

LSU BOARD OF SUPERVISORS MEETING

Meeting to be conducted telephonically via Zoom Webinar

<https://lsu.zoom.us/j/99631074192?pwd=slbquxviszonwitknfuveholatzzut09>

Tuesday, December 15, 2020 | 3:00 p.m. CST

- I. Call to Order and Roll Call
- II. Public Comment
- III. Request from the LSU Agricultural Center Regarding Amendment and Exercising Renewal Option of Contract for the Production of Medical Marijuana
- IV. Adjournment



Board of Supervisors

**CERTIFICATION OF INABILITY TO ACHIEVE IN-PERSON QUORUM
&
NOTICE TO MEET THROUGH ELECTRONIC MEANS**

Issued December 14, 2020

I hereby certify that the December 15, 2020 meeting of the LSU Board of Supervisors will be held via videoconference in accordance with La. R.S. 42.17.1. The State of Louisiana continues to operate under a state of public health emergency declared by the governor. An in-person meeting will be detrimental to health, and the meeting is required as deferral of the presidential search is viewed as causing hardship on the University. Pursuant to La. R.S. 42.17.1, the Board will provide for attendance via video or teleconference, in a manner that allows for observation and input by members of the public, including a mechanism to receive electronic comment both prior to and during the meeting, as set forth in the public notice of the meeting.

Public comments may be submitted to lsuboard@lsu.edu, and members of the public may view the meeting.

Thank you in advance for your understanding in these unusual circumstances.

/s/ Jason Droddy

Jason Droddy

Office of the LSU Board of Supervisors



Board of Supervisors

Request from the LSU Agricultural Center Regarding Amendment and Exercising Renewal Option of Contract for the Production of Medical Marijuana

Date: December 15, 2020

1. Bylaw Citation

Pursuant to Article VII, Section 1 of the Bylaws of the Louisiana State University Board of Supervisors, this matter is a significant board matter.

L. Other Significant Matters

Such other matters that are not expressly delegated herein or hereafter by the Board to the President or a Chancellor and which reasonably should be considered to require Board approval as generally defined above, or which the Board hereafter determines to require Board approval.

2. Summary of Matter

As the result of a significant investment in the current Supplier by a third-party, the LSU AgCenter is requesting approval from the Board of Supervisors to extend the existing Agreement for Services ("Agreement") with GB Sciences Louisiana, LLC. (GBSL) for the cultivation, extraction, processing and formulation of Medical Marijuana as authorized by the Alison Neustrom Act, La R.S. 40:1046. The existing Agreement provides for an initial five (5) year term, with two (2) additional, five (5) year terms from the Commencement Date, dependent on mutual agreement of the parties. The AgCenter is requesting the execution of the First Renewal to extend the contract with GBSL through September 13, 2027.

In addition, an amendment is proposed to update the language in the existing contract to better conform to existing practice, as well as the updated regulatory structure. The Amendment also outlines the new financial terms.

3. Review of Business Plan

There is no change to the general Scope of Services under the Agreement.

4. Fiscal Impact

The Amendment calls for minimum payments that are, in total, larger than what would have been required under the current Agreement (Section III of the Amendment). Additional payments may be owed depending on the overall success of the program and sales of medical marijuana by Supplier. With the new investors, the AgCenter is confident that it has a better chance of a larger fiscal impact than what could have been achieved under the current Agreement with current management.

5. Description of Competitive Process

Not applicable

6. Review of Legal Documents

General Counsel has conducted a review of the contract.

7. Parties of Interest

GB Sciences, Wellcana

8. Related Transactions

N/A

9. Conflicts of Interest

None.

10. Attachments

- I. Amendment to Contract
- II. Post Tax Net Proceeds, 12/15/20

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College does hereby authorize the President, or his designee, and in consultation with General Counsel, to execute Amendment No. 1 to the Agreement for Services (“Agreement”) including exercising the first 5 year renewal option with GB Sciences Louisiana, LLC.

THEREFORE, BE IT FURTHER RESOLVED, that the President, in consultation with General Counsel, is authorized to exercise the second five (5) year renewal option and any subsequent amendments deemed in the best interest of the University.

Amendment No. 1 to
Agreement for Services

between

**BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY
AND AGRICULTURAL AND MECHANICAL COLLEGE ("LSU")
on behalf of the LOUISIANA STATE UNIVERSITY
AGRICULTURAL CENTER ("AgCenter")**

and

GB Sciences Louisiana, L.L.C.

