

1 environmental standards in Hawaii depends upon
2 increasing or at least maintaining labor and
3 environmental standards nationally and globally;

4 (6) Whether working independently or employed by
5 corporations, the vast majority of inventors do not
6 have the collective representation, institutional
7 strength, or financial resources necessary to exercise
8 and enforce their property rights;

9 (7) Hawaii has the opportunity to become a center for
10 protecting the fruits of American ingenuity so that
11 inventors can fully exercise their constitutional
12 intellectual property rights and, in turn, these
13 rights can be utilized to forge an anchor for good
14 jobs in a manner that enhances labor and environmental
15 practices nationally and internationally;

16 (8) The State currently has a budget surplus. In order to
17 achieve the greatest ongoing benefit from that
18 surplus, the legislature has determined that it is
19 prudent to invest per cent of its current
20 budget surplus in the Hawaii ingenuity corporation,
21 which has the potential to provide an ongoing source
22 of revenue for the public education system in Hawaii.



1 § -2 **Short title.** This chapter may be referred to as the
2 Hawaii ingenuity corporation charter. For the purposes of this
3 chapter, "corporation" means the Hawaii ingenuity corporation.

4 § -3 **Purpose.** (a) There is established the Hawaii
5 ingenuity corporation, which shall be a private, for profit,
6 non-stock, membership corporation created by the State to:

- 7 (1) Hold and use intellectual and other property;
- 8 (2) Create benefits for inventors nationally, labor unions
9 nationally, and public education in Hawaii to promote
10 the teaching of innovation and its application for the
11 common good;
- 12 (3) Create and maintain businesses operating at
13 International Labor Organization - work standards and
14 United Nations environmental standards, providing
15 innovation education, employment opportunities, and
16 economic development for Hawaii;
- 17 (4) Raise global labor and environmental standards and
18 build Hawaii's role as an inventor friendly state;
- 19 (6) Engage in any lawful business that operates upon
20 International Labor Organization labor and United
21 Nations environmental standards and sell, lease, or
22 license goods and services only to business entities



1 meeting International Labor Organization labor
2 standards and United Nations environmental standards;
3 (5) Enable inventors, labor unions, the American Ingenuity
4 Alliance, and public educators to create a business
5 entity that owns and licenses intellectual and other
6 property;

7 (6) Attract inventors to Hawaii;

8 (7) Enable the corporation to negotiate with other
9 corporations on behalf of all the constituency groups
10 around issues of licensing intellectual property,
11 labor, and environmental standards; and

12 (8) Permit the corporation to collectively bargain and
13 declare that exercising such power on behalf of
14 inventors and labor organizations is an exception to
15 all state anti-trust and anti-competitive practice
16 rules.

17 (b) This chapter does not supersede any existing labor
18 laws of the State. If there is any conflict between the two,
19 the labor law shall prevail.

20 (c) Contribution, allocation, or distribution by the
21 corporation of its property or assets to any nonprofit
22 institution shall be deductible from the corporation's income to

1 the same extent as it would from the income of any other for-
2 profit company.

3 **§ -4 General powers of the corporation.** The corporation
4 shall have the power to do any lawful acts or things reasonably
5 necessary or desirable for carrying out the above-stated
6 purposes and for protecting the lawful rights and interests of
7 its members in connection therewith.

8 **§ -5 Disposition of assets.** Upon its dissolution, assets
9 may be allocated amongst the members pro rata, with one-third
10 going to inventor members as a group; one-third to union members
11 as a group, and the remaining one-third to be divided equally
12 between the Hawaii State Teachers' Association and the
13 University of Hawaii Professional Assembly for allocation by
14 them to programs teaching innovation.

15 **§ -6 Duration.** This corporate charter is perpetual
16 unless rescinded by a two-thirds vote of both houses of the
17 legislature.

18 **§ -7 Membership classes and qualifications.** (a) There
19 shall be five classes of corporation members:

- 20 (1) Educator members;
21 (2) Inventor members;
22 (3) Labor union members;



- 1 (4) Investor members; and
- 2 (5) A managing member - the American Ingenuity Alliance.
- 3 (b) Qualifications for class membership are as follows:
- 4 (1) There shall be two educator members:
- 5 (A) The Hawaii State Teachers' Association; and
- 6 (B) The University of Hawaii Professional Assembly.
- 7 (2) An inventor member is any person who licenses to the
- 8 corporation any intellectual property on which the
- 9 person holds a patent, trademark, trade name, or
- 10 copyright;
- 11 (3) A labor union member is a member of any labor
- 12 organization (as defined by United States or Hawaii
- 13 law) that enters into a contract with the corporation
- 14 and one or more inventor members for their mutual
- 15 benefit, including any local, state, regional,
- 16 national, or amalgamated body.
- 17 (4) An investor member is any person or entity that
- 18 invests real, tangible, or intangible assets in the
- 19 corporation, other than intellectual property, by
- 20 contracting with the corporation;
- 21 (5) A managing member is a Hawaii non-profit corporation,
- 22 determined by the legislature to have the ability and



1 resources to bring together all the corporation member
2 classes to carry out the purposes of this chapter.

