair's assets at auction in May 2012, and was able to continue the State Fair in partnership with the Virginia Farm Bureau.

Myatt explained, "We needed to move quickly and decisively in order to maximize the return to the bondholders and to restore the State Fair. It was a difficult situation. The State Fair had no money to operate and the asset value was not sufficient to cover the debt. We came up with a workable solution in a timely and cost-effective manner that resulted in the Virginia State Fair continuing to operate. As part of the process, the bondholders agreed to fund educational scholarships for students that had already been awarded by the original owner, and turned the management of those scholarships over to Virginia Tech." This matter was no walk in the park for the bondholders or the creditors, but Myatt is pleased that Virginians can

still have a day at the Fair.

"The ferris wheel is still turning and the State Fair is still in operation!" -Christy Myatt