

COVID-19 Business Modeling Analysis

Name of Business: Club Marcella of Buffalo, Ltd. (“Club Marcella”)
622 Main Street, Suite 150
Buffalo, New York 14202

Business Type: Dance Club/Bar

Industry: Hospitality & Entertainment

Geographical Location: Erie County, New York

Date of Analysis & Report: May 19, 2020

Purpose:

The overall purpose of this evaluation is to apply particular COVID-19 conditions or criteria in the form of “Assumption Sets” to a specific business (Club Marcella) to assess the new operational model’s functionality and likely success, all of which must be balanced with public health concerns regarding the spread of the Coronavirus.

Executive Summary of Findings:

- New York State Phase IV Re-Opening plans (as well as CDC draft re-opening guidelines) appear to rely on decreased occupancy load as the primary method to initiate bar openings. Decreasing occupancy within a nightclub will not significantly reduce the threat of viral spread, problems with distancing compliance and enforcement, and the legal and social liability that will likely occur with any attempt to open under such conditions;
- COVID-19 economic transaction costs¹ together with current social distancing requirements force Club Marcella to “warp” into a business form incongruous with

¹ In addition to the cost of the service or good, transaction costs are additional costs attributed to a particular economic transaction. For example, in the case of a dance club that permits those under the drinking age of 21 to enter the establishment, additional security costs would be required to ensure these underage patrons do not illegally drink alcohol. For this report, “COVID-19 transaction costs” for a bar or dance club may include: (1)

the essential nature of “Dance Club” (e.g. no dance floor; no live performance; social distancing, etc.);

- The level of fear for both employees and customers remains exceptionally high and reduced occupancy models for “social gathering businesses” will not significantly reduce those fears. Additionally, except for ownership and management, Club Marcella employees (and independent contractors) are part-time workers who, if currently receiving unemployment benefits, would lose considerable money returning to work; this loss would only be exacerbated for tipped employees who would make even less money in a reduced occupancy re-opening strategy.
- Bar and dance club ownership and management need to recognize that these businesses will be one of the last “business types” to open and that “partial” opening (e.g. limited occupancy; dancing and live performance prohibitions; social distancing **and** increased operational costs) will likely result in financial losses, significant legal liability and possible damage to the business’ brand;
- Elected officials and public health experts must acknowledge that the decreased occupancy model with social distancing is not a realistic model for “social gathering” businesses. The goal then is to develop **cooperative** re-opening models that delay **any** opening until specific COVID-19 criteria or conditions can be met or realized.
- COVID-19 modeling suggests that an alternative re-opening operational model for dance clubs at 75-100% occupancy is possible with minimal mitigation and social distancing measures, provided club owners commit to a program that will likely: (1) delay any opening for an additional 1-2 months (relative to a decreased occupancy opening) until specific conditions are met; and (2) be limited to opening one weekend night per weekend.

additional security for social distancing compliance; (2) intensive sanitizing protocols; (3) door screening costs; and (4) possible on-site testing costs not covered by the government.

Background and Nature of the Business:

Club Marcella opened its doors for business in 1995 and has sustained its longevity based in part on the belief that all who are tolerant and accepting are welcomed. While it has been consistently described as a gay dance club, the clientele has always been a unique mix of gay and straight, young and old, and multi-ethnic – it reflects the widest swath of demographics in the City of Buffalo. While the club has relocated twice in its 25-year history, those relocations occurred within the same building and in effect, constitute one move “down the hall”, only to eventually return to its original location. As importantly, Club Marcella is located within the City’s Theatre District – a good fit given its weekly live female impersonation performances; in fact, the has participated in the District’s annual “Curtain UP!” event, including co-hosting shows at Shea’s Performing Arts Center (Smith Theater).

