



**20
22**
**ANNUAL
MEETING**

AG



ENDAA

- **CALL TO ORDER** President
- **INVOCATION**
- **PLEDGE OF ALLEGIANCE** Presented by Ingram Elementary
- **NATIONAL ANTHEM** Performed by Corey Weaver
- **INTRODUCTION** President
- **REPORT ON QUORUM** CEO
- **NOTICE OF MEETING AND PROOF OF MAILING** CEO
- **MINUTES** President
- **SECRETARY'S REPORT** Secretary/Treasurer
- **CERTIFICATION OF CONSENT ELECTION** Secretary/Treasurer
- **ELECTION REPORT** Legal Council & Parliamentarian
- **UNFINISHED BUSINESS** President
- **NEW BUSINESS** President
- **CEO REPORT** CEO
- **PRESENTATION OF AWARDS**
- **PRIZE GIVEAWAY**
- **MEETING ADJOURNS**

IN 1951 FIVE FORWARD-THINKERS IN THE TEXAS HILL COUNTRY CAME TOGETHER BECAUSE THEY WANTED A BETTER WAY TO CONNECT...

On February 13, 1951 Eugene Lindig, Herman Eckhardt, Roy Jacoby, Walter Schlaudt, and Otto Schumann met and formed Hill Country Telephone Cooperative, Inc. (HCTC) for the purpose of furnishing area-wide telephone service in rural areas to the widest practical number of users. Today HCTC provides telecommunication services in 15 exchanges located in 14 counties spread across nearly 3,000 square miles in rugged Hill Country terrain.

The Cooperative's mission is to be the premier provider of modern telecommunications and broadband services throughout our region. Our objective is to fulfill this mission by continually enhancing our services and customer experience

all at a fair and reasonable price. As the Texas Hill Country continues to grow and the needs and demographics of its subscriber base evolve, HCTC, realizing the importance of broadband availability for rural economic development, has embarked on a vision to further expand our fiber broadband network to the furthest reaches of our territory. As the future of telecommunications is unfolding and broadband has become a necessity, HCTC is strategically positioning itself to meet the ever-changing needs of its members, today and into the future.

The Cooperative is governed by a Board of Directors, with the 11 members representing nine districts.



MISSION

THE WHAT

To be the premier provider of modern telecommunications and broadband services throughout our region.

VISION

THE WHY

To further expand our fiber broadband network to the furthest extent of our current service areas and beyond territories. To provide safe, fast and reliable internet to our neighbors and communities in which we serve and reside.

STRATEGY

THE HOW

To fulfill HCTC's mission by continually enhancing our services and executing the highest level of customer service to our members all at a reasonable and fair price.

A MESSAGE FROM THE

CEO



HCTC Family,

As we take pause to conduct our 71st Annual Meeting and report on the progress we've made over the past year, I want to take a moment and share a sincere "thank you!" On behalf of the employees, management team and your Board of Directors, we appreciate you, our member owners, for your continued support in 2022. This has been a rewarding year for HCTC on numerous fronts as we continue to serve our communities through the provision of advanced broadband and telecommunications services. Above all, we strive to provide these services to you with unparalleled customer service.

Since our last annual meeting, the challenges facing our country have changed, but continue in new forms. Whether it be global conflicts, supply chain issues, or the economy and inflation, we've all been tested during this past year. And while I do not want to equate our business issues with seemingly generational trials, it is important to share with you an update on an important battle that HCTC has been engaged in for over 2 years now.

Since January of 2021, HCTC and other rural telephone providers have dealt with sizable reductions of funding from the Texas Universal Service Fund ("TUSF"). The TUSF enables HCTC to provide affordable service to the rural areas we serve and is mandated under Texas law. Although prior

PUC Commissioners chose not to take the necessary steps to fully fund the TUSF, a vast majority of the Texas Legislature supports TUSF and rural carriers like HCTC who rely on this fund to keep rates affordable. The PUC's inaction over the last two years has resulted in HCTC being short-paid over \$5M. This avoidable impact left HCTC and other providers no other option but to file a lawsuit against the PUC to restore TUSF funding that is required by law and the PUC's own rules. In July of this year, an appeals court in Austin ruled in favor of rural carriers and ordered the PUC to restore funding and pay back over \$200M in TUSF that was not paid over the last two years.

Although we are pleased with the Court's decision – requiring the PUC to comply with the law, we were

disappointed that the PUC chose to restore payments to rural companies by increasing the TUSF assessment rate from its former 3.3% to over 24% - an amount that far exceeds what is needed to fund the TUSF. The TUSF assessment is levied on taxable intrastate telecommunications revenue and funds the TUSF. HCTC is displeased with the PUC's decision to raise the assessment rate so dramatically and is working with our industry partners and the PUC to implement a more reasonable solution that will reduce the amount you pay.

