

LAW WEEK COLORADO

Holland & Hart's M&A Team Pull Off 'Miraculous' Transaction Despite COVID

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Despite challenges from the coronavirus pandemic, the seller's bankruptcy and an accelerated transaction, the mergers and acquisitions team of Holland & Hart represented the private Colorado company Destination Pet in a successful multi-state acquisition valued at \$44,250,000.

"To consummate a sale of this magnitude, in the current world economic climate, and after VitalPet was thrust involuntarily into Chapter 11, is nothing short of miraculous," Douglas Brickley, Chief Restructuring Officer of VitalPet, said in a press release.

The Holland & Hart M&A team represented Destination Pet, a pet healthcare and services company, and advised it in the acquisition of VitalPet, a group of veterinary hospitals spanning seven states, which specializes in veterinary medicine to communities.

Gabe Hamilton and Claire Rosston led the Holland & Hart M&A team, assisted by Steve Clayton, Craig Dammeier, Daniel Free, Chris Groll, A.J. Martinez and Grace Witsil. In total, 20 attorneys and professionals were included in the team with subject matter expertise and support.

The firm closely worked with Eric English and his colleagues at Porter Hedges as local bankruptcy counsel in the acquisition, according to a statement from Holland & Hart.

When VitalPet was in the initial bankruptcy phase, the court appointed a Chief Restructuring Officer to manage the company to preserve existing business operations while looking at options for sale.

When the current COVID pandemic hit, and health and safety challenges for veterinarians, animals and staff, it became more challenging for the restructuring officer to effectively continue business operations. This in turn accelerated the timeline for completing due diligence, negotiating terms and closing the deal, according to the statement.

"The acquisition of VitalPet's assets was a fast-moving, dynamic acquisition for a few reasons," the statement reads. "In acquisitions involving a debtor in bankruptcy, there is often a need to move quickly to protect the financial viability of the asset."

The Southern District of Texas Bankruptcy Court approved the acquisition of assets from the debtor under Section 363 of the bankruptcy code, "whereby

Destination Pet will also assume certain liabilities, for a total transaction value of \$47 million," according to the statement.

Holland & Hart's relationship with Destination Pet has existed for some time. Thomas Chandler, a retired corporate partner at Holland & Hart, has served as chief legal officer for Destination Pet assisting in the growth of the company in the U.S. and Europe at the request of Shane Kelly, the founder of Destination Pet. Chandler has worked with Kelly for decades in the pet care industry, according to Holland & Hart, and the firm continues to represent Destination Pet.

Prior to the acquisition of VitalPet, Destination Pet was operating "integrated pet healthcare and wellness centers" across 14 states and Washington D.C., according to the statement. In 2019, Destination Pet was acquired by L1 Health, an international investment business, which committed up to \$450 million of capital to acquire and scale Destination Pet, with the existing executive team in place. "With this capital infusion, Destination Pet's management team continued to pursue expansion opportunities aligned with the company's vision to deliver a new model of inno-

vation in the animal health space."

Ivan Zhivago, a partner at L1 Health was quoted in a press release saying the vision of Destination Pet will continue to be invested in, and the aim is to be a global leader in pet health and wellness.

"Like human healthcare, trust is crucial to attracting and retaining pet healthcare customers," the statement reads. "Destination Pet's integrated customer-centric hub services model is designed to maintain the local culture, branding, and operating teams of local veterinary practices."

With the acquisition of VitalPet and another acquisition in California, Destination Pet now operates over 65 pet healthcare and wellness centers in 19 states. The company's headquarters remain in Highlands Ranch, according to the statement.

"I am very pleased with the results of the sale process, as I believe it positions all of VitalPet's hospitals and its dedicated staff to move forward and continue providing the high standard of care for which they are known," Brickley said. •

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