

- 1 (5) Hawaii needs to attract inventors to protect and
- 2 develop its economy. Protecting labor and
- 3 environmental standards in Hawaii depends upon
- 4 increasing or at least maintaining labor and
- 5 environmental standards nationally and globally;
- 6 (6) Whether working independently or employed by
- 7 corporations, the vast majority of inventors do not
- 8 have the collective representation, institutional
- 9 strength, or financial resources necessary to exercise
- 10 and enforce their property rights; and
- 11 (7) Hawaii has the opportunity to become a center for
- 12 protecting the fruits of American ingenuity so that
- 13 inventors can fully exercise their constitutional
- 14 intellectual property rights and, in turn, these
- 15 rights can be used to forge an anchor for good jobs in
- 16 a manner that enhances labor and environmental
- 17 practices nationally and internationally.

18 § -2 Definitions. As used in this chapter, unless it
 19 otherwise clearly appears from the context:

- 20 "Board" means the board of directors of the corporation.
- 21 "Corporation" means the Hawaii ingenuity corporation.

1 § -3 **Establishment; purpose.** (a) There is established
2 the Hawaii ingenuity corporation, which shall be a private, for
3 profit, non-stock, membership corporation created by the State
4 to:

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



- 1 labor standards and United Nations environmental
2 standards;
- 3 (6) 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 (7) Attract inventors to Hawaii;
- 8 (8) Negotiate with other corporations on behalf of all the
9 constituency groups on issues of licensing
10 intellectual property, labor, and environmental
11 standards; and
- 12 (9) 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) Contribution, allocation, or distribution by the
18 corporation of its property or assets to any nonprofit
19 institution shall be deductible from the corporation's income to
20 the same extent as it would from the income of any other for
21 profit company.



1 **§ -4 General powers of the corporation.** The corporation
2 may do any lawful acts or things reasonably necessary or
3 desirable for carrying out the purposes in section -3 and for
4 protecting the lawful rights and interests of its members in
5 connection therewith.

6 **§ -5 Disposition of assets.** Upon its dissolution,
7 assets may be allocated amongst the members pro rata, with
8 one-third going to inventor members as a group; one-third to
9 union members as a group, and the remaining one-third to be
10 divided equally between the Hawaii State Teachers' Association
11 and the University of Hawaii Professional Assembly for
12 allocation by them to programs teaching innovation.

13 **§ -6 Duration.** This corporate charter is perpetual
14 unless rescinded by a two-thirds vote of both houses of the
15 legislature on a concurrent resolution.

16 **§ -7 Membership classes and qualifications.** (a) There
17 shall be five classes of corporation members:

- 18 (1) Educator members;
19 (2) Inventor members;
20 (3) Labor union members;
21 (4) Investor members; and
22 (5) A managing member.



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



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

6 **§ -8 Rights and obligations of member classes.** (a) The
7 two educator members shall:

8 (1) Each appoint one member of the board. The appointment
9 process for each position shall be determined by each
10 respective organization;

11 (2) Be entitled to a one-third share of the profits
12 derived from inventor or labor union contracts managed
13 by the corporation after expenses incurred by the
14 corporation, including managing member and corporation
15 management fees, costs, and investor return payments,
16 which share shall be divided equally between the two
17 educator members;

18 (3) Have the fiduciary obligation to oversee the
19 disbursement of the one-third share of the
20 corporation's profits allocated to the educator
21 members, which funds shall be used to promote teaching
22 and learning innovation for the common good; and



- 1 (4) Have memberships that shall only expire by act of the
2 legislature.
- 3 (b) Inventor members shall:
 - 4 (1) Have no voting rights in the corporation, other than
5 those granted by the Professional Inventors Alliance
6 or the Living Inventors Hall of Fame;
 - 7 (2) Be represented on the board by three inventor members.
8 The Professional Inventors Alliance and the Living
9 Inventors Hall of Fame shall each appoint one member
10 to serve a term as a director of the board. The
11 American Ingenuity Alliance shall appoint one member.
12 The appointment process for each position shall be
13 determined by each organization, respectively;
 - 14 (3) Not include the Professional Inventors Alliance or the
15 Living Inventors Hall of Fame;
 - 16 (4) Enter into one or more contracts with and managed by
17 the corporation;
 - 18 (5) Be entitled to a one-third share of the profits
19 derived from contracts after expenses incurred by the
20 corporation, including managing member and corporation
21 management fees, costs, and investor return payments;
22 and