Although we have had plenty of potential distractions over the course of the year, HCTC has remained on course and continues to focus on its mission - "To be the premier provider of modern telecommunications and broadband services throughout our region." To this point, we continue to work hard each day to treat every customer like family, while providing the most robust services available - all at competitive prices.

In recent years, HCTC has received national recognition for our efforts to serve our customers. We remain committed to our communities and have invested millions of dollars in our network in 2022 to improve the quality of service to our members while aggressively expanding our fiber network to bring many new members to our cooperative. Likewise, we continue to invest in the people of our community - assisting those

in need throughout our area by continued donations to local charitable organizations, our local schools and libraries and first responders.

As we look ahead to 2023, we remain excited about the numerous opportunities for our communities and the role that we'll play to assure that you can leverage all of the benefits of broadband and telecommunications connectivity. HCTC is honored to provide these essential services to its communities.

Thank you again for your membership and support of HCTC!



Construction team replacing a drill for a new fiber build out.



Robert Stover installing Fiber outside a residential home.

Patrick Tinley giving Ingram H.S. a tour of our Central Office.



Josh Stacey working on a Fiber Drop during a Residential Install.





BOARD OF DIRECTORS

DIRECTOR NAME

DISTRICT - EXCHANGE

Kari A. Potter (President)
James E. Haynie (Vice President)
Linda Reagor (Secretary - Treasurer)
Robert Trees
Kari Short
Randy Bass
Steve Stengel
Dorrie Cooper
Kathy Bohn
Jane Perilloux
Tracy Castillo

District #7 - Center Point
District #3 - Mountain Home & Garven Store
District #9 - Frio Canyon
District #1A - Ingram
District #1B - Ingram
District #2 - Hunt
District #4 - Doss
District #5 - Fredonia, Katemcy, Pontotoc & Streeter
District #6A - Comfort & Sisterdale
District #6B - Comfort & Sisterdale
District #8 - Medina & Tarpley



2022 DISTRICT MAP



DISTRICT #1A
Bob Trees



DISTRICT #1B
Kari Short



DISTRICT #5
Dorrie Cooper



DISTRICT #4
Steve Stengel



DISTRICT #3
Jim Haynie
Vice President



DISTRICT #6B
Jane Perilloux



DISTRICT #2
Randy Bass



DISTRICT #6A
Kathy Bohn



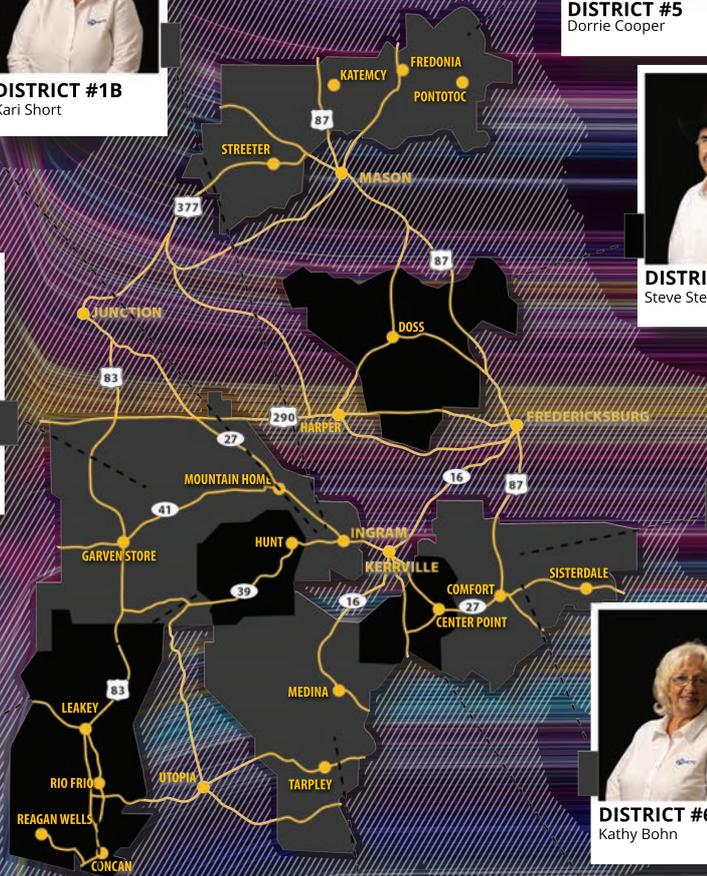
DISTRICT #9
Linda Reagor
Secretary-Treasurer