3 The initial managing member shall be the American
4 Ingenuity Alliance. The legislature hereby determines
5 that the American Ingenuity Alliance has the ability
6 and resources to bring together all the corporation
7 member classes to carry out the purposes of the
8 corporation.

9 **§ -8 Rights and obligations of member classes.** (a) Each
10 of the two educator members shall appoint a member to the board
11 of directors. The appointment process for each position shall
12 be determined by each respective organization. Educator members
13 shall be entitled to a one-third share of the profits derived
14 from inventor/labor union contracts managed by the corporation
15 after expenses incurred by the corporation, including managing
16 member and corporation management fees, costs, and investor
17 return payments. The one-third share shall be divided equally
18 between the two educator members. Educator members shall have
19 the fiduciary obligation to oversee the disbursement of the one-
20 third share of the corporation's profits allocated to the
21 education members. Those funds shall be used to promote



1 teaching and learning innovation for the common good. Educator
2 memberships can only expire by act of the legislature.

3 (b) Inventor members shall have no voting rights in the
4 corporation, other than those granted by the Professional
5 Inventors Alliance or the Living Inventors Hall of Fame. The
6 Professional Inventors Alliance and the Living Inventors Hall of
7 Fame shall each appoint one member to serve a term as directors
8 of the board. The appointment process for the position shall be
9 determined by each respective organization. Neither the
10 Professional Inventors Alliance nor the Inventors Hall of Fame
11 shall be an inventor member. Inventor members shall enter into
12 one or more contracts with and managed by the corporation.
13 Inventor members shall be entitled to a one-third share of the
14 profits derived from contracts after expenses incurred by the
15 corporation, including managing member and corporation
16 management fees, costs, and investor return payments. Inventor
17 membership expires at the termination of a member's contract.
18 If a member is engaged in several contracts, the membership
19 expires at the end of the last contract.

20 (c) Labor union members shall have no voting rights in the
21 corporation, other than those granted by the American Federation
22 of Labor Congress of Industrial Organizations or the Change to



1 Win Coalition. The American Federation of Labor Congress of
2 Industrial Organizations and the Change to Win Coalition shall
3 each appoint one member to serve terms as members of the board
4 of directors. Neither the American Federation of Labor Congress
5 of Industrial Organizations or the Change to Win Coalition shall
6 be a labor union member. Labor union members shall enter into
7 one or more contracts with and managed by the corporation.
8 Labor union members shall be entitled to a one-third share of
9 the profits derived from contracts after expenses incurred by
10 the corporation, including managing member and corporation
11 management fees, costs, and investor return payments. Labor
12 union membership expires at the termination of a member's
13 contract. If a member is engaged in several contracts,
14 membership expires at the end of the last member contract.

15 (d) Investor members shall have no voting rights in the
16 corporation. Investor members shall enter into one or more
17 contracts with and managed by the corporation to provide capital
18 for the corporation or any of its members. In exchange for
19 investing capital in the corporation or any of its members'
20 contracts, investor members shall be entitled to investor return
21 payments enumerated in a member contract. Investor return
22 payments shall be paid out of contract returns after management



1 fees and costs and before calculating profits to be allocated to
2 the inventor, labor union, and educator members. Investor
3 membership expires at the termination of a member's contract.
4 If a member is engaged in several contracts, the membership
5 expires at the end of the last member contract.

6 (e) Managing members shall appoint three members to the
7 board of directors: one shall be a representative of a labor
8 organization; one shall be an inventor or representative of an
9 inventor's organization; and one shall be a representative of
10 the American Ingenuity Alliance, who shall serve as the board
11 chair. The managing members may be removed and replaced by a
12 majority vote of both houses of the legislature. Managing
13 members shall seek and find members and opportunities for
14 members to contract with one another. Managing members shall
15 interpret the meaning of the corporation contracts when there is
16 any dispute between members who are engaged in a member
17 contract. Appeal from any interpretation may be made to the
18 entire board of directors. The directors may overturn the
19 managing member's decision by a majority of the votes of the
20 board of directors.