- 1 (6) Have membership that shall expire at the termination
2 of a member's contract. If a member is engaged in
3 several contracts, the membership shall expire at the
4 end of the last contract.
- 5 (c) Labor union members shall:
- 6 (1) Have no voting rights in the corporation, other than
7 those granted by the American Federation of Labor
8 Congress of Industrial Organizations or the Change to
9 Win Coalition;
- 10 (2) Be represented on the board by three labor union
11 members. The American Federation of Labor Congress of
12 Industrial Organizations and the Change to Win
13 Coalition shall each appoint one member to serve on
14 the board. The American Ingenuity Alliance shall
15 appoint one member;
- 16 (3) Not include the American Federation of Labor Congress
17 of Industrial Organizations or the Change to Win
18 Coalition;
- 19 (4) Enter into one or more contracts with and managed by
20 the corporation;
- 21 (5) Be entitled to a one-third share of the profits
22 derived from contracts after expenses incurred by the



1 corporation, including managing member and corporation
2 management fees, costs, and investor return payments;
3 and

4 (6) Have membership that shall expire at the termination
5 of a member's contract. If a member is engaged in
6 several contracts, membership shall expire at the end
7 of the last member contract.

8 (d) Investor members shall:

9 (1) Have no voting rights in the corporation;

10 (2) Enter into one or more contracts with and managed by
11 the corporation to provide capital for the corporation
12 or any of its members;

13 (3) Be entitled to investor return payments enumerated in
14 a member contract in exchange for investing capital in
15 the corporation or any of its members' contracts.

16 Investor return payments shall be paid out of contract
17 returns after management fees and costs and before
18 calculating profits to be allocated to the inventor,
19 labor union, and educator members; and

20 (4) Have membership that shall expire at the termination
21 of a member's contract. If a member is engaged in



1 several contracts, the membership shall expire at the
2 end of the last member contract.

3 (e) The managing member shall:

4 (1) Appoint three members to the board of directors:

5 (A) A representative of a labor organization;

6 (B) An inventor or representative of an inventor's
7 organization; and

8 (C) A representative of the managing member, who
9 shall serve as the board chair;

10 (2) Be removed and replaced by a majority vote of both
11 houses of the legislature;

12 (3) Identify and solicit members within the various
13 membership classes and facilitate opportunities for
14 members to contract with one another to further the
15 purposes of the corporation; and

16 (4) Interpret the meaning of the corporation contracts
17 when there is any dispute between members who are
18 engaged in a member contract. Appeal from any
19 interpretation may be made to the entire board of
20 directors. The directors may overturn the managing
21 member's decision by a majority of the votes of the
22 board of directors.



1 **§ -9 Membership meetings.** (a) There shall be an annual
2 membership meeting held on the second Wednesday in March, or at
3 any other time determined by the board of directors, so long as
4 one is held approximately every twelve months.

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

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

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

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



1 § -10 **Member's right to sue.** Members may sue the board
2 of directors for failure to conduct the business for charter
3 purposes or in the best interests of the members. The right to
4 sue, however, shall only be available after the member has first
5 exhausted an internal appeal process created by the board of
6 directors and overseen by a neutral outside party; provided that
7 the board of directors has created this process. The Hawaii
8 courts shall give the deference to this internal process that
9 they would give any state agency administrative tribunal.

10 § -11 **Board of directors.** There shall be nine board of
11 director members chosen by various constituencies pursuant to
12 this chapter. The directors shall be appointed in the following
13 numbers by the following organizations:

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



- 1 (7) Three members by the managing member, of which:
- 2 (A) One member shall represent a labor organization;
- 3 (B) One member shall be an inventor or represent an
- 4 inventor's organization; and
- 5 (C) One member shall represent the managing members,
- 6 who shall serve as the chair of the board of
- 7 directors.

