

For nearly ten years, I have served on the Board of Trustees of Bryan College. Additionally, I have served on the Board of Directors of the National Association of Christian Athletes for nearly seven years. I love Bryan College; what it stands for, and the faculty and staff that make the institution what it is. I am thankful for the personal sacrifices that my parents made in order to give me the opportunity to attend Bryan College.

Due to recent actions regarding Bryan College and the National Association of Christian Athletes I have come to conclude that I have not been effective, and cannot be effective in the future, in holding the leadership of Bryan College accountable to certain principles that I consider important for a not-for-profit institution and especially a Christian institution. My concerns are about transparency, financial integrity, conflicts of interest, Board governance and accountability.

I have expressed my concerns on numerous occasions in Board meetings, in Committee meetings and to the leadership of Bryan College. Because these concerns have not been addressed and/or have been ignored, I hereby resign from my position as the Chairman of the Committee on Trustees, Board Development and Governance, as an Officer, and as a Trustee of Bryan College. Likewise, I hereby resign as a member of the Board of Directors of the National Association of Christian Athletes.

I wish Bryan College and NACA well.

I have no objections to the Board leadership releasing a full and complete record of my concerns.

Sincerely

J. Wayne Cropp

Enclosure

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This enclosure to my letter of resignation reiterates some of my concerns about transparency, financial integrity, conflicts of interest, Board governance and accountability related to Bryan College and the National Association of Christian Athletes. **National Association of Christian Athletes**

In 2009, due to litigation and allegations having to do with one of the founders of the National Association of Christian Athletes (NACA), NACA was troubled, and a proposal was made by one of the members of the Board of Directors of NACA to sell the Fort Bluff Camp property to a 501 (c) (3) not-for-profit for an amount of \$2.5 million. After the payment of debt, NACA would receive approximately \$1.6 million. (Reference Minutes of NACA, December 18, 2009). The proposal was not adopted. At that meeting, Dr. Stephen Livesay, President, Bryan College, made an alternative proposal to the NACA Board to substitute the existing 13-member Board of NACA with a 15-member Board, having 9 new members to be nominated by Dr. Livesay from the Board and Administration of Bryan College and having 6 new members to be selected by Dr. Livesay from the then existing NACA Board.

The proposal of Dr. Livesay was accepted, and Dr. Livesay was elected Chairman of the Board and Vance Berger was elected President of the NACA Board. Subsequent actions of the Board of Directors reduced the Board to 7 members, but recent actions have added several new Board members and new Officers.

On June 27, 2016, the Board of Directors of NACA adopted a written resolution by a vote of 6 to 1 to transfer and gave to Bryan College all the land and permanent fixtures owned by NACA at Fort Bluff Camp, in Dayton, TN. Of the seven members at the time, two members were independent of Bryan College and five were staff or Trustees of Bryan College.

Bryan College received property appraised at approximately \$6.9 million and assumed certain debts of approximately \$900,000 resulting in a gain to Bryan College of approximately \$6 million, and a loss to NACA of approximately \$1.6 million. The proposal in 2009 to sell the property for \$2.5 million, with an approximate net gain of \$1.6 million, appears that it would have been a better deal for NACA.

NACA has a one year AS-IS lease for the Fort Bluff Camp property with Bryan College. NACA is responsible for the maintenance and upkeep of the grounds, camp buildings and facilities. According to the lease, NACA is now charged rent of \$120,000 per year for what was formerly its property.

The Delaware Charter of NACA provides that the corporation shall never be merged or consolidated with any corporation, fund or foundation in which any individual has any pecuniary interest. Similarly NACA'S property or income therefrom cannot inure to the benefit of any private person. (Reference Paragraph Thirteenth of the Certificate of Incorporation of Judo and Karate for Christ, Inc., April 10, 1969, as amended August 18, 1984.)

On June 9, 2016, I met with Dr. Livesay to discuss whether there was potentially any conflict of interest. Dr. Livesay responded that he did not have a conflict of interest because he had been asked by the previous owners (Michael and Naomi Crain) in 2009 to facilitate this change.

NACA's IRS Form 990 annual statements provide that actual or potential conflicts are disclosed (Reference Form 990, Part VI, Section B, 12). Conflict of Interest Statements were signed by the NACA Board of Directors at its meeting on June 10, 2016. The NACA Board minutes reflect that only after the resolution transferring the Fort Bluff Camp property to Bryan College was acted on, Dr. Livesay represented that he would not be able to continue to serve on the Board of Directors of NACA and Bryan College due to a conflict of interest. (Reference NACA Minutes of June 27,

2016). Dr. Livesay resigned from the NACA Board on January 27, 2017. While the Crain's were founders of NACA, they were not owners of NACA. Dr. Livesay had no fiduciary duty to the Crain's but he had a fiduciary duty to NACA.

To this day, the Crain's continue to receive monthly payments for the purchase of their life estate in the Fort Bluff House and Naomi Crain receives a monthly "consulting fee" for so long as she is able.

One of the factors in Dr. Livesay's performance review and compensation package (salary and bonus) for FY 2017 at Bryan College was the financial performance of Bryan College in FY 2016 (July 1, 2015 to June 30, 2016). Bryan College finished FY 2016 with a positive increase in net assets of approximately \$5 million. As previously noted, the net gain to Bryan College from the transfer of property from NACA was approximately \$6 million. But for the transfer of NACA property to Bryan College in June, 2016, Bryan College would have finished the year with a deficit. (Reference Bryan College Minutes of the Compensation Committee for FY 2016, at June 21, 2016 and October 3, 2016).