By mutual consent of both parties to this Agreement, the following Sections of the Agreement for Services are hereby amended as follows:

SECTION I – TERM

Section 1.0 (Term) shall be deleted in its entirety and amended as follows: “The initial term of the Agreement was for five (5) years (“Initial Term”), commencing on the 14th day of September, 2017 (“Commencement Date), and ending five (5) years thereafter, subject to reauthorization of the Alison Neustrom Act, La R.S. 40:1046, and all other applicable and related laws. Contemporaneously with the execution of this Amendment No. 1 to the Agreement for Services (the “Amendment”), the Parties will execute a formal acknowledgement and agreement that the Agreement for Services will be renewed effective on the 14th day of September, 2022 (“First Renewal Commencement Date”), and end five (5) years thereafter (September 14, 2027) (the “First Renewal Term”), subject to reauthorization of the Alison Neustrom Act and all other applicable and related laws. There is one remaining renewal option with a five (5) year term, for a total of fifteen (15) years from the Commencement Date, dependent upon mutual agreement of the parties and reauthorization of the Alison Neustrom Act and all other applicable and related laws.

Section 1.1 (Renewal) shall be deleted in its entirety and amended as follows: “Any negotiations relative to the renewal option of this Agreement shall commence at least one hundred-eighty (180) days prior to the expiration of the term of the Agreement that immediately precedes the renewal period and shall be finalized no later than ninety (90) days before the expiration of the term of the Agreement that immediately precedes the renewal period. LSU on behalf of AgCenter shall not unreasonably withhold consent to renew this Agreement for the extension option period through 2032 provided Supplier is not in default of the terms of this

Agreement and does not fail to cure any potential defaults after reasonable notice and opportunity to cure such potential defaults.”

SECTION II—SCOPE OF SERVICES

Section 2.0 (Scope of Services) shall be deleted in its entirety and amended as follows: “Supplier shall provide the following services to the AgCenter: cultivation, extraction, processing and formulation of Medical Marijuana, and to provide and perform all other necessary and related activities to supply usable Medical Marijuana products for patients in accordance with the Alison Neustrom Act, all other applicable and related Medical Marijuana laws, all related Medical Marijuana rules and regulations promulgated pursuant to the Louisiana Administrative Procedure Act, and the Medical Marijuana license granted to AgCenter. “Medical Marijuana” means marijuana authorized for therapeutic use by the Alison Neustrom Act, La R.S. 40:1046. Supplier shall provide a secured facility (“Facility”) for the purposes of providing the foregoing Medical Marijuana services, and to allow AgCenter to conduct Medical Marijuana research at the Facility.”

SECTION III—PAYMENT TERMS

Section 3.0 (Payment Terms) shall be deleted in its entirety and amended as follows: “During the remainder of the Initial Term and during the First Renewal Term of the Agreement, Supplier is responsible for the payments identified below.”

Section 3.1 (Research Investment) shall be deleted in its entirety and replaced and retitled by Section 3.1 (Settlement Payment): “In exchange for the execution of this Amendment and renewal of the Agreement for an additional five-year term (the First Renewal Term), Supplier agrees to the following payments:

- (a) \$1,300,000 due upon execution of Amendment No. 1;
- (b) \$400,000 due on or before the first business day of 2022;
- (c) \$368,500 due on or before the first business day of 2023;
- (d) \$300,000 due on or before the first business day of 2024; and
- (e) \$300,000 due on or before the first business day of 2025.”

If the Alison Neustrom Act is terminated, canceled, or otherwise expires, all remaining scheduled payments under Section 3.1 shall be paid by Supplier to AgCenter immediately upon the last effective date of the legislation.”

Section 3.2 (Guaranteed Minimum Financial Payment) shall be deleted in its entirety and replaced and retitled by Section 3.2 (Annual Payments): “Supplier shall pay AgCenter the following Annual Payments based on the sale of Medical Marijuana products in Louisiana:

