



U.S. Department of Justice  
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*Via Email Transmission and First Class Mail*

Carlton Christensen, Board Chair  
Beth Holbrook, Trustee  
Jeff Acerson, Trustee  
UTAH TRANSIT AUTHORITY  
669 West 200 South  
Salt Lake City, Utah 84101

Re: Utah Transit Authority Monitorship - Termination

Dear Trustees:

On April 4, 2017, Utah Transit Authority (“UTA”) and the United States Attorney’s Office for the District of Utah (“this Office”) entered a Non-Prosecution Agreement (the “NPA”) arising out of a federal investigation into UTA’s operation of mass public transit services, application for federal grants and funding, expenditure and use of federal funds, or the negotiation for, and/or acquisition of, real property, equipment and other capital improvements related to UTA operations. The NPA was driven in large part by UTA’s acknowledgment and recognition of the need for improved institutional conformity with financial and ethical requirements pertaining to the following four core issues of focus during the investigation:

- (1) Inadequate controls over federal funds and drawdowns from federal grants;
- (2) Improper handling and disclosure of property acquisition and disposition, including inadequate oversight of transit-oriented development projects;
- (3) Non-compliance with ethical standards, resulting in benefits to UTA employees and/or Board members; and
- (4) Improper approval of executive bonuses.

As you know, a critical component of the NPA involved the retention of a monitor to ensure the continued implementation of institutional improvements and reforms, and to recommend additional improvements and reforms, particularly those intended to address the four core issues. To that end, on September 5, 2018, UTA formally retained Rees Morgan and a team of attorneys from the law firm of Coblenz Patch Duffy & Bass (the "Monitor") to conduct the UTA federal monitorship, broken down into three phases. The Monitor commenced its initial work in early September 2018, primarily involving the receipt and review of records from UTA, this Office, and the public realm. Starting in February 2019, the Monitor commenced witness interviews of both current and former UTA employees. In July 2019, the Monitor issued its Initial Report, concluding Phase I of the federal monitorship.

Phase II of the federal monitorship was expected to last approximately two years, with the Monitor issuing semi-annual reports in approximate six-month increments. Due to UTA's budgetary concerns and to ensure this Office's proper consideration of early termination of the federal monitorship under the NPA, the Monitor modified Phase II, re-prioritizing its efforts to focus on main critical reforms, both old and new, implemented by UTA to address the four core issues. Additionally, the Monitor made several changes to further streamline its review. Phase II, as adjusted, moved forward in October 2019, which included interviews of key UTA personnel concerning on-going reforms targeting the four core issues. As of January 2020, the Monitor confirmed UTA's significant efforts to adopt a number of its recommendations. The first interim report for Phase II was issued in February 2020. As Phase II proceeded, however, issues underlying the federal monitorship developed, driven primarily by the COVID-19 pandemic and UTA's ensuing budgetary shortfall. Balancing the goals of the NPA and federal monitorship with UTA's concerns, the Monitor, with this Office's approval, further re-prioritized its remaining items to be addressed in Phase II and compressed the time period within which to complete Phase II and issue a Final Report (Phase III).

On March 7, 2021, the Monitor completed Phase II and issued its Final Monitorship Report, confirming the implementation and effectiveness of both UTA and Monitor-recommended reforms including, among others: (1) clarification of the Local Advisory Council's role and authority over UTA's major capital projects and its interaction with UTA's three-member Board; (2) new policies and standard operating procedures related to the four core issues; (3) new and revised conflict of interest policies and procedures, along with ethics-related training; (4) implementing an ethics hotline and a completely anonymous process for whistleblowers to raise concerns about ethics; (5) establishing an independent risk management function, an additional layer of checks and balances targeting future risks and the functionality of implemented controls; and (6) new or revised policies concerning ethics and gift parameters for procurement professionals, along with safeguards designed to identify and eliminate malfeasance during the approval process of any transit-oriented developments.

Based on its review of the Monitor's interim and final reports, coupled with on-going updates from the Monitor throughout the federal monitorship, this Office believes UTA has made significant strides to identify, review, and improve institutional conformity with key financial and ethical requirements pertaining to the four core issues. UTA's substantial remedial efforts could not have been accomplished without effective collaboration and a willingness to adopt a significant number of the Monitor's recommendations. And while UTA has more work to do to ensure the permanency of current and future reforms and to continue to address remaining gaps in processes and controls, this Office recognizes UTA's substantial compliance with both the federal monitorship and the NPA. With the issuance of the Final Monitorship Report, coupled with this Office's on-going review and confirmation of UTA's strong commitment to positive changes, the federal monitorship is deemed completed and terminated, effective immediately.

Sincerely,

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Acting United States Attorney



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