The financials of NACA as of December 31, 2016, reflect that NACA finished its fiscal year (January 1-December 31, 2016) with a deficit of \$1.64 million. NACA's December 31, 2016 financials reflect a loss of \$1.67 million from the contribution of the NACA property to Bryan College.

#### **Compensation Committee, Trustees Committee, Governance, Accountability**

As Chairman of the Compensation Committee for Bryan College for Fiscal Year 2016, concerns were raised about micromanaging the President of Bryan College in a email from Chairman Bice on Saturday, June 4, 2016. I was admonished not to ask questions of the President.

The correspondence stated:

“My point is that it is NOT the job of the (Compensation) committee to micro-manage every detail, department, and decision of the President. I fear that is what we have/are becoming.”

“In light of that issue and several other things requiring his attention at the moment, I think we should keep things in perspective and make sure that we are careful not to require his time to be devoted to answering questions (either from the Compensation Committee or trustees individually) that may seem important to us, but in the whole scheme of things are really minor and often fall into micromanagement.”

The duties of the Compensation Committee are provided at Sections 3.3 and 3.4, pp 16-17, of the Board Policy Manual and provides for a “prudent person” test. This guidance requires the Compensation Committee to be free to ask questions about the accomplishment of the President’s goals and metrics. (Reference, Minutes of Compensation Committee, June 2, 2016, the June 4, 2016 email correspondence from Chairman Bice to Cropp, and Cropp response to Bice of June 11, 2016).

The Committee on Trustees, Board Development and Governance met on November 8, 2016, for the purpose of reviewing potential new members for the Board of Trustees. The Board approved Selection and Approval Process provides that names of candidates for the Board of Trustees are to be submitted to the Chairman of the Committee on Trustees, Board Development and Governance, by Trustees and/or the Administration as the initial step in the process. On November 9, 2016, I received an email from Dr. Livesay summarizing certain names of individuals who had been mentioned on November 8 as potential trustees. Trustee prospects who had been rejected by the Board Chairman and/or the President were not mentioned in the November 9 email.

When I discussed the reason for the rejection of these potential Board Members with the Board Chairman, I was informed that we only want Board Members who are all in agreement.

On December 16, 2016, Dr. Livesay informed me that he had asked a faculty member who is listed on the Bryan College website as an Instructor of Business & Constitutional Law at Bryan

College, to consider having her name brought before the Board for consideration as a Trustee. This individual had not been mentioned at the meeting on November 8, 2016 or in Dr. Livesay's email correspondence of November 9, 2016. I submit, if we are to bring a faculty member on the Board, there are a number of deserving candidates to consider, but this subject was never discussed in our November 8 meeting.

**Faculty, Tenure, Transparency**

I believe that there may be transparency issues at Bryan College in general, and specifically with regard to the faculty of Bryan College. One example was the decision of Administration to eliminate tenure from the contracts of incoming faculty beginning in the spring of 2016, without Board approval at the time. Dr. Livesay reported to the Board of Trustees in January, 2016, that a faculty committee had studied tenure and they were in favor of doing away with it, but acknowledged that it must still go through the Cabinet. (Reference Minutes of the Board of Trustees, January 15, 2016). At the April 15, 2016 Board of Trustees Meeting, Dr. Livesay acknowledged that non-tenure eligibility contracts were issued to new hires without Board authorization to phase out tenure at that time and apologized to the Trustees for proceeding without Board authorization. (Reference also, Report to the Board of Trustees, April 15, 2016). The Board of Trustees were informed that the discussion of tenure should be left in the hands of the Administration.

At the Board Meeting of April 15, 2016, Board Chairman Bice reported that she had Chaired the Academic Committee Meeting and that the Faculty Officers had been informed that only the Faculty Chairman, Dr. Scott Jones, could attend the Academic Affairs Committee meeting on April 14, 2016. At the Board Meeting it was explained to the Trustees that in the future: (1) The faculty committee had been informed that the Academic Affairs Committee would only meet with the Chairman; and that (2) the timing of the Board's agendas had been revised and therefore,

the time for the faculty to meet with the Academic Affairs Committee would be reduced. At the April 15 Board Meeting, a question was raised regarding whether the new policy put in place by the Academic Affairs Committee was in accord with Bryan College's policies.

It was further reported to the Board by the Chairman that, at the April 14 meeting, Dr. Jones had brought a written list of issues and concerns to raise with the Academic Affairs Committee, but that the Committee had not yet had time to review the list of concerns by the time of the Board meeting, and therefore no report on the list was ever given to the Board of Trustees regarding the faculty issues.

At the October 7, 2016 meeting of the Board of Trustees it was reported that based on the October 6, 2016 Academic Affairs Committee meeting with new faculty chair, Dr. Boling, there are still "morale problems", but nothing further regarding the faculty issues was reported to the Trustees.

In my opinion, there is no present effort to give a true and complete report of the meetings between the faculty leadership and the Academic Affairs Committee to the Board of Trustees.

There are real consequences to these concerns. Some of these concerns are recurrent themes from previous years. Bryan College continues to experience a declining total FTE, loss of major long-term contributors, the inability to conduct a capital campaign to raise funds, the recent reduction by the Administration of a Board-approved employee benefit (See Section 3.9 of the Board Policy Manual regarding retirement benefits), long-term stagnant faculty and staff salaries that decline in the face of rising medical insurance costs, and continuing morale problems. Through all this, Dr. Livesay continues to receive excellent performance reviews and significant salary increases that seem to be disproportionate to the salaries, and salary increases of the remainder of the faculty and staff.