- (a) For sales of Medical Marijuana products in Louisiana from January 1, 2021 through December 31, 2021: \$500,000 on or before December 31, 2021;
- (b) For sales of Medical Marijuana products in Louisiana from January 1, 2022 through December 31, 2022: Greater of \$1,000,000 or 3.0% of Post-Tax Net Proceeds on or before December 31, 2022, with final reconciliation on or before April 15, 2023;
- (c) For sales of Medical Marijuana products in Louisiana from January 1, 2023 through December 31, 2023: Greater of \$1,000,000 or 4.0% of Post-Tax Net Proceeds on or before December 31, 2023, with final reconciliation on or before April 15, 2024;
- (d) For sales of Medical Marijuana products in Louisiana from January 1, 2024 through December 31, 2024: Greater of \$1,000,000 or 5.0% of Post-Tax Net Proceeds on or before December 31, 2024, with final reconciliation on or before April 15, 2025;
- (e) For sales of Medical Marijuana products in Louisiana from January 1, 2025 through December 31, 2025: Greater of \$1,500,000 or 7.0% of Post-Tax Net Proceeds on or before December 31, 2025, with final reconciliation on or before April 15, 2026;
- (f) For sales of Medical Marijuana products in Louisiana from January 1, 2026 through December 31, 2026: Greater of \$1,500,000 or 7.0% of Post-Tax Net Proceeds on or before December 31, 2026, with final reconciliation on or before April 15, 2027; and
- (g) For sales of Medical Marijuana products in Louisiana from January 1, 2027 through September 14, 2027 (end of First Renewal Period) or December 31, 2027 (presuming mutual agreement to a Second Renewal Period): Greater of \$2,000,000 or 7.0% of Post-Tax Net Proceeds on or before December 31, 2027, with final reconciliation on or before April 15, 2028.

For purposes of this Agreement, “Post-Tax Net Proceeds” shall mean “Post-Tax Net Income, plus depreciation and amortization, less change in working capital, less capital expenditures.” An illustrative example of the Post-Tax Net Proceeds calculation is attached to this Agreement as Exhibit 1. “Free Cash Flow,” as depicted in the illustrative calculation in Exhibit 1, will be the determining factor of AgCenter’s Annual Payments under Section 3.2 hereof and the total against which AgCenter’s percentage as identified in Section 3.2(b)-(g) is multiplied to determine the Annual Payment, subject to the minimum Annual Payments. Supplier agrees to maintain its accounting records in accordance with Generally Accepted Accounting Principles (GAAP).”

Section 3.3 (Payment as Percentage of Gross Receipts) shall be deleted in its entirety and replaced and retitled by Section 3.3 (Buyout Participation): “Supplier shall pay AgCenter 2.5% of Post-Tax Net Proceeds of sale of Supplier that results in Change in Control. “Change in Control” means the acquisition of ownership, directly or indirectly, beneficially or of record, by any third party or group, of

ownership interest representing greater than 50% of the total ownership interest of Supplier. Supplier agrees to keep AgCenter reasonably informed of any negotiations that may result in a Change in Control, and, if an acquisition of an ownership percentage of Supplier that results in a Change in Control occurs, Supplier agrees to provide all relevant financial information available for the AgCenter to determine and verify the amount owed to it under this Section 3.3. Any acquisitions of interest in Supplier occurring prior to January 1, 2021, including any options or other rights related to or included in such acquisitions, are excluded from the definition of Change in Control. Neither LSU nor the AgCenter shall have any right to approve or reject any sale of Supplier or equity interest therein.”

Section 3.4 (Payment Upon Termination/Expiration of Agreement) shall be deleted in its entirety and amended as follows: “Upon termination or expiration of this Agreement or in the event that the Alison Neustrom Act and all other applicable and related laws are not renewed, are repealed, annulled or otherwise rendered obsolete, Supplier shall pay AgCenter in accordance with Section 3.0 (except Section 3.1) on a pro rata basis for all amounts determined to be owed under this Agreement as of the effective date of termination or expiration or as of the effective date when the Alison Neustrom Act and all other applicable and related laws are not renewed, are repealed, annulled or otherwise rendered obsolete. Except with respect to Section 3.1, no amounts scheduled to be paid after the applicable effective date of termination or expiration when the Alison Neustrom Act and all other applicable and related laws are not renewed, are repealed, annulled or otherwise rendered obsolete shall be owed by Supplier to AgCenter.”

SECTION IV—TAXES AND FEES

Section 4.0 (Taxes and Fees) shall be deleted in its entirety and amended as follows: “Supplier shall be responsible for the remission of all federal, state and local taxes including, but not limited to, income, employment, sales and use, and property taxes, and all license or permit fees and any other necessary expense(s) owed by Supplier arising out of its operation. Supplier shall not be responsible for remission or reimbursement of any federal, state and local taxes including, but not limited to, income, employment, sales and use, and property taxes that may be owed by AgCenter.