21 § -9 **Membership meetings.** (a) There shall be an annual
22 membership meeting held on the second Wednesday in March, or at



1 any other time determined by the board of directors, so long as
2 one is held approximately every twelve months.

3 (b) Members shall receive notice not less than ten, nor
4 more than ninety, days in advance of the meeting by any means
5 that provides a written record.

6 (c) The board of directors shall create the means to
7 permit members to participate from a distance by electronic or
8 other means.

9 (d) The chair of the board of directors and the chief
10 executive officer shall present an annual report to the members
11 on the corporation's affairs, including a financial report and
12 description of the number and nature of the board's member
13 contracts including a description of how they meet the board's
14 purposes.

15 (e) Special meetings of the members may be called by the
16 chair of the board of directors or three directors at any time
17 or shall be called by the chair of the board of directors upon a
18 petition signed by at least fifty per cent of any class of
19 members or twenty five per cent of all members.

20 § -10 **Member's right to sue.** Members shall have the
21 right to sue the board of directors for failure to conduct the
22 business for charter purposes or in the best interests of the

1 members. The right to sue, however, shall only be available
2 after the member has first exhausted an internal appeal process
3 created by the board of directors and overseen by a neutral
4 outside party; provided that the board of directors has created
5 this process. The Hawaii courts shall give the deference to
6 this internal process that they would give any state agency
7 administrative tribunal.

8 § -11 **The board of directors.** (a) There shall be nine
9 board of director members chosen by various constituencies
10 pursuant to this chapter. The directors shall be appointed in
11 the following numbers by the following organizations:

- 12 (1) One member by the Hawaii State Teachers' Association;
13 (2) One member by the University of Hawaii Professional
14 Assembly;
15 (3) One member by the American Federation of Labor
16 Congress of Industrial Organizations;
17 (4) One member by the Change to Win Coalition;
18 (5) One member by the Professional Inventors Alliance;
19 (6) One member by the members of the Inventors Hall of
20 Fame;
21 (7) Three members by the American Ingenuity Alliance, of
22 which the members shall:



- 1 (A) Represent a labor organization;
- 2 (B) Be an inventor or represent an inventor's
- 3 organization; and
- 4 (C) Represent the American Ingenuity Alliance, who
- 5 shall serve as the chair of the board of
- 6 directors.

7 § -12 **Terms of office.** (a) Each director shall be
8 appointed for a term of five years by the director's
9 constituency as provided in this chapter. Except that, in order
10 to stagger the board terms, the initial terms shall be as
11 follows:

- 12 (1) For two year terms: the directors appointed
- 13 respectively by the Hawaii State Teacher's
- 14 Association, the Change to Win Coalition, and the
- 15 Parents Teacher's Association;
- 16 (2) For three year terms: the directors appointed
- 17 respectively by the corporation inventor member;
- 18 American Federation of Labor Congress of Industrial
- 19 Organizations; and the University of Hawaii
- 20 Professional Assembly;



1 (3) For four year terms: the directors appointed
2 respectively by the corporation labor member, the
3 Inventor's Hall of Fame; and

4 (4) For five year terms: the directors appointed
5 respectively by the American Ingenuity Alliance, who
6 shall also serve as chair of the board of directors.

7 (c) A director of the board may be recalled at any time
8 without cause by formal action by the body appointing the
9 director and replaced by another director to serve out the
10 remainder of the former director's term. A director may serve
11 any number of terms and may be removed from office for cause by
12 a vote of a majority of the remaining directors then in office.

13 § -13 Duties of the board of directors. (a) The board
14 of directors shall:

15 (1) Elect all other officers, including a president/chief
16 executive officer, a secretary, a treasurer and one or
17 more vice-presidents. These officers may but need not
18 be directors. Staff officers shall be elected each
19 year at the board of director's annual meeting;

20 (2) Hire, fire, evaluate, and determine compensation for
21 the chief executive officer;

22 (3) Determine policy for the corporation;



- 1 (4) Review corporation member contracts to ensure that
- 2 they comply with the corporation's purpose, which may
- 3 include creating criteria for contract evaluation and
- 4 delegation of the contract review function to staff;
- 5 (5) Hold an annual membership meeting;
- 6 (6) Operate the corporation to fulfill the purposes of
- 7 this charter and serve as fiduciaries in the best
- 8 interests of all the members; and
- 9 (7) Create and amend the corporation's bylaws to further
- 10 the purposes of this charter.

11 § -14 **Board meetings.** (a) The board shall meet monthly,

12 on the second Tuesday of the month, unless rescheduled by the

13 chair of the board.

14 (b) Meetings may be held in any location convenient to the

15 board of directors or in multiple locations. Directors may

16 participate in the meeting by any electronic or other method

17 that allows each director to speak, hear, and be heard by all

18 the others.

