## UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF MICHIGAN BAY CITY

In re:

Case No. 16-20920

Chapter 11

AVITA ARTESIAN WATER, LLC,

Debtor.

Hon. Daniel S. Opperman

#### DEBTOR'S COMBINED PLAN AND DISCLOSURE

The Debtor, Avita Artesian Water, LLC, hereby proposes the following Combined Plan and Disclosure Statement pursuant to Chapter 11 of Title 11 of the United States Code. The Debtor notes that no party has requested that the Debtor include any specific information in the disclosure, and as such, said disclosure is made pursuant to the guidelines of this Court, the Bankruptcy Rules, the United States Codes, and the Local Rules for the Eastern District of Michigan.

#### **Definitions**

Scope of Definitions. For purposes of this Plan and Disclosure Statement, except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings assigned to them in this section. In all references herein to any parties, persons, entities, or corporations, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text may require.

- 1. "Administrative Expense" shall mean any cost or expense of administration of the Chapter 11 case allowable under Section 507(a) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expense of operating the business of the Debtor, any indebtedness or obligation incurred or assumed by the Debtor in connection with the conduct of its business or for the acquisition or lease of property or the rendition of services to the Debtor, all allowances of compensation and reimbursement of expenses, any fees or charges assessed against the estate of any Debtor under Chapter 123, Title 28, of the United States Code, and the reasonable fees and expenses incurred by the Proponent in connection with the proposal and confirmation of this Plan.
- 2. "Allowed" when used as an adjective preceding the words "Claims" or "Equity Interest", shall mean any Claim against or Equity Interests of the Debtor, proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claim or Equity Interest against such Debtor, or, if no proof of claim or Equity Interest is filed, which has been or hereafter is listed by the Debtor as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been interposed with the applicable period of limitations fixed by the Plan, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, Local Rules,

or as to which any objection has been interposed and such Claim has been allowed in whole or in part by a Final Order. Unless otherwise specified in the Plan, "Allowed Claim" and "Allowed Equity Interest" shall not, for purposes of computation of distributions under the Plan, include interest on the amount of such Claim or Equity Interest from and after the Petition Date.

- 3. "Allowed Administrative Expense" shall mean any Administrative Expense allowed under Section 507(a)(l) of the Bankruptcy Code.
- 4. "Allowed Unsecured Claim" shall mean an Unsecured Claim that is or has become an Allowed Claim.
- 5. "Avita" or "Avita Water" shall mean Avita Artesian Water, LLC, the Debtor.
- 6. "ABC" shall mean Avita Beverage Company, Inc.
- 7. "Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as amended, and as codified in Title 11 of the United States Code.
- 8. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Eastern District of Michigan having jurisdiction over the Chapter 11 Case, and, to the extent of any reference made pursuant to 28 U.S.C. Sec. 158, the unit of such District Court constituted pursuant to 28 U.S.C. Sec. 151.
- 9. "Bankruptcy Rules" shall mean the rules and forms of practice and procedure in bankruptcy, promulgated under 28 U.S.C. Sec. 2075 and also referred to as the Federal Rules of Bankruptcy Procedure.

- 10. "Business Day" means and refers to any day except Saturday, Sunday, and any other day on which commercial banks in Michigan are authorized by law to close.
- 11. "Chapter 11 Case" shall mean a case under Chapter 11 of the Bankruptcy Code in which Avita Artesian Water, LLC is the Debtor.
- 12. "Claim" shall mean any right to payment from the Debtor whether or not such right is reduced to judgment, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. All claims as such term is defined in section 10 1(5) of the Bankruptcy Code.
- 13. "Class" shall mean a grouping of substantially similar Claims or Equity

  Interests for common treatment thereof pursuant to the terms of this Plan.
- 14. "Code" shall mean Title 11 of the United States Code, otherwise known as the Bankruptcy Code.
- 15. "Confirmation" shall mean the entry of an Order by this Court approving the Plan in accordance with the provisions of the Bankruptcy Code.
- 16. "Creditor" shall mean any person that has a Claim against the Debtor that arose

on or before the Petition Date or a Claim against the Debtor's estate of any kind specified in section 502(g), 502(h) or 502(I) of the Bankruptcy Code. This includes all persons, corporations, partnerships, or business entities holding claims against the Debtor.

