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Winning NYC Opera bidder to submit reorganization plan

Andrew Hedlund

Following a lengthy sale process, New York City Opera Inc. may reorganize after all after receiving millions of dollars from a late arts enthusiast. The former opera production company on Monday, July 13, withdrew its sale motion from the U.S. Bankruptcy Court for the Southern District of New York in Manhattan after receiving a \$5.5 million bequest from Pierre DeMenasce's estate and consulting with the company's two suitors. As a result of the gift, winning bidder NYCO Renaissance Ltd. plans to file a reorganization plan for NYC Opera rather than look to complete the transaction. The bequest eclipses NYCO Renaissance's \$1.25 million all-cash offer by \$4.25 million. Along with the official committee of unsecured creditors, NYCO Renaissance "concluded that a plan presents the best opportunity to preserve the bequest for use fulfilling the mission of NYC Opera in the future," the Monday filing said. NYCO Renaissance counsel James J. Vincequerra of Duane Morris LLP said projecting a timetable for submitting a plan a plan was difficult because NYCO Renaissance still needs to secure agreements from many parties. He said his client likely would provide financing for creditor distributions, while the bequest would be used to revive opera productions. Judge Sean H. Lane is scheduled to oversee a case status conference on Wednesday. The debtor's exclusive right to file a Chapter 11 plan and collect creditor votes has lapsed, which means any interested party can submit and solicit a plan. Debtor counsel Nicole Stefanelli of Lowenstein Sandler LLP said Tuesday that NYC Opera does not intend to draw up a plan, as the possibility of reorganizing is a recent occurrence. "[The] case started out in a liquidation. There was good reason for the liquidation. When we shifted into a sale, we were firmly in the sale mode. The bequest is a new development that frankly no one expected. It is in the best interest of the debtor's estate to pursue that bequest," she said. During a January sale process, local opera enthusiast Gene Kaufman submitted a higher all-cash bid of \$1.5 million at the close of an eight-hour in-court auction on Jan. 20. Nevertheless, two days later, NYC Opera announced NYCO Renaissance the victor. "The debtor believes the NYCO Renaissance proposal is more thorough and a better proposal for continuing the debtor's mission," Stefanelli told The Deal at the time. On Tuesday, Stefanelli said she had not heard whether Kaufman would look to file a plan as well. Kaufman counsel Arthur Steinberg of King & Spalding LLP could not be reached for comment. NYC Opera filed for Chapter 11 on Oct. 3, 2013, after it raised only \$1.5 million through an online campaign out of the \$7 million it needed to finance its 2013-14 season. It later auctioned costumes, props, wigs, equipment and about 60 musical instruments, along with other assets. Founded in 1943, the opera's mission is to "inspire audiences with innovative and theatrically compelling opera, to nurture the work of American artists and young singers, and to build new audiences through affordable ticket prices and extensive outreach and education programs," court papers said. Sean C. Southard, Fred Stevens and Maeghan J. McLoughlin of Klestadt Winters Jureller Southard & Stevens LLP are counsel to the official committee of unsecured creditors.

<http://pipeline.thedeal.com/tdd/ViewArticle.dl?id=13218317>

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