19 (c) Notice of regular board of directors meetings shall be

20 sent no less than seventy-two hours and no more than thirty days

21 before a meeting. Notice of meetings may be given by any medium

22 that produces a written record.



1 (d) Notice of any meeting may be waived by directors if a
2 waiver is signed before, at, or after a meeting.

3 (e) Unanimous board of directors action may be taken
4 without a meeting; provided that all directors sign the
5 resolution noting their agreement.

6 (f) Notice of special board of directors meetings shall be
7 sent no less than twenty-four hours and no more than thirty days
8 before a meeting. Notice of meetings may be given by any medium
9 that produces a written record.

10 (g) Special meetings of the board of directors may be
11 called at any time by the chair, or by a notice signed by three
12 directors.

13 (h) Special meetings of the board of directors or
14 corporation members shall be called by the chair upon a petition
15 signed by at least twenty per cent of any class of members or
16 ten per cent of all members.

17 § -15 **Board member compensation.** The board of directors
18 shall not be paid more than the average annual compensation for
19 the members of University of Hawaii Professional Assembly, plus
20 actual expenses incurred in carrying out the member's duties.

21 § -16 **Executive committee.** The board of directors may
22 delegate its duties to an executive committee made up of its



1 officers. The executive committee may also act on behalf of the
2 board of directors when action is needed between meetings,
3 subject to authorization or rescission at the following board of
4 directors meeting.

5 § -17 **Officers.** (a) The officers of the board shall be
6 elected by the board at its annual meeting. The chief executive
7 officer may be hired on a contract exceeding one year if the
8 board of directors so chooses.

9 (b) The chief executive officer shall ensure that the
10 corporation's management shall charge no more than reasonable
11 fees and costs to the corporation and member contracts. The
12 fees and costs shall be disclosed timely to contracting members.
13 The chief executive officer shall provide the monthly reports to
14 the board of directors and annual reports to the members and
15 shall have the authority to hire staff and consultants as
16 necessary to carry out the purpose and business of the
17 corporation.

18 The chief executive officer shall organize transactions in
19 which one or more members contract with outside parties for the
20 mutual benefit of the contracting members and manage the
21 business and assets of the corporation in the interest of all



1 members. The chief executive officer shall negotiate and
2 administer contracts on behalf of members.

3 The chief executive officer shall also prepare an annual
4 report on the corporation to the legislature. The board of
5 directors and the treasurer shall review the report. The chief
6 executive officer and the treasurer shall sign a statement
7 taking fiduciary responsibility for the veracity of the
8 statements in the annual report to the legislature.

9 (c) The board shall designate a first vice-president to
10 take over the duties of the president whenever the president is
11 unavailable to chair a meeting or is otherwise incapacitated or
12 unreachable. The board may designate other vice-presidents with
13 whatever duties the board chooses to assign.

14 (d) The secretary shall maintain all books and records of
15 the corporation and shall be responsible for all required legal
16 filings. The secretary or the president shall have the
17 authority to sign contracts on behalf of the corporation. The
18 secretary shall maintain accurate records of the current
19 membership status of all current and past members. The
20 secretary shall maintain records of the board members' staggered
21 terms of office and provide notice to the board of directors

1 ninety days before each annual meeting of the board member terms
2 that shall expire at that annual meeting.

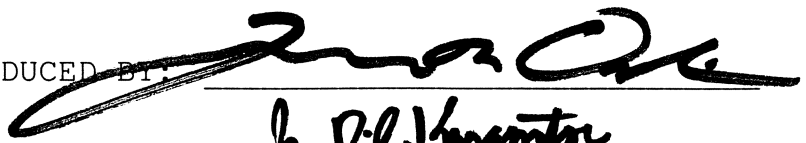
3 (e) The treasurer shall maintain and oversee the financial
4 records of the corporation. The treasurer shall make a
5 financial report at every regular meeting of the board of
6 directors and at the membership annual meeting. The treasurer
7 shall prepare the financial report included in the annual report
8 to the legislature.

9 § -18 Amendments. Amendments to this charter shall only
10 be made by an Act of the legislature. However, the board of
11 directors may create and amend bylaws to further elaborate the
12 corporation's corporate structure and processes, so long as the
13 bylaws do not conflict with the charter's purposes."

14 SECTION 2. This Act shall take effect upon its approval.

15

INTRODUCED BY:


John P. Hanrahan
Dw -

JAN 25 2009



Report Title:

Hawaii Ingenuity Corporation Charter

Description:

Establishes the Hawaii Ingenuity Corporation Charter.