- 17. "Debt" means, refers to and shall have the same meaning ascribed to it in Section 101(12) of the Code.
- 18. "Debtor" shall mean Avita Artesian Water, LLC.
- 19. "Disbursing Agent" shall mean the Debtor or any party appointed by and subject to Court approval, which shall effectuate this Plan and hold and distribute consideration to be distributed to holders of Allowed Claims and Allowed Equity Interests pursuant to the provisions of the Plan and Confirmation Order.
- 20. "Disclosure Statement" means and refers to the Disclosure Statement filed by the Debtor as required pursuant to Section 1125 et seq. of the Bankruptcy Code.
- 21. "Effective Date" shall mean 30 days after which the Confirmation Order becomes a Final Order.
- 22. "Estate" shall mean the estate created under 11 U.S.C. § 541 by reason of commencement of this case.
- 23. "Equity Interest Holder" shall mean the holder of an equity interest in the Debtor.

- 24. "Equity Interest" shall mean any interest in the Debtor represented by membership interest, warrants, options, or other rights to purchase any shares of membership interest in the Debtor.
- 25. "Final Order" shall mean an order of the Bankruptcy Court or a court of competent jurisdiction to hear appeals from the Bankruptcy Court which, not having been reversed, modified, or amended, and not being stayed, and the time to appeal from which or to seek review or rehearing of which having expired, has become final and is in full force and effect.
- 26. "Impaired" when used as an adjective preceding the words "Class of Claims" or "Class of Equity Interest" shall mean that the Plan alters the legal, equitable, or contractual rights of the member of that class.
- 27. "Person" shall mean an individual, a corporation, a partnership, an association, a joint membership interest company, a joint venture, an estate, a trust, an unincorporated organization, or a government or any political subdivision thereof or other entity.
- 28. "Petition Date" shall mean the date on which the Debtor filed this petition for relief commencing the Chapter 11 Case.
- 29. "Plan" shall mean the Plan of Reorganization filed in these Proceedings, together with any additional modifications and amendments.
- 30. "Priority Non-Tax Claim" shall mean a Claim entitled to priority under sections

- 507(a)(2),(3), (4), (5), (6) or (7) of the Bankruptcy Code, but only to the extent it is entitled to priority in payment under any such subsection.
- 31. "Priority Tax Creditor" shall mean a Creditor holding a priority tax claim.
- 32. "Priority Tax Claim" shall mean any Claim entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code, but only to the extent it is entitled to priority under such subsection.
- 33. "Proceedings" shall mean the Chapter 11 Case of the Debtor.
- 34. "Professional Persons" means and refers to all attorneys, accountants, appraisers, consultants, and other professionals retained or to be compensated pursuant to an Order of the Court entered under Sections 327, 328, 330, or 503(b) of the Bankruptcy Code.
- 35. "Professional Claim" means and refers to a claim by any and all professionals as provided for in Sections 327, 328, 330 and 503(b) of the Bankruptcy Code.
- 36. "Reorganized Debtor" means the Debtor after confirmation of the Plan.
- 37. "Secured Claim" means and refers to a Claim which is secured by a valid lien, security interest, or other interest in property in which the Debtor has an interest which has been perfected properly as required by applicable law, but only to the extent of the value of the Debtor's interest in such property, determined in accordance with Section 506(a) of the Bankruptcy Code.
- 38. "Unsecured Claim" shall mean any Claim against the Debtor which arose or

which is deemed by the Bankruptcy Code to have arisen prior to the Petition Date for such Debtor, and which is not (I) a secured claim pursuant to Section 506 of the Bankruptcy Code, as modified by section 1111(b) of the Bankruptcy Code, or (ii) a Claim entitled to priority under sections 503 or 507 of the Bankruptcy Code. "Unsecured Claim" shall include all Claims against the Debtor that are not expressly otherwise dealt with in the Plan.

39. Other Definitions, a term used and not defined herein but that is defined in the Bankruptcy Code shall have the meaning set forth therein. The words "herein", "hereof', "hereto, "hereunder", and others of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. Moreover some terms defined herein are defined in the section in which they are used.

# I. The Plan of Reorganization.

# **1.01** Summary of Debtor's Plan.

This Plan provides for the sale of 90% of the membership interest of the Debtor to Avita Beverage Company, Inc. (ABC) and continued future operations of the Debtor. Under the Plan, all pre-petition claims and all administrative claims will be paid in full on the Effective Date of the Plan.

On or before the Effective Date of the Plan, the Debtor will pay the Cherven

Trust in the full amount required to pay all rents, overdue taxes, and late fees as owed

under the Amended Ground and Water Lease, as the same may be allowed, believed to be approximately \$21,930.

The Plan will be funded by a payment or payments made by ABC made according to the Purchase Agreement, in which ABC agrees to pay all amounts due in a confirmed plan, in exchange for 90% of the shares of Avita. Each secured and unsecured creditor will be paid in full and receive no less than the an amount due to creditors under a Chapter 7 liquidation of the estate. The funds will be administered by Debtor's counsel. Payments will be paid in accordance with their class, as set forth herein, and then within the class, paid in accordance with the applicable priority, as determined by the Plan.

