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MEMO

TO: GREGG GUETSCHOW, CITY MANAGER

FROM: MOLLY L. COSCARELLI, ASSISTANT CITY ATTORNEY

RE: MEMBERSHIP IN CHARLOTTE CHAMBER OF COMMERCE

DATE: May 27, 2016

As you know, City Attorney Thomas Hitch drafted a memo in 2003 and opined that the City, as a municipal corporation, would violate the Michigan Constitution by becoming a member and paying dues to the Charlotte Chamber of Commerce. Recently, you asked Mr. Hitch to revisit this issue. In an effort to revisit the issue by a person who had not already formed an opinion as he had, Mr. Hitch asked me to research the issue and give you my opinion.

In doing so, I contacted two other local municipalities and found that both are members of their local Chambers of Commerce. Thus, it appears that it is common practice for municipalities to be members of their local Chamber. With that, I looked for any research that would allow such expenditures.

Unfortunately, I was not able to find an exception that would allow for such an expenditure. Everything that I found supported Mr. Hitch's 2003 opinion. Municipalities are forbidden to expend funds for the purpose of making a donation for any private purpose; I have found no opinions that have changed that rule that apply here.

In the *Handbook for Municipal Officials* published by the Michigan Municipal League (July, 2015), Section 4, Chapter 23, the limits of municipal expenditures as it relates to donation to organizations such as Chambers of Commerce was reviewed. It appears clear from Michigan law that such donations are questionable expenditures of public funds. *Id.*

I could not find any exception for the fact that the Charlotte Chamber of Commerce does not engage in politics. Whether or not the Chamber decides to enter the political arena (the Chambers are allowed to), is not pertinent to the question of whether the expenditure is for a public purpose. Even if the purpose for which the funds are expended is public in nature, but the operation is not under the control of the city or village which is making the contribution, it may nonetheless still be an illegal expenditure. *Detroit Museum of Art v Engel*, 187 Mich 432 (1915).

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I was hoping to find a new exception that would allow such expenditures; I was unable to do so. In that search, I found that Mr. Hitch's opinion was and still is the correct opinion.

Please contact Mr. Hitch to discuss this further. Thank you for your attention in this matter.

bks

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