DISTRICT #8
Tracy Castillo



DISTRICT #7
Kari Potter
President



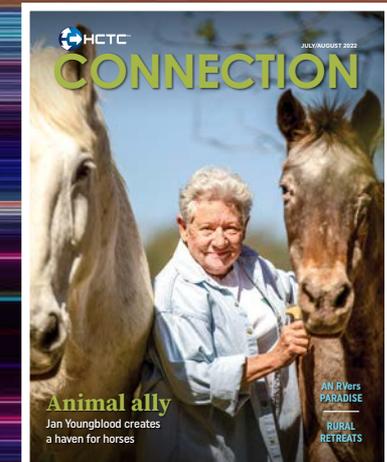
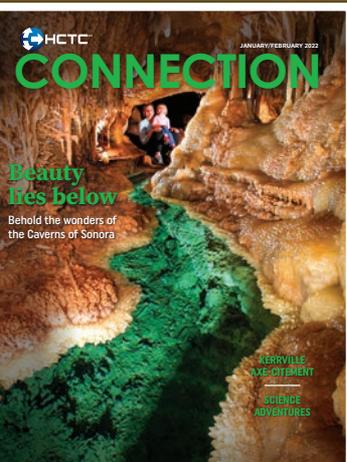
HCT CON

The Connection magazine we serve featuring and local businesses. The magazine is mailed out for our next issue.



CONNECTION

Magazine takes a dive into the communities of artists, destination spots, restaurants, small businesses, and more. How do you get a copy? The answer is out to our members bi-monthly. Keep an eye on the calendar in November.



A MESSAGE FROM THE PRESIDENT



HCTC Members,

It is my pleasure to have the opportunity to report to you on behalf of the Board of Directors. I commend my fellow board members for their ongoing commitment to the success of HCTC. Our Board keeps current on issues affecting the telecommunications industry and outlines the needs of our respective members and communities.

This year in preparation for the President's report, I spent time reviewing notes I've taken over the past several months. In 2022 our Board reviewed and discussed state and federal regulatory changes, supply chain shortages, inflation, and a host of other topics during our monthly board meetings. We are fortunate to have a solid and competent management team that keeps the Board updated with timely assessments on the impacts of these issues on our day-to-day operations. The HCTC staff operates efficiently and effectively: executing cybersecurity measures to keep our network secure, engineering the deployment of fiber, reviewing regulatory updates, maintaining inventory for repairs and new construction, greeting customers, and implementing accounting practices to track each moment of productivity, all while operating within a carefully planned budget. These measures ensure that our members' best interests remain at the top of our list of considerations.

Additional highlights in my notes are the ongoing repercussions of the pandemic, the drought that has plagued our region in recent months, and the unprecedented growth coming to our area. These matters have affected most of us in some way or another. When faced with change and

exceptional situations, rural Texans rally together. HCTC embodies this same can-do spirit. We are always willing to step up to ensure that rural Texans receive top-notch service and support in the communities we serve.