Invariably, Club Marcella’s identity is rooted in two identifying features: (1) female impersonation; and (2) dance club with live DJs. It is also worth noting that the owners and management have extensive, multi-city experience in operating nightclubs, restaurants and small to medium size live performance venues. Specifically, the owners managed two 24-hour nightclubs in Miami and in 2018, permanently returned to Buffalo to operate Club Marcella, which at present is their only open business. Club Marcella is a financially stable, well-run operation that includes coordination with a separate, private security company that manages security issues in the adjacent parking lot and immediate community. It should be noted that the business funds these outside security concerns solely, without the support of those who operate the parking lot. The club’s ownership recognized its duty to protect its customers outside of its establishment while maintaining compliance with State Liquor Authority (“SLA”) regulations.

Methodology:

The hypothetical, systems theory modeling provided in this report attempts to develop business operating outcomes relative to a particular industry or business type (i.e. Bar/Nightclub)² through the application of three, distinct “COVID-19 Assumption Sets”. Business Type indicators for bars and nightclubs as well as **specific** business profile elements for the particular establishment being evaluated (Club Marcella of Buffalo, Ltd.) reflect “business inputs” into the modeling analysis. Business Type indicators are general in nature for the industry and may include but are not limited to the following characteristics: (1) front door entrance patron line(s); (2) security; (3) patron lines for bathrooms and other services (e.g. coat check); (4) Live DJ; (5) VIP bottle service and seating areas; (6) stage performance; and (7) general bar service. Club Marcella “entity specific items” include (but are not limited to) the following characteristics (which may or may not be helpful in terms of managing and enforcing social distancing requirements): (1) a large, two-tier parking lot immediately adjacent to the Club that can serve as a “staging area” to decrease pressure on the front door entrance lines **and** to perhaps serve as a COVID-19 on-site screening and testing area; (2) two licensed patios as well as a courtyard where current operations could be extended; (3) ID scanner technology to assist with the Health Department’s Contact Tracing Program; (4) nightly live shows (female impersonation); and (5) total public assembly area of 5300+ square footage.

² It should be noted that recent proposed COVID-19 re-opening guidelines have assumed that bars, nightclubs and performance venues are largely homogeneous regarding the structural elements of their various business models. Care should be taken to recognize key distinctions; for example, bars tend to be much smaller in size, often do not have security to screen and ID patrons at the door and have general seating directly in front of the bar. Nightclubs provide dance areas that are particularly worrisome regarding close contact spread of the virus, while performance theaters require extended periods of immobility at close-nit distances (inside with no outdoor ventilation possible) with other patrons.

COVID-19 Assumption Sets:

The critical “environmental inputs” for the business modeling proposed in this report are provided through three, distinct COVID-19 Assumption Sets that include the following elements or characteristics:

1. **Therapeutics and treatment protocols:** Any medications including anti-viral treatments as well as standardized treatment protocols that have shown promise and, at the very least, antidotally favorable outcomes (e.g. CPAP and BiPAP full-mask treatments, patient proning protocols, etc.).
2. **Testing:** Both diagnostic and anti-body testing.
3. **Contact Tracing:** Both traditional methodologies (e.g. Health Department “boots on the ground” identifying, tracing, isolating, and treatment protocols) as well as new, high-tech tracing methods (e.g. cell phone apps).
4. **Social Distancing:** Any procedures deployed to mitigate or reduce the rate of viral spread.
5. **Enforced Occupancy:** This input reflects the number of patrons the government will allow to enter the premises or business. Numerous reports suggest that re-opening for bars, clubs and other entertainment venues will be based on a percentage of the establishment’s current, legal occupancy (e.g. 25%; 50%, etc.). In this modeling, the percentage of occupancy begins at 25% (COVID-19 Assumption set #1), is increased to 50% for Assumption Set #2, and to a range of 75—100% (with authorized outdoor expansion) for COVID-19 Assumption Set #3.

In summary, the COVID-19 Assumption Sets provide ***three variations*** of environmental inputs, along with industry or business type business inputs (bar and nightclub) with additional inputs specific to the business in question (i.e. Club Marcella of Buffalo, Ltd.), all of which serve to provide the operational outcomes that, taken together, determine the viability and risk level associated with that particular business re-opening.

