

MUSIC

State Challenges Plan to Revive City Opera

By MICHAEL COOPER JAN. 6, 2016

Is the plan to revive the late, lamented New York City Opera feasible?

The New York State Attorney General's office has raised questions in a court filing this week about whether a plan to reorganize the company by NYCO Renaissance — a group backed by Roy Niederhoffer, a hedge fund manager — is likely to survive beyond its first few years.

The attorney general's office has an interest in whether charitable donations that were given to the old City Opera — whose remaining endowment fund is now valued at around \$4.5 million, less than a tenth of what it once was — should be given to a reorganized company. A hearing on NYCO Renaissance's plan is scheduled for Tuesday in United States Bankruptcy Court for the Southern District of New York.

The filing, which was first reported by The Wall Street Journal, does not offer a formal opinion on whether the NYCO Renaissance plan is workable. But it raises serious questions about whether the reorganization relies on overly rosy projections of high donations and low expenses, and argues that the group should offer more evidence that its plan would be sustainable beyond its first few years, when it would be able to rely on several large bequests to the company.

The filing notes that the plan projects raising almost as much money in the new company's first six months as the old City Opera raised in its final year, even though the new company would be "starting from scratch after more than two years of not mounting any performances and being out of the public eye (other than in connection with bankruptcy) and absent from the New York fund-raising scene."

On the expenses front, the filing notes that the plan calls for spending significantly less than similarly sized companies on advertising and promotion, though it would need to market itself aggressively "to change the company's moribund image."

The attorney general's office also objects to a proposal to pay \$300,000 to a rival suitor, Gene Kaufman, as part of a settlement in which he would withdraw his own plan to reorganize City Opera. In a separate filing, the attorney general's office notes that such a payment would have the effect of "depleting the already severely limited assets" available "to operate City Opera."

Gerard S. Catalanello, a lawyer for NYCO Renaissance, which plans to stage a new production of Puccini's "Tosca" from Jan. 20 to 24 at the Rose Theater at Jazz at Lincoln Center, said that the group would respond to the questions in a filing later this week. "We believe very much in the business, and we believe we are going to be viable," he said.

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