## Class 1 - Kenneth Burke, Pauline Burke, and Rainforest Holdings, LLC

\$119,323.75 - secured. The Class 1 Claim will be paid in full on the Effective Date of the Plan. Class 1 Claimants are not impaired and not entitled to vote.

### Class 2 - Unsecured Debt

AFAQ Investments	1,080
Cherven Trust	4,000
Andrus Transportation	1.88
Austin Tape & Label	7.60
Auto Owners	23.02
Bevcorp. LLC	176.31
IRS	15
Janson Propane	18.52
Jim's Well Drilling	8
Kenneth & Pauline Burke	10,185.07
Kenneth & Pauline Burke	3,720

Lina Nahlawi	320
Old National Bank	2,000
Ontrario Plastic Container	16
Phonenix Packaging	53.59
Raven Analytical Laboratories	8.93
S&H Business Solutions	44.8
Timothy Burke	1,665.95
Triumbar Corp.	65.98
UPS Freight	10.40
Western Indust. Equip.	3.86
Whitlam Label Co.	9.60

total unsecured claims \$23,434.51

The unsecured creditors will be paid in full on the Effective Date of the Plan.

Class 2 claimants are not impaired and are not entitled to vote.

### <u>Class 3 – Equity Interests of Debtor</u>

The sole shareholder, Terry Maurer, shall receive no compensation or distribution from the Plan. ABC will purchase 90% of the membership interest of Avita Water, and Terry Maurer will remain a 10% member of Avita Water. Terry Maurer is not entitled to vote.

## **Claimants Not Entitled to Vote**

# <u>Group 1 - Administrative Claim of Don Darnell</u>

Administrative claims, as may be allowed, by Attorney Don Darnell in the amount of approximately \$15,000-\$20,000. The Administrative Claim of Don Darnell shall be paid upon allowance of the Court, only in the amount as allowed by the Court.

# Group 2 - Leasehold Claims of Cherven Trust

Administrative claims of the Cherven Trust in the amount of \$21,930 shall be paid in full on the Effective Date of the Plan.

### Group 3 - Department of Treasury / IRS

The Department of Treasury / IRS has filed a priority claim in the amount of \$3,348.64. Allowed claims that are entitled to priority pursuant to 11 U.S.C. \$507(a)(8). Priority claims of the United States of America in the amount of \$3384.64 or in an amount which may be allowed on the Effective Date of the Plan, unpaid balances accruing interest at the annual rate of 4.25%.

### Group 4 - State of Michigan UIA

The State of Michigan UIA has a priority claim in the amount of \$13,253.67. Allowed claims that are entitled to priority pursuant to 11 U.S.C. § 507(a)(8). Priority claims of the State of Michigan UIA in the amount of \$13,253.67 or in an amount which may be allowed on the Effective Date of the Plan, unpaid balances accruing interest at the annual rate of 1% monthly.

## <u>Group 5 - Administrative Claims of the United States Trustee</u>

Claims of the United States Trustee shall be fully paid on or before the closing date of the Chapter 11 case. Fees due the United States Trustee as charges assessed against the estate under chapter 123 of Title 28, which are entitled to priority pursuant to 11 U.S.C. § 507(a)(2).

## II. A Description of the Debtor Avita Artesian Water, LLC

## 2.01 Description of the Debtor

The Debtor, Avita Artesian Water, LLC, is a Michigan limited liability company organized September 24, 2003, and has operated at its business located at 2445 Godfroy, Roscommon, Michigan 48653. The Debtor is in the business of bottling, distributing, and selling high quality bottled water intended for human consumption. Avita Artesian Water, LLC is a single-member limited liability company. More information about Avita high quality water can be found at <a href="https://www.myavitawater.com">www.myavitawater.com</a>. Terry Maurer owns 100% of the interest in the Company. Terry Maurer is the Manager of the Company and handles most or all of the administrative duties for the Company. Terry Maurer, the only equity holder, will not receive payments under this Plan in any capacity of a creditor of the Debtor.

The assets of the Debtor consist of bottling and packaging equipment as set forth in Debtor's schedules. Debtor also owns the trademark "Avita Water," and permission to use the mark "Pure Michigan" on its products.