Entity Specific Outcomes:

The modeling within this report provides (1) environmental inputs related to COVID-19 (three separate assumption sets); (2) general business type inputs for bars and nightclubs; and (3) inputs specific to the business being evaluated (Club Marcella). These inputs work together to generate possible “operational models” for Club Marcella, based largely on the following ***outcome*** areas:

- I. **Level of Spread Threat.** Whatever form the operational model takes, it needs to be evaluated relative to COVID-19 and the degree to which the business, in that specific form, will assist the community in managing the virus, or conversely, spreading it.
- II. **Degree of Difficulty in Enforcing Compliance Standards.** Each business type or industry must grapple with mitigation and social distancing requirements, which vary from state to state and seemingly, from day to day. Under New York Governor Cuomo’s leadership, there is certainly more detailed, operational plans to guide businesses as they move toward re-opening. Whatever the case, varying operational models must be assessed regarding the degree of difficulty involved in enforcing COVID-19 requirements.
- III. **Business Viability: Transaction Costs, Club “Vibe”, and Operating Costs.** Aside from the traditional or standard operating costs associated with the business, these costs will increase, perhaps significantly, via the additional costs related to COVID-19 mitigation, which include enforcement of social distancing requirements and increased sanitation expenses. As importantly, “business type” can be defined by its structural elements and activities; in other words, as in the case of a bar, what is it that actually makes it a bar? As a dance club, any new operating model based on COVID-19 inputs must be assessed in terms of “Vibe” or the idea that the new models may be financially viable but what remains structural is not sustainable as it loses the character of

a dance club, possibly pushing customers to leave and not return. In other words, will Club Marcella patrons recognize the “new club” under COVID-19 restraints if there is no dance floor or live performance?

IV. **Probability of Business Brand Damage.** Legal liability is an underlying threat, especially for bars and clubs, to any business’ financial well-being. COVID-19 legal liabilities or risks related to OSHA violations, workers compensation claims, and customer civil suits (standard of care and other forms of alleged negligence) must be assessed within the COVID-19 business environment. As importantly, a business must take care to protect its branding and long-term viability. Brand damage can also result when a business (or an industry as a whole) is deemed by the public or its customers to be socially irresponsible, particularly if it is involved in a new outbreak (“supercluster”). Finally, new operational models must be assessed in relation to employee and customer fears. A business can do all that is expected to protect everyone involved and still be profoundly impacted by a real and lingering fear that many will have to assemble in public.

Findings:

COVID-19 Assumption Sets (Environmental Inputs):

I. COVID-19 Assumption Set #1

Exhibit A provides a graphic summary of COVID-19 Assumption Set #1, which largely mimics the current conditions in Erie County as of the date of this report; namely, that there are virtually no therapeutics available,³ testing that is minimal and largely symptom-based or study-based for diagnostic testing (and minimal anti-body testing), minimal contact tracing programming or infrastructure, with moderate to high social distancing

³ Recent published results (double blind study) for the anti-viral Remdesivir reveal a significant *p-value* related to decrease in length of hospital stay and a somewhat significant result related to decreased morbidity or mortality rate. On or around May 9, 2020, Erie County medical facilities received a limited (albeit an insufficient) supply of this anti-viral treatment.

compliance and minimal or negligible enforcement. Assumption Set #1 assumed that Club Marcella would be permitted to open with these “environmental conditions”, three nights per week at 25% legal occupancy.⁴ Exhibit A confirms what common sense dictates – any opening of a dance club (or other public gathering business) with these “environmental inputs” or conditions, even at 25% occupancy, would be disastrous. Aside from the obvious viral spread threat, employee safety hazards would be high, particularly for security and “floor staff” who would be charged with monitoring and enforcing distancing requirements, sanitizing protocols, and other necessary on-site management activities.⁵ Obvious legal liabilities aside, social liabilities are quite possible particularly if the business is identified as a socially irresponsible hotspot for virus spread.