Within five (5) business days of proof of payment by AgCenter, Supplier shall reimburse AgCenter for AgCenter’s payment of the \$100,000 annual license fee required pursuant to La. R.S. 40:1046(H)(8)(a)(i). Any other regulatory fees or other amounts that may be submitted by AgCenter for discretionary reimbursement by Supplier must be agreed to by the Parties in writing.

Upon request, evidence of payment to the authorized collector for any and all required payments under this Section shall be provided by Supplier to AgCenter.”

SECTION V—TERMINATIONS

Section 5.0 (Terminations) shall be deleted in its entirety and amended as follows: “Any party to the Agreement may exercise any rights available to it under Louisiana law to terminate the Agreement for cause upon the failure of the offending party to comply with the terms and conditions of this Agreement, provided that the acting party shall give the offending party written notice specifying the offending party's failure(s). If after thirty (30) days following receipt of such notice, the offending party shall not have reasonably corrected such failure(s), then the acting party may, at its option, place the offending party in default and the Agreement shall terminate on the date specified in such notice.

In the event that the Alison Neustrom Act and all other applicable and related laws are not renewed, are repealed, annulled or otherwise rendered obsolete this Agreement shall terminate as of the effective date when the Alison Neustrom Act and all other applicable and related laws are not renewed, are repealed, annulled or otherwise rendered obsolete

In the event of any change in federal or state law, regulation, or enforcement that materially and adversely affects the business operations or business structure of Supplier or materially or adversely affects the scientific research, purpose, intent, or terms of the Solicitation for Offers, Solicitation No. 0000000165, Supplier may either elect to terminate this Agreement by providing the AgCenter with at least sixty (60) days advance written notice or work with AgCenter in good faith to renegotiate this Agreement on terms acceptable to the parties. Nothing in this Agreement shall prevent Supplier from conducting business in a legal adult or recreational use marketplace in Louisiana.

Neither party to this Agreement shall be held liable for any failure of or delay in performing its obligations under this Agreement if such failure or delay is the result of an act of God or force majeure including, but not limited to, pandemic, earthquake, hurricane, tornado, flooding, or other natural disaster, or in the case of war, action of foreign enemies, foreign or domestic terrorist activities, labor dispute or strike, government sanction, blockage, embargo, or failure of electrical service. The non-performing party must make every reasonable attempt to minimize delay of performance. In the event the act of God or force majeure creates a failure or delay lasting longer than 120 days, either party to the Agreement may elect to terminate the Agreement by providing the other party with at least sixty (60) days advance written notice.”

SECTION VI—INTELLECTUAL PROPERTY

Section 6.0 (Intellectual Property) is deleted in its entirety and amended as follows: “The Parties have entered into a Master Research and Development Agreement, which governs the ownership and licensing of intellectual property between the parties.”

SECTION VII—RIGHT TO MOVEABLES

Section 7.0 (Right to Purchase) shall be deleted in its entirety and replaced and retitled by Section 7.0 (Right to Moveables): “In the event of termination or expiration of the Agreement, Supplier is entitled to all moveable structures and equipment that it owns, and AgCenter is entitled to all moveable structures and equipment that it owns.”

SECTION VIII—INSURANCE

Section 8.0 (Insurance) is amended only as follows:

“Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the University. The University may require the Supplier to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. Except for a Supplier whose capital stock is publicly traded on an exchange regulated by the United States Securities and Exchange Commission, University shall have the right to examine the books and records of Supplier (including any excess, stop loss or reinsurance policies or agreements) to determine whether University is agreeable to any proposed self-insurance arrangement. Execution of the Agreement or any Amendment(s) thereto by University does not constitute written approval of any proposed self-insurance arrangement. If at any time during the term of the Agreement, it appears to University that Supplier's financial position has deteriorated to the extent that Supplier's financial ability to pay or fund the deductible or self-insured retention under the previously approved self-insurance arrangement is doubtful, University shall have the right to withdraw its prior approval of the self-insurance arrangement, and require Supplier to furnish liability insurance coverage acceptable to the AgCenter. All carriers Supplier proposes to use to provide coverage in excess of the liability deductible or self-insured retention shall meet the requirements of this Section. This Section shall not apply to a self-insurance arrangement in which all the applicable self-insured retention is fully insured as to third parties on a "first dollar" basis (via the use of "fronting" policies, or otherwise), provided the carrier providing such fronting coverage or other first dollar liability coverage meets the requirements of this Section. The University shall not participate in any way in satisfaction of any

applicable deductible or self-insured retention part of or related to the Supplier's insurance program.”