The cause of the Chapter 11 filing was the failure of operations of the Debtor's previous Manager Avita Capital Partners, LLC and the motion to convert a previously confirmed plan of reorganization by Kenneth Burke, Pauline Burke, and Rainforest Holdings, LLC. The instant Chapter 11 proceeding was commenced on May 16, 2016. Debtor is currently not conducting business. ABC is offering equity shares of

Avita Beverage Company, Inc. to fund the purchase of 90% of Debtor's membership interest. The maximum offering is 20,000,000 shares at \$.50 per Unit (an aggregate offering value of \$10,000,000. (See attached Private Placement Memorandum - Exhibit A).

## 2.02 Description of Principal.

Terry Maurer is a 100% owner-member of Debtor. He started the company in 2003 after operating a successful chemical business for over 30 years. Mr. Maurer has considerable personal investment in the company and will retain 10% ownership in the Debtor. Mr. Maurer has taken no salary or expenses from the company during the pendency of the bankruptcy case. Mr. Maurer will continue as member, with no or nominal compensation for his role as a member.

#### 2.03 Guaranteed Debt.

Terry Maurer and Mary Ann Maurer are co-debtors to the claim of Kenneth Burke, Pauline Burke, and Rainforest Holdings, LLC.

## 2.04 Previous Chapter 11 Bankruptcy.

Avita previously filed a Chapter 11 petition on April 9, 2012, and confirmed a plan of reorganization on December 7, 2012 in Chapter 11 Case No. 12-21190. The plan of reorganization contemplated the sale of all of Avita's assets and an assignment of the ground and water lease for the sum of \$900,000, which was to be used to fund a liquidating plan. Avita filed a motion under 11 U.S.C. § 363 and received approval

from the Bankruptcy Court for the sale of Avita's assets, and the closing of said sale was scheduled to close 30 days post-confirmation. For reasons unknown to Avita or its attorney and agents, the approved sale under 11 U.S.C. §363 failed to close and Avita retained only the Buyer's \$25,000 deposit, resulting in Avita's inability to fund said prior plan of reorganization. Avita filed a second Chapter 11 on October 14, 2013, Case No. 13-22652 and a plan of reorganization was confirmed by the Court on March 21, 2014. Avita Capital Partners, LLC had responsibility to pay plan payments and said company / manager operated the water bottling facility as separate entity, paying monthly plan payments on behalf of Avita Water from April 2014 to July 2015 at which time Avita Capital Partners, LLC failed.

## **III.** Post-Petition Events of Significance.

3.01 Post-petition Transfers Outside the Ordinary Course of Business.

None.

### 3.02 Cash Collateral

No party has an interest in cash collateral. The Debtor is not using cash collateral.

## 3.03 Debtor in Possession Financing

None.

## 3.04 Causes of Action and Potential Causes of Action

Debtor is investigating a possible claim against Kenneth W. Burke, Pauline F.

Burke, and Rainforest Holdings, LLC for fraud, injurious falsehoods, and tortious interference with an advantageous business expectancy.

### 3.05 Re-Start of Bottling Operations

Since the Chapter 11 filing, The Debtor has cleaned the facility, removing all outdated and unusable packaging and bottles. The Debtor has worked to update all required State of Michigan laboratory testing and licensing requirements and is currently licensed to distribute and sell bottled water in 41 states. The Debtor, with the assistance of ABC, has and is reestablishing distribution and marketing and is working to update the packaging.

### IV. Liquidation Analysis

## 4.01 Equipment

Description of Asse and Collateral	ts Creditor Holding Lien	Fair Marke	t ValueForced Value	d Sale	amount of secured claim	equity
Machinery & Equipment	Burke	159250		7962	5 119323.75	39926.25
Trademark			5000	500	0 0	5000

Total equity if fair market value used = \$44,926.25 Total equity if forced sale value used = (\$39,198.75)

#### 4.02 Marks

"Avita" - Using the excess income method where identifiable intangibles such as commercial goodwill have a perpetual economic life, where the Avita mark was unused for more than five years prior to 2013, and has had a turbulent brand life since

confirmation of the last Chapter 11 in May 2014, has little value as a brand exclusive of the actual water bottled in Roscommon, Michigan. Debtor estimates the Avita trademark as a value of approximately \$10,000.