II. **COVID-19 Assumption Set #2**

Exhibit B provides a summary of the COVID-19 Assumption Set #2, in which the modeling assumes more favorable, yet not optimal, inputs across the board. In this COVID-19 scenario, a number of safe and effective therapeutics are available but on a limited basis, medical knowledge demonstrably increases regarding standardized treatment protocols, both diagnostic and anti-body testing are moderately available to the public, contact tracing infrastructure is present but not fully scaled, and social distancing remains in effect with moderate enforcement. In this hypothetical, the government would permit Club Marcella to open at 50% occupancy.

Paradoxically, this modeling may prove to be far more expensive to operate (and thus less likely profitable than even the *possible* net gain at 25% occupancy) given the COVID-19 transaction costs associated with social distancing and sanitation protocols, which will likely increase multiplicatively relative to the 25% modeling. In other words, it is significantly more difficult to manage a space half-full v. quarter-full when the required

⁴ Most bars and almost all dance clubs in Erie County (and throughout the country) tend to open only on weekend nights; Club Marcella’s pre-COVID 19 weekly schedule was Thursday-Saturday – 10:00 pm – 4:00 am.

⁵ Unlike most other businesses, it is important to note that bar security invariably includes physical restraint and removal of problematic patrons. There is no reason to assume that this will not continue in the new COVID-19 world and in fact, will likely increase given the likely resistance some may have to social distancing guidelines.

management dynamics involve “herding” persons away from spontaneous social “clumping”. In any event, a number of the negative outcomes realized with Assumption Set #1 also remain true for this operating model.

Table 1. Club Marcella of Buffalo, Ltd. - Door Admission Records*

*Occupancy = 500+ (with patios)

Saturday	Nightly Admissions by Range			Total Admissions
	21 and Over	"Under" 21 (18, 19 & 20)	Misc **	
6/8/2019	460	78	37	575
6/22/2019	519	108	13	640
7/13/2019	534	112	91	737
8/10/2019	500	209	72	781

**Misc includes VIP's, employee guests, military ID's, Uber/Lyft, Birthday Celebrants

Average Admissions	683
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Table 1 provides selected historical admissions data for Club Marcella over a three-month period in 2019, confirming that approximately 680 people typically enter the venue on any given Saturday evening (between 10:00 pm – 4:00 am). Saturday evening revenues constitute approximately 60-70% of the club’s weekly earnings, which average approximately \$14,500.00 per Saturday evening (Bar sales and door cover charges combined). Management maintains comprehensive financial data including patron spending, which has remained relatively stable for a number of years and in turn is reflective in the data presented here; namely, that Club Marcella customers spend approximately \$21.00 when visiting the venue on any given Saturday evening. Taken with all of the risk factors presented with this modeling, it is apparent if not obvious that “reduced occupancy” re-opening strategies (25%; 50%) will not be financially viable for Club Marcella. Even with an enforced occupancy of fifty percent (50%), the costs to operate combined with COVID-19 transaction costs (additional security, sanitization costs, etc.) would result in at best nominal net profit gains.⁶ Finally, there is virtually no doubt that, given historical average revenues for the club’s Thursday and Friday

⁶ It is worth noting that even extremely stable factors such as Club Marcella’s historical customer spending averages are bound to be impacted by the highly uncertain, volatile COVID-19 economy; even if people ventured out, they may be afraid to spend as they have in the past.

evenings, that any net return gained from Saturday operations would be consumed by losses from these other nights.

III. **COVID-19 Assumption Set #3**

Exhibit C provides a third and final COVID-19 environmental input assumption set wherein the club is permitted to open at 75-100% occupancy (with approved outdoor area expansion and additional outdoor temporary, portable bars). These COVID-19 inputs include optimal treatment, testing, and contact tracing measures that may not be entirely attainable. Whatever the case, this modeling evidences the value of delaying the club's opening until unrealistic (if not impossible) social distancing measures can be largely eliminated. As importantly, it suggests that a "trade-off" between business and government may be essential to developing any reasonable, relatively safe solution to opening high-risk, social gathering businesses. Namely, that business owners need to be convinced to delay opening to avoid the pitfalls of reduced occupancy re-opening strategies in lieu of a cooperative model with government (and perhaps other businesses within a defined, geographical situate) that allows programmed coordination to effect a successful, lower-risk and profitable opening. This approach also recognizes that resources, especially on-site screening and testing, would be limited and thus, mandate that businesses such as Club Marcella could only operate, at least initially, one evening per week.