In all other respects, Section VIII shall remain unchanged.

SECTION X—INDEMNIFICATION

Section 10.0 (Indemnification) shall be amended to include the following new paragraph at the end of the Section: “If Supplier sells, offers to sell, distributes, and/or markets any products that are not within the scope of the Agreement for Services (“Other Products”), Supplier agrees to defend, hold harmless, and indemnify, AgCenter, LSU, and LSU’s board of supervisors, officers, employees, agents, representatives, insurers, and affiliates against any and all claims, demands, suits, loss, liability, damage, or expense, including any direct, indirect or consequential loss, liability, damage, or expense, but not including attorneys' fees unless awarded by a court of competent jurisdiction, for injury or death to persons, including employees of either party, and damage to property, including property of either party, arising out of or in connection with intentional, willful, wanton, reckless or negligent conduct of the indemnifying party and any of its board members, directors, officers, employees, contractors, and agents arising out of or related to the sale, offering for sale, distribution, and/or marketing of the Other Products.”

SECTION XIV—SUPPLIER OBLIGATIONS

Section 14.0 (Research Space) shall be deleted in its entirety and amended as follows: “The Supplier shall provide, at no direct cost to the AgCenter, an area in the Facility acceptable to the AgCenter for research space to be utilized by AgCenter. The research space shall not exceed 5,000 square feet. Backup power shall be available for all areas of the Facility.”

Section 14.1 (Management Requirement) shall be deleted in its entirety and amended as follows: “Supplier shall provide notice to AgCenter of any changes to LLC membership that result in a “Change in Control,” as defined in Section 3.3. hereof. In addition, Supplier shall provide notice to AgCenter of material changes to LLC membership, and shall be subject to all applicable regulatory rules and requirements established under the Alison Neustrom Act, and any subsequent changes. Neither LSU nor AgCenter shall have any right to approve or reject the addition or removal of any members or any right to approve or reject any sale or other transfer of ownership in Supplier.

Supplier must provide a description of a management plan to manage and operate the Facility. This plan will include proposed manager, staffing plan, training, and plans to implement changes in the operations. Changes to the management plan

submitted by Supplier shall be reported to the AgCenter within a reasonable time of the change.”

Section 14.2 (Personnel and Background Checks) shall be amended as follows: The period to cure any deficiencies in suitability requirements and background checks shall be extended from thirty (30) days to sixty (60) days. All other provisions of Section 14.2 shall remain unchanged.

Section 14.3 (Licenses and Permits) shall be retitled “Supplier Licenses and Permits,” deleted in its entirety and amended as follows: Supplier shall obtain and maintain as current at its own expense all Supplier licenses, permits, and other approvals required by applicable Federal, State, and local laws, any applicable rules and regulations and to make available to LSU or AgCenter appropriate documentation reflecting Supplier licenses, permits, and other approvals when so requested by LSU or the AgCenter.”

Section 14.5 (Price for Product) shall be deleted in its entirety and amended as follows : “Within five (5) business days from a written request, Supplier shall provide AgCenter all pricing information for Supplier’s Medical Marijuana products.”

Section 14.11 (Subcontractors) shall be deleted in its entirety and amended as follows : “Subcontracting of certain services is permitted. Supplier will control the hiring of Subcontractors and the Supplier will be responsible for their actions and operations, at no direct cost to AgCenter. Supplier will incorporate into subcontracts all relevant governmental compliance requirements.”

Section 14.12 (Facility) shall be deleted in its entirety and amended as follow: “The Facility or Facilities shall be located in the State of Louisiana, with at least one Facility being located in the Parish of East Baton Rouge.

The Supplier shall be responsible for all electricity, water and drainage service as required for Supplier's operation without cost to the AgCenter. The AgCenter shall not be liable for any damages or losses in any aspect of the Facility as the result of a power interruption, leakage, or other mechanical or utility failure.”

Section 14.13 (Security and Surveillance) shall be deleted in its entirety and amended as follows: “Security measures and surveillance system redundancies shall be installed to limit access to all restricted entry areas identified and secure the Facility or Facilities and real property. Supplier will contract with appropriate security personnel to provide security services during all hours of operation.