## 4.03 Risks, Conditions, and Assumptions Regarding Stated Values.

The Debtor's bottling and packaging equipment was purchased by Debtor as used equipment. The stated values in Debtor's schedules were a rough estimate based upon feedback as a result of investigation/due diligence from potential buyers of the Debtor's equipment. Avita's bottling equipment consists generally of two bottle fillers, two bottle cappers, one bottle rinser, one oxygenator, labelers bottle markers, and plastic-wrap equipment. The two bottle fillers/cappers consist of a six-head and 60-head machines. The Equipment is arranged in the bottling facility in such a way that either, but not both, of the six-head or the 60-head machines may be used at onetime. The Equipment is arranged in a "Line" starting with a table in which bottles are manually fed onto said table and then a conveyor, leading to a Bevco Model 150 bottle rinser and then to the Filler Specialties, Inc. six-head filler/capper. When the six-head filler is in operation, the filled bottles continue along until manually boxed, taped, and marked. Debtor's bottles are silk-screened pre-printed with the Debtor's art and marks. When the 60-head filler/capper is in operation the rinsed bottles travel from the bottle rinser and by-pass the 6-head filler/capper and then enter the 60-head filler/capper. Filled bottles arrive by conveyor and are manually boxed and then taped

and marked with a EZ-Taper. From there the boxes of bottled water are palletized and are moved about the warehouse and loaded onto trucks by a forklift..

While the equipment is currently set up as two bottling lines, the equipment is worth less if sold on a piece by piece basis, there being a limited market for bottling equipment. If the Debtor were to simply liquidate, a buyer(s) would not have the ability to assume the water and land lease, and would only purchase equipment individually or as line to move it elsewhere. In addition, all industrial equipment has a greater value in place and operating, as opposed to a situation where a buyer has to inspect a piece of equipment that cannot be tested. Debtor has attempted to determine the fair market value of its equipment. The stated values are for equipment in good repair and powered for demonstration. The values as set forth in Schedule B are based upon similar equipment available for purchase. The Debtor's equipment has not been formerly appraised.

### 4.04 Potential Claims and Causes of Action

Debtor is investigating a possible claim against Kenneth Burke for fraud and breach of contract, and interference with a purchase / joint venture of Debtor.

#### 5.01 Three Years Pre-Petition

Manager's Payments

2016 2015 41335 2014 71772.38

#### 5.02 Post-Petition

Debtor has no post-petition financial data. Debtor, through its proposed member Avita Beverage Company, Inc., paid post-petition rents and United States Quarterly fees only. Avita Beverage Company, Inc. has incurred and paid its own expenses incurred in relaunching the Avita brand, professional fees unrelated to bankruptcy, and it's equity offering.

## 5.03 Projections

See page 6, fig. 1 of the attached Avita Business Plan (Exhibit B) for a four year projection.

### VI. Legal requirements, as follows:

## A. Voting procedures

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of claims, or equity interest, that are impaired under the plan. Accordingly, classes of claims or interests that are not impaired are <u>not</u> entitled to vote on the plan.

Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided with sufficient ballots may

photocopy the ballot received and file multiple ballots.

Votes on the plan will be counted only with respect to claims: (a) that are listed on the Debtor's Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

Voting on the plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing the plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the plan, and then return the ballot by mail to the debtor's attorney by the deadline previously established by the court.

Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the debtor's attorney.

### B. Acceptance

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

### C. Confirmation

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.

Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are these:

- 1. Each class of impaired creditors and interest must accept the plan, as described in paragraph VI. B., above.
- 2. <u>Either</u> each holder of a claim or interest in a class must accept the plan, <u>or</u> the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy

Code.

### D. Modification

The debtor reserves the right to modify or withdraw the plan at any time before confirmation.

### E. Effect of confirmation

If the plan is confirmed by the Court:

- Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.
- 2. Except as provided in the plan:
  - (a) In the case of a <u>corporation</u> that is reorganizing and continuing business:
    - (1) All claims and interests will be discharged.
    - (2) Creditors and shareholders will be prohibited from asserting their claims against or interest in the debtor or its assets.
  - (b) In the case of a <u>corporation</u> that is liquidating and not continuing its business:
    - (1) Claims and interests will not be discharged.
    - (2) Creditors and shareholders will not be prohibited

from asserting their claims against or interests in the debtor or its assets.

- (c) In the case of an individual or husband and wife:
  - (1) Claims will be discharged, except as provided in 11 U.S.C. §§ 523 and 727(a).
  - (2) Creditors will be prohibited from asserting their claims except as to those debts which are not discharged or dischargeable under 11 U.S.C. §§ 523 and 727(a).

See Part II-A of this Disclosure Statement to determine which of the above paragraphs applies in this case.

F. Discharge (applicable to individual debtors only)

The Debtors herein will not receive a discharge until all payments have been made under the Plan in accordance with 11 U.S.C. § 1141(d)(5). It is the usual practice of the court to close Chapter 11 cases after confirmation, then the debtor files a motion to reopen the case for entry of discharge upon completion of plan payments.

#### PLAN PROPONENT

September 2, 2016

/s/ Terry Maurer

Avita Artesian Water, LLC

Its: Manager

September 2, 2016

/s/ Don Darnell

Don Darnell P55268

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