Discussion:

It has often been said by police officials that, "You can't arrest your way out of every problem". The statement infers that community stakeholders must get involved whenever possible to coordinate with government to find solutions to complex social problems. COVID-19 certainly exemplifies a most challenging threat to public health and our economy. The private sector and individual citizens must recognize that their participation in problem-solving aspects of COVID-19 is vital to surviving the pandemic and re-opening our economy. These common solutions cannot be achieved without first being honest

about not only where we stand but also the significant limitations within which we must work. In that vein, Club Marcella and other like establishments (bars and performance venues) must, as “public gathering businesses”, accept that: (1) they will be among the last to open; and **as importantly**, (2) should not open under the proposed reduced occupancy or “partial opening” models. The business modeling presented in this report clearly reveals that even 50% occupancy models will likely increase the spread of the virus, will be difficult if not impossible to enforce social distancing, will add significant transactional costs on top of standard operational expenses, and will fall far short of creating the environment (“Vibe” factor) that patrons will expect (no dance floor; no stage performance, etc.). With all of this in mind, legal liability related to OSHA, workers’ compensation claims, negligence suits for alleged “standard of care” violations (customers),⁷ and government compliance violations up to and including revocation of business licensing make such opening “opportunities” a high-risk endeavor. As importantly, unprecedented abrupt, downward shifts in our economy as well as a high-level of justified, rational fear make it likely that many consumers will avoid social gathering businesses altogether. Finally, one cannot underestimate the incalculable social liability risk, even if a bar or the industry as a whole has the good fortune to avoid becoming an outbreak “supercluster”; under even normal circumstances (e.g. bad club or DJ performance review), social shaming via social media can kill a business within hours. Unlike other businesses, there already exists an insidious and ever-present stigma associated with bars and clubs, invariably surfacing every time there is a crime committed in or around such establishments. The restaurant⁸ or convenient store owner is a victim

⁷ Not only is there a practical concern that social distancing requirements cannot be realistically enforced within a social gathering setting such as a dance club, but that government compliance criteria will inadvertently “set up” businesses for serious legal jeopardy. On the other hand, there have been actual examples of purposeful disregard for business liability by elected officials. In a strange convoluted interview with CNN’s Anderson Cooper on April 23, 2020, Las Vegas Mayor Carolyn Goodman was incredulous in her belief that casinos should “open up” while providing no guidance (or responsibility) for how such an opening could occur in compliance with social distancing requirements. Perhaps the present model should also include an owner “fear factor”.

⁸ There appears to be a logic “glitch” in the assumptions currently trending about restaurants and effective social distancing. For example, a restaurant organization in Miami-Dade County in Florida promotes 50% capacity with tables of no more than six customers – with distancing of six feet between these tables. The real problem however exists at the table itself; namely, that one table could sit up to six separate “quarantine entities” if each individual at that table shuttered-in-place separate from all others. This dynamic accompanied by 1-2 hours of immobility may produce a spread threat higher than that of a dance club, yet most guidelines to date appear to plan re-opening of restaurants **prior** to the opening of clubs and bars.

in a robbery or parking lot assault; in contrast, the bar or club that has a shooting or assault is perceived as somehow encouraging this crime, and as such, can be deemed a “nuisance” establishment by the police and state authorities. This writer makes note of this stigma to only reinforce the increased likelihood that “social shaming” and subsequent irreparable damage to the company’s brand must be a critical element to any decision to open during this pandemic. In a recent Washington Post-University of Maryland survey⁹, almost 75% percent of those polled clearly oppose the opening of “restaurants, retail stores and **other** businesses”. One can only imagine the blow-back if bars and clubs opened to only trigger a regional outbreak that forced a return to “shutter-in-place” orders. Above all else, whatever the modeling strategies, it should be the obligation of any business owner to “do no harm”.

