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NYC Opera heads to confirmation hearing with one plan

Andrew Hedlund

New York City Opera Inc. has struck the right note with an agreement that could let the nonprofit achieve confirmation of a reorganization plan. Interested party NYCO Renaissance Ltd. on Wednesday, Dec. 2, filed an amended plan in the U.S. Bankruptcy Court for the Southern District of New York in Manhattan on behalf of the debtor. The plan proponent, a nonprofit led by New York hedge fund manager Roy G. Neiderhoffer, reached a pact with New York opera aficionado Gene Kaufman, who had also submitted a plan of his own. Kaufman-backed New Vision for NYC Opera Inc. on Oct. 19 had also filed a reorganization plan, but withdrew its plan Wednesday. In exchange for supporting the plan offered by NYCO Renaissance, New Vision received a \$300,000 administrative expense claim. The plan showed a separate motion will be filed asking the court to allow the claim. With New Vision's plan out of the picture, NYC Opera will head to a Jan. 12 combined disclosure statement approval and confirmation hearing before Judge Sean H. Lane with a single reorganization plan. NYCO Renaissance and Kaufman had been at loggerheads for much of the case. Each party submitted bids for NYC Opera's assets earlier this year when the debtor planned to carry out a Section 363 sale. Both submitted all-cash bids, with NYCO Renaissance and Kaufman offering \$1.25 million and \$1.5 million, respectively, for NYC Opera's assets. NYC Opera on Jan. 22 selected NYCO Renaissance as the winning bidder, but did not complete the transaction. NYC Opera instead opted for the reorganization route after receiving a total of \$7.61 million through four bequests, including a \$5.5 million one from the estate of late arts enthusiast Pierre DeMenasse. Some \$6.41 million of the bequests are unrestricted, meaning the opera producer can use the funds as it sees fit. An additional \$500,000 would be set aside for new opera productions, and the remaining \$700,000 would establish an endowment fund to purchase costumes and stage sets. Under NYCO Renaissance's plan for the debtor, up to \$522,723 of administrative claims, including New Vision's \$300,000 claim, would be paid in full. As much as \$1.18 million in other priority claims, which include those asserted for wages and severance pay, would also be paid in full. Holders of priority tax and secured claims, if there are any, also would be made whole. The Pension Benefit Guaranty Corp. would see an estimated recovery of between 5.49% and 9.49% on \$4.6 million in claims, resulting in distributions of \$257,600 to \$432,000. The payout would consist of a \$340,000 note issued by the reorganized debtor and a pro rata distribution of the estate's assets. In the plan's original draft, PBGC held \$4 million in claims and would have received a \$250,000 note alongside its share of the estate's assets. General unsecured creditors, owed between \$20.74 million and \$25.01 million, would receive an estimated 4.44% to 9.76% recovery through a \$1.56 million note and a pro rata distribution of estate assets. In the original plan, unsecured creditors were listed as holding between \$21.05 million and \$25.42 million, and would have received a \$1.15 million note along with a portion of the estate assets. The debtor has no equity interests, as it is a nonprofit. NYCO Renaissance would fund its plan with \$208,000 in cash; operating income; \$4.8 million in prepetition endowment funds; a \$1.25 million cash contribution from NYCO Renaissance; and the bequests. Dubbed "The People's Opera" by former New York City Mayor Fiorello La Guardia, NYC Opera filed for bankruptcy on Oct. 3, 2013, and canceled the 2013-14 season after it raised only \$1.5 million through an online campaign of the \$7 million needed to finance the season. It

later auctioned costumes, props, wigs, equipment and about 60 musical instruments, along with other assets. Nicole Stefanelli and Kenneth A. Rosen of Lowenstein Sandler LLP represent the debtor. Stefanelli could not be reached for comment Thursday. Gerard S. Catalanello, James J. Vincequerra and Patricia H. Heer of Duane Morris LLP represent NYCO Renaissance. Kaufman counsel Arthur J. Steinberg of King & Spalding LLP could not be reached for comment Thursday. Fred Stevens and Maeghan J. McLoughlin of Klestadt Winters are also counsel to the creditors' committee, which also supports NYCO Renaissance's plan. The committee comprises the American Federation of Musicians and Employers' Pension Fund, the American Guild of Musical Artists and New York City Ballet Inc.

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---- **Index References** ----

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