Supplier shall comply with areas of security and restricted access as outlined in all applicable rules and regulations. All Facilities shall be secured to minimize the

potential for theft or diversion of marijuana plants, cultivation materials, and byproducts.”

Section 14.14 (Transportation) shall be deleted in its entirety and amended as follows: “Transportation of products shall be subject to all applicable regulatory rules and requirements established under the Alison Neustrom Act, and any subsequent changes.”

Section 14.16 (Performance Bond or Letter of Credit) shall be amended to decrease the amount of the required Performance Bond from \$1,000,000 to \$500,000. The decrease in amount shall also apply to an irrevocable letter of credit if that option is chosen by Supplier. All other provisions of Section 14.16 shall remain unchanged.

Section 14.17 (Equipment) is deleted.

Section 14.19 (Commencement of Operations) is deleted.

Section 14.20 (Education Program(s)) is deleted.

Section 14.22 (Improvement of Product and Services) is deleted.

SECTION XV—AGCENTER OBLIGATIONS

Section 15.0 (AgCenter Obligations) shall be deleted in its entirety and amended as follows: “The AgCenter agrees to provide the following at a minimum:

1. The AgCenter will establish a Project Manager for this initiative. All requests, inquiries, documents, correspondence, payments or any other communication between the Supplier and the AgCenter shall be directed to the Project Manager.
2. The AgCenter shall have access to all spaces occupied by the Supplier.
3. The AgCenter shall respond timely in addressing any issues that arise from the Facility and any personnel issues with regard to AgCenter personnel.
4. The AgCenter is responsible for reporting equipment issues to the Supplier in a timely manner. Any damage resulting from negligence or misuse of equipment by AgCenter personnel shall be reported in writing, and shall be the responsibility of the AgCenter for repair.”

SECTION XVII-NON-COMPETE AND NON-SOLICITATION

Section 17.0 (Non-Compete and Non-Solicitation) shall be deleted in its entirety and amended as follows: “Throughout the entire term of this Agreement, the

Supplier agrees that it will not, without the written consent of the AgCenter, which consent shall not be unreasonably withheld, directly or indirectly, either individually or in conjunction with any other entity or person, including any of its employees, suppliers, or agents, establish or take any steps to establish or otherwise participate or engage in, own or have any financial or other interest in, or side agreement in, provide advice or any assistance to, or participate in the ownership, management, operation or control of an entity or person within the State of Louisiana to: (i) compete with LSU's or AgCenter's interests to conduct research and development, (ii) seek to do business with Southern University and/or the Southern University Agricultural Center, or an entity or person providing any services to Southern University, or any other entity, including but not limited to agencies, institutions of higher education (public or private), corporations, Limited Liability Corporations, C-corporations, etc., hereafter authorized by applicable laws for services similar in scope to those outlined in this Agreement.

All parties to this Agreement agree that they will not, directly or indirectly, either individually or in conjunction with any other person, including any of its employees or agents, without prior written consent, induce any employee of the other party to this Agreement to leave their employment for another party to this Agreement.”

SECTION XVIII—ASSIGNMENT OF AGREEMENT

Section 18.0 (Assignment of Agreement) is deleted in its entirety and amended as follows: “This Agreement or any portion thereof, or any interest therein, shall not be assigned, transferred, conveyed, sublet or disposed of without receiving prior written consent of the AgCenter, which shall not be unreasonably withheld. All assignees approved by AgCenter shall be bound by the terms, conditions, and obligations of the Agreement, including this Amendment. Neither LSU nor AgCenter shall have any right to approve or reject any sale or other transfer of ownership in Supplier.”

SECTION XX—NOTICES

Section 20.0 (Notices) shall be amended as follows:

If to Supplier:
John Davis
President
GB Sciences Louisiana, LLC
18350 Petroleum Drive
Baton Rouge, LA 70809
Telephone: 225-408-7405

Email: john.davis@wellcana.com

With copy to:
Alex Gray
Authorized Corporate Representative
GB Sciences Louisiana, LLC
400 W. Capitol Avenue, Suite 2910
Little Rock, AR 72201
Telephone: 501-251-1587
Fax: 501-244-2614
Email: alex@capitollaw.com

With copy to:
Andrew Kolb
Louisiana Counsel
GB Sciences Louisiana, LLC
8480 Bluebonnet Boulevard, Suite D
Baton Rouge, Louisiana 70810
Telephone: 225-960-7066
Fax: 225-766-0279
Email: andrew@kolblawfirm.com

All other provisions of Section 20.0 (Notices) shall remain unchanged

SECTION XXV—ENTIRE AGREEMENT AND ORDER OF PREFERENCE

Section 25.0 (Entire Agreement and Order of Precedence) is deleted in its entirety and replaced and retitled by Section 25.0 (Entire Agreement) as follows: “This Agreement, together with any Amendments, attachments and exhibits specifically annexed hereto or incorporated herein by reference constitutes the entire Agreement between the parties with respect to the subject matter.”