Recommendations:

1. The modeling presented in this report evidences the potential value of moving away from a “reduced occupancy” re-opening model to a “transitional opening model” for entertainment venues in recognition that the only way to safely open bars and nightclubs is through a condition-based model that permits 75% to full occupancy (with approved expansion of available outdoor areas) - **once per week**. This new systems theory approach enhances “data-driven” thinking to include cooperative programming through “condition-driven modeling”. The principle idea here is to promote and facilitate a cooperative arrangement rather than a government compliance edict. “Social gathering” business owners need to recognize that the decreased occupancy model with social distancing is at best problematic and that waiting for the correct conditions to be realized in order to open not only protects the public, avoids false starts, future closings, and substantial liabilities. It is better to participate in a well-coordinated, controlled

⁹ Washington Post-University of Maryland National Poll conducted April 28 to May 3, 2020. May 5, 2020 at https://www.washingtonpost.com/context/washington-post-university-of-maryland-national-poll-april-28-may-3-2020/9ac3c026-f68c-4733-82a0-daa6862d99b3/?itid=lk_inline_manual_2

“study” to re-open than it is to “throw caution to the wind” with a poorly defined, ad hoc experiment that has little chance of succeeding.

2. **Targeting Funding and Assistance.** Federal and State governments may wish to consider targeted funding that encourages these businesses to wait for the right conditions and, as importantly, to control business openings with tools that can effectively manage various forms of risk. Funding can be in the form of rent and utility assistance, owner unemployment, and a freeze on loans or postponement on other debt obligations. Employee assistance should involve free, mandatory and diagnostic anti-body testing, sick pay if quarantine is necessary, separate housing arrangement for quarantine when necessary, and most importantly, no or extremely limited reduction in unemployment benefits while the business is in “transition” to a full opening. It may also be advisable to revise the Federal Government’s Paycheck Protection Program (PPP) to include COVID-19 transaction cost expenditures, and to permit delays in both commencing funding for Phase IV entertainment businesses as well as extend funding beyond the current eight-week limitation.
3. **Alcohol Licensing Adjustments.** While the extended right to sell bottled liquor (drive-up sales) showed support for the bars and clubs across the state, it did little to assist these businesses against the gravity of the immediate and abrupt closure required to slow the pandemic. However, it did signal that the idea that the SLA could assist in augmenting the success of a condition-based, “transitional opening model”; namely, that: (1) the SLA could waive fees related to additional, outdoor portable bars to reduce social “clumping” at the indoor bars; and (2) permit automatic approval of expansion of outdoor areas with the submission of a basic, revised floor plan.
4. **Monitoring and Supervision.** The bars and the Erie County Health Department must agree to cooperate as partners in this effort, which may involve club staff training, on-site health department supervision and testing assistance, and other

measures necessary to manage program risk. The bars must recognize that they have a public duty to assist the Health Department and other researchers in every way possible to in part study the efficacy of the program to make real-time adjustments in risk management. Surveys, testing results and other data collection methodologies must and should be incorporated into the model.

Program Proposal:

5. **Modeling and Re-Opening Program for Buffalo's Theater District.** The Theater District includes a variety of business types residing within the following four cross-streets: Washington (East), Pearl (West), Tupper (North) and Chippewa (South) Streets (Exhibit D). There are several organizations currently in place that could assist in program planning and communication, including the Theatre District Association and Buffalo Place, Inc., which holds monthly security meetings with downtown businesses and the Buffalo Police Department. Given that many of the businesses within this District are "Entertainment" based, they share the position with Club Marcella as a "Phase IV" business type – the last to open under the Governor's UNPAUSE Order. This writer recommends that a "Theater District Re-Opening Plan" be developed, utilizing the modeling strategies contained within this report.

Report and Modeling by Michael D. Slyder, CFO
Club Marcella of Buffalo, Ltd.