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

- 12 (1) For two-year terms: the directors appointed
- 13 respectively by the Hawaii State Teacher's Association
- 14 and the Change to Win Coalition;
- 15 (2) For three-year terms: the directors appointed
- 16 respectively by the Professional Inventors Alliance,
- 17 American Federation of Labor Congress of Industrial
- 18 Organizations, and the University of Hawaii
- 19 Professional Assembly;
- 20 (3) For four-year terms: the director appointed by the
- 21 Living Inventors Hall of Fame; and



1 (4) For five-year terms: the directors appointed by the
2 managing members.

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

9 § -13 Duties of the board of directors. The board of
10 directors shall:

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

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

19 (3) Determine policy for the corporation;

20 (4) Review corporation member contracts to ensure that
21 they comply with the corporation's purpose, which may



- 1 include creating criteria for contract evaluation and
2 delegation of the contract review function to staff;
- 3 (5) Hold an annual membership meeting;
- 4 (6) Operate the corporation to fulfill the purposes of
5 this charter and serve as fiduciaries in the best
6 interests of all the members; and
- 7 (7) Create and amend the corporation's bylaws to further
8 the purposes of this charter.

9 **§ -14 Board meetings.** (a) The board shall meet
10 monthly, on the second Tuesday of the month, unless rescheduled
11 by the chair of the board.

12 (b) Meetings may be held in any location convenient to the
13 board of directors or in multiple locations. Directors may
14 participate in the meeting by any electronic or other method
15 that allows each director to speak, hear, and be heard by all
16 the others.

17 (c) Notice of regular board of directors meetings shall be
18 sent no less than seventy-two hours and no more than thirty days
19 before a meeting. Notice of meetings may be given by any medium
20 that produces a written record.

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



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

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

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

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

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

19 § -16 **Executive committee.** The board of directors may
20 delegate its duties to an executive committee made up of its
21 officers. The executive committee may also act on behalf of the
22 board of directors when action is needed between meetings,



1 subject to authorization or rescission at the following board of
2 directors meeting.

3 **§ -17 Officers.** (a) The officers of the board shall be
4 elected by the board at its annual meeting. The chief executive
5 officer may be hired on a contract exceeding one year if the
6 board of directors so chooses.

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

15 The chief executive officer shall organize transactions in
16 which one or more members contract with outside parties for the
17 mutual benefit of the contracting members and manage the
18 business and assets of the corporation in the interest of all
19 members. The chief executive officer shall negotiate and
20 administer contracts on behalf of members.

21 The chief executive officer shall also prepare an annual
22 report on the corporation to be transmitted to the legislature.



1 The board of directors and the treasurer shall review the
2 report. The chief executive officer and the treasurer shall
3 sign a statement taking fiduciary responsibility for the
4 veracity of the statements in the annual report to the
5 legislature.

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

11 (d) The secretary shall maintain all books and records of
12 the corporation and shall be responsible for all required legal
13 filings. The secretary or the president may sign contracts on
14 behalf of the corporation. The secretary shall maintain
15 accurate records of the current membership status of all current
16 and past members. The secretary shall maintain records of the
17 board members' staggered terms of office and provide notice to
18 the board of directors ninety days before each annual meeting of
19 the board member terms that shall expire at that annual meeting.

20 (e) The treasurer shall maintain and oversee the financial
21 records of the corporation. The treasurer shall make a
22 financial report at every regular meeting of the board of



1 directors and at the membership annual meeting. The treasurer
2 shall prepare the financial report included in the annual report
3 to the legislature.

4 § -18 **Amendments.** Amendments to this charter shall only
5 be made by an Act of the legislature. However, the board of
6 directors may create and amend bylaws to further elaborate the
7 corporation's corporate structure and processes, so long as the
8 bylaws do not conflict with the charter's purposes.

9 § -19 **Conflict of laws.** If there is a conflict between
10 this chapter and chapter 414, this chapter shall control. If
11 this chapter is silent as to a matter addressed by chapter 414,
12 chapter 414 shall control.

13 This chapter shall not supersede any existing labor laws of
14 the State. If there is any conflict between the two, the labor
15 law shall prevail."

16 SECTION 2. This Act shall take effect on July 1, 2050.



Report Title:

Hawaii Ingenuity Corporation Charter

Description:

Establishes the Hawaii ingenuity corporation charter, a private, for profit, non-stock, membership corporation. (SD1)