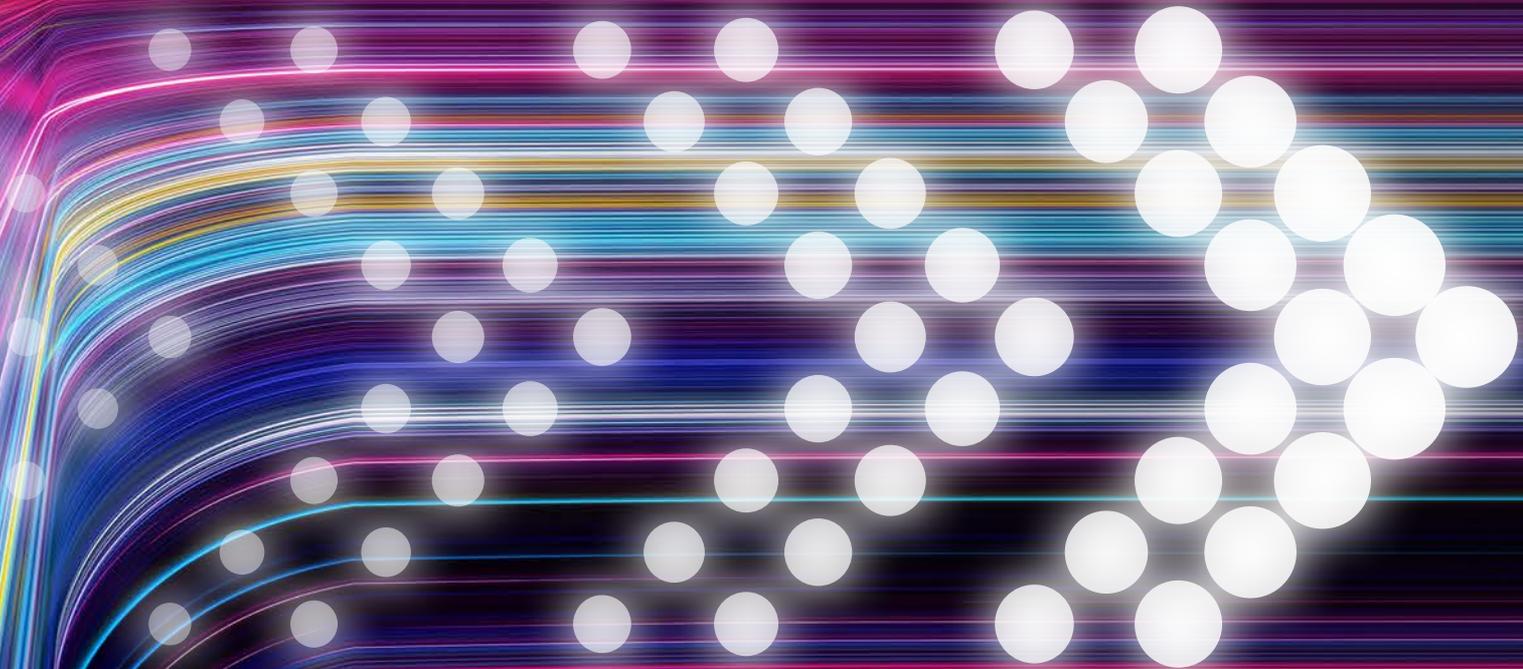
On behalf of the HCTC Board of Directors, it is our pleasure to serve the members and communities of the Cooperative, and we thank you for trusting HCTC to keep you connected.





F N A N

2020 CONS



FINANCIALS

SOLIDATED RESULTS

BALANCE SHEET

Current Assets	\$17,291,620
Non-Current Assets	82,320,864
Total Assets	\$99,612,484
Current Liabilities	\$ 5,065,905
Long-Term Debt, Less Current Maturities	3,382,028
Other Liabilities & Deferred Credits	20,460,058
Members' Equity	70,704,493
Total Liabilities & Members' Equity	\$99,612,484

STATEMENT OF OPERATIONS

Operating Revenues	\$37,681,359
Operating Expenses	31,804,034
Net Operating Income	5,877,325
Non-Operating Expense, Net	1,033,457
Net Margin Before Taxes	4,843,686
Income Tax Expense	1,574,208
Net Margin	\$ 3,269,660

*Through December 31, 2021.

The above consolidated balance sheet and statement of operations were prepared from the audited financial statements of Hill Country Telephone Cooperative, Inc. for distribution to its members. The above statements do not include all disclosures that might be required for fair presentation in conformity with accounting principles generally accepted in the United States of America. Complete financial statements with the unqualified report of Independent Certified Public Accountants are on file at the Cooperative's office in Ingram, Texas.



EMPLOYEE SERVICE AWARDS

THANK YOU FOR YOUR YEARS OF
DEDICATION AND HARD WORK.



**5
YRS.**

CHRIS MACHICEK



**5
YRS.**

RONALD FOLEY



**5
YRS.**

LAURA WIMBERLY



**5
YRS.**

RENE GRADILLAS



**5
YRS.**

ESPERANZA LOPEZ



**5
YRS.**

HANNAH GAREY



**5
YRS.**

BRIAN STEGALL



**15
YRS.**

LISA OTTMERS



**15
YRS.**

MARISELA RODRIGUEZ DE RAYA



**15
YRS.**

KEVIN ERMIS



**15
YRS.**

JAMES HEIMANN



**20
YRS.**

MARY ARHELGER



**20
YRS.**

KEITH THOMPSON



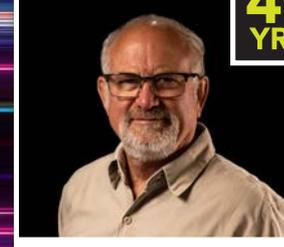
**20
YRS.**

STEVE COPP



**25
YRS.**

ROLAND MICHEL



**40
YRS.**

DENNIS TATSCH



THANK YOU

We appreciate you, our members, and employees. Together, we will continue building a strong, reliable network to help create a better future for our families and communities.

Center Point	Hunt	Pontotoc
Comfort	Ingram	Reagan Wells
Concan	Katemcy	Rio Frio
Doss	Leakey	Sisterdale
Fredonia	Medina	Streeter
Garven Store	Mountain Home	Tarpley

This institution is an equal opportunity provider and employer.