Graphics by Richard Lindner, General Manger
Club Marcella of Buffalo, Ltd.

EXHIBIT A

COVID-19 Assumption Set #1

Therapeutics and Treatment Protocols
None

Testing
Minimal
(Symptom- or Study-based)

Contact Tracing
None or Minimal
(14-Day Self Quarantine)

Social Distancing
Moderately Enforced

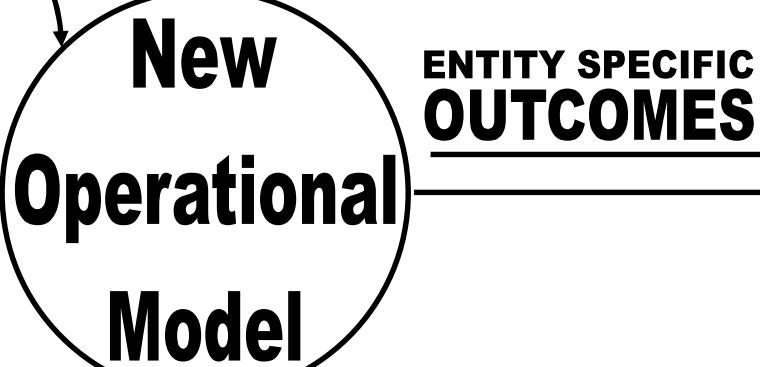
*Enforced Occupancy
25%
(Open Three [3] nights
[Thu, Fri and Sat] per week)

Business Type: Bar/Nightclub

- Dance Floor
- VIP Service
- Security
- Bathroom Line
- Live DJ
- Entrance Line(s)
- Stage Performances
- Bar Service

Business Type Input

COVID-19 Set Input



Entity Specific Items (Club Marcella)

- | | |
|--|---|
| <ul style="list-style-type: none"> • Parking Lot Staging • Two Licensed Patio Areas • Open-air Courtyard • Testing Site Capabilities • ID Scans (tracing) | <ul style="list-style-type: none"> • Nightly Live Shows
(Female Impersonation) • Space (5,300 sq. ft.) • Technology Upgrades
(Digital Currency & Live Streaming) |
|--|---|

<u>SPREAD THREAT (R_0)</u>	Extremely High
<u>ENFORCEMENT OF * REQUIREMENTS</u>	Extremely Difficult
<u>BUSINESS VIABILITY</u>	
<u>COVID-19 Transactional Costs</u>	Extremely High
<u>CLUB "VIBE"</u>	Extremely Low
<u>OPERATING COSTS</u>	Extremely High
<u>BRAND DAMAGE</u>	
<u>Social Liability</u>	Extremely High
<u>Legal Liability</u>	Extremely High
<u>"Fear Factor" **</u>	Extremely High

*Federal, State, County, Health Department or Liquor Authority(ies)
**Employees and Customers

EXHIBIT B

COVID-19 Assumption Set #2

Therapeutics and Treatment Protocols
Limited

Testing
Moderate
(Community & Private)

Contact Tracing
Low or Moderate
(Health Dept & low app use)

Social Distancing
Moderately Enforced

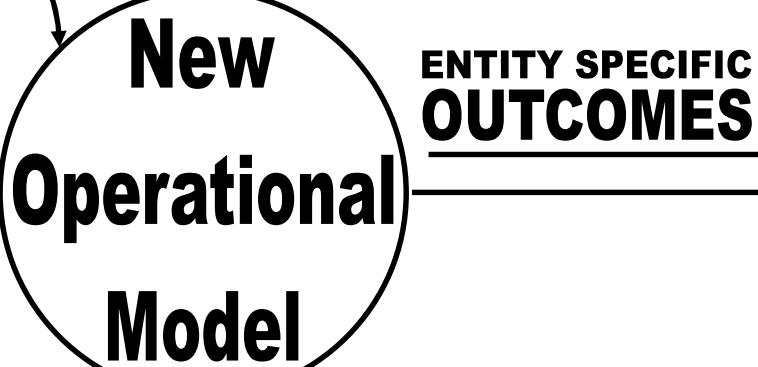
*Enforced Occupancy
50%
(Open Three [3] nights
[Thu, Fri and Sat] per week)