APPENDIX 1—PAYMENT SCHEDULE

Appendix 1 (Payment Schedule) is deleted and replaced with: Exhibit1- Illustrative example of Post-Tax Net Proceeds calculation.

ALL OTHER AGREEMENT CLAUSES REMAIN THE SAME

THUS DONE AND SIGNED by LSU in triplicate originals as of the ____ day of December, 2020, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to LSU:

**BOARD OF SUPERVISORS OF LOUISIANA
STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE**

BY: _____
Thomas C. Galligan, Jr.

THUS DONE AND SIGNED by LSU in triplicate originals as of the ____ day of December, 2020, in the presence of the undersigned competent witnesses who have hereunto signed their names with the parties hereto.

WITNESSES as to GB Sciences Louisiana, LLC:

GB Sciences Louisiana, LLC

BY: _____
Stephen LaFrance, Managing Member and
Authorized Representative

Exhibit 1

Illustrative Calculation of Post-Tax Net Proceeds¹

<u>Calculation of Net Income:</u>	<u>Fiscal Year</u>
Total Combined Sales Revenue	\$ 1,000,000
Direct Costs / Cost of Goods Sold ²	\$ (700,000)
Gross Profit	<u>\$ 300,000</u>
Selling, General & Overhead Expenses ³	\$ (150,000)
Earnings Before Interest and Taxes	<u>\$ 150,000</u>
Net Interest Expense	\$ (25,000)
Pre-Tax Net Income (Earnings Before Taxes)	<u>\$ 125,000</u>
Income Tax Expense ⁴	\$ (129,000)
Post-Tax Net Income	<u><u>\$ (4,000)</u></u>
 <u>Calculation of Free Cash Flow:</u>	
Net Income	\$ (4,000)
Plus: Depreciation & Amortization ⁵	\$ 10,000
Plus / (Minus): Change in Net Working Capital	
Decrease / (Increase) in Inventory	\$ -
Decrease / (Increase) in Accounts Payable	\$ -
Decrease / (Increase) in Prepaid Expenses	\$ -
Decrease / (Increase) in Other Current Assets	\$ -
Increase / (Decrease) in Accounts Payable	\$ -
Increase / (Decrease) in Accrued Expenses	\$ -
Total Change in Net Working Capital	\$ -
Minus: Capital Expenditures	\$ (2,000)
Free Cash Flow	<u><u>\$ 4,000</u></u>

¹ Figures used in this calculation are for illustrative purposes only and are not intended to reflect actual or budgeted results of operations.

² Pursuant to Generally Accepted Accounting Practices (“GAAP”), Cost of Goods Sold refers to the direct costs of producing goods sold by the Company. This amount includes all costs and expenses directly related to the production of the Company’s products; including, but not limited to: raw materials, packaging supplies, direct labor, direct manufacturing overhead and facility costs, and excise taxes.

³ Pursuant to GAAP, SG&A is stated as the sum of all direct and indirect selling expenses and all general and administrative expenses of the Company. This includes all costs not directly attributed to the production of the goods sold by the Company; including, but not limited to: Administrative payroll, payroll taxes, advertising, professional services, research & development, and other general expenses.

⁴ Income Tax Expense represents assumed tax distributions to Members. The Wellcana Group ownership entity is a disregarded entity for tax purposes. As such, Members will receive tax distributions annually using the maximum applicable Federal and State (Louisiana) income tax levels. For the avoidance of doubt, the calculation of Income Tax Expense will be based on income and allowable deductions pursuant to IRS rules, using the maximum Federal Income Tax Rate of 37% and Louisiana State Income Tax Rate of 6% (as of 2020, to be adjusted as necessary for each Fiscal Year).

⁵ Depreciation and Amortization amounts to be determined pursuant to IRS rules and GAAP standards.