Business Type: Bar/Nightclub

- Dance Floor
- VIP Service
- Security
- Bathroom Line
- Live DJ
- Entrance Line(s)
- Stage Performances
- Bar Service

Business Type Input

COVID-19 Set Input



Entity Specific Items (Club Marcella)

- | | |
|--|---|
| <ul style="list-style-type: none"> • Parking Lot Staging • Two Licensed Patio Areas • Open-air Courtyard • Testing Site Capabilities • ID Scans (tracing) | <ul style="list-style-type: none"> • Nightly Live Shows
(Female Impersonation) • Space (5,300 sq. ft.) • Technology Upgrades
(Digital Currency & Live Streaming) |
|--|---|

<u>SPREAD THREAT (R_0)</u>	Extremely High
<u>ENFORCEMENT OF * REQUIREMENTS</u>	Extremely Difficult
<u>BUSINESS VIABILITY</u>	
<u>COVID-19 Transactional Costs</u>	Extremely High
<u>CLUB "VIBE"</u>	Extremely Low
<u>OPERATING COSTS</u>	High
<u>BRAND DAMAGE</u>	
<u>Social Liability</u>	High
<u>Legal Liability</u>	Extremely High
<u>"Fear Factor" **</u>	Extremely High

*Federal, State, County, Health Department or Liquor Authority(ies)
**Employees and Customers

EXHIBIT C

COVID-19 Assumption Set #3

Therapeutics and Treatment Protocols

Effective Protocols

Testing

Fully Scaled

(Diagnostic & Anti-body)

Contact Tracing

Comprehensive/Fully Scaled

(Health Dept & App use)

Social Distancing

Minimal & Specific

*Enforced Occupancy

75%-100%

(Only open One [1] rotating weekend [Fri or Sat] night per week)

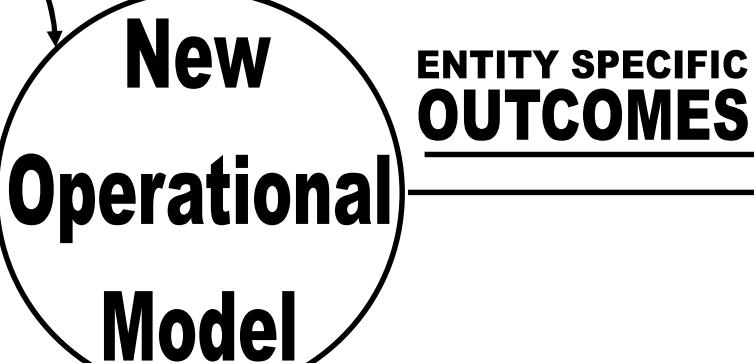
(with authorized expansion)

Business Type: Bar/Nightclub

- Dance Floor
- VIP Service
- Security
- Bathroom Line
- Live DJ
- Entrance Line(s)
- Stage Performances
- Bar Service

Business Type Input

COVID-19 Set Input



Entity Specific Items (Club Marcella)

- Parking Lot Staging
- Two Licensed Patio Areas
- Open-air Courtyard
- Testing Site Capabilities
- ID Scans (tracing)
- Nightly Live Shows
(Female Impersonation)
- Space (5,300 sq. ft.)
- Technology Upgrades
(Digital Currency & Live Streaming)

SPREAD THREAT (R_0)

Low to Moderate

ENFORCEMENT OF * REQUIREMENTS

Manageable

BUSINESS VIABILITY

COVID-19 Transactional Costs

Low to Moderate

CLUB "VIBE"

High

OPERATING COSTS

High

BRAND DAMAGE

Social Liability

Low

Legal Liability

Low to Moderate

"Fear Factor" **

Moderate

*Federal, State, County, Health Department or Liquor Authority(ies)

**Employees and Customers

Buffalo's Theatre District Re-opening Model Plan Area

Exhibit D

