

HCTC 2015

— ANNUAL MEETING —



Committed to the Communities We Serve.



AGENDA

Call to Order Kari Potter, President

Invocation Pastor Phil Jackson,
First Assembly of God Church in Kerrville

Pledge of Allegiance Ingram Elementary School

National Anthem Ingram Elementary School

Introduction Kari Potter, President

Report on Quorum Craig Cook, CEO

NDA

Notice of Meeting & Proof of Mailing Craig Cook, CEO

Minutes Kari Potter, President

Secretary's Report Kathy Bohn, Secretary/Treasurer

Certification of Consent Election Kathy Bohn, Secretary/Treasurer

Election Report Dennis Donley, Legal Counsel & Parliamentarian

Unfinished Business Kari Potter, President

New Business Kari Potter, President

CEO Report Craig Cook, CEO

Presentation of Awards Craig Cook, CEO

Prize Giveaway Craig Cook, CEO

Meeting Adjourns Kari Potter, President





As the future of our industry continues to evolve 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.

**IN 1951 FIVE
FORWARD-THINKERS
IN THE TEXAS HILL
COUNTRY CAME
TOGETHER BECAUSE
THEY WANTED**



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

**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 population of 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.

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 economically benefit our service areas and territories, providing safe, fast, and reliable internet to the neighbors and communities we serve and reside in.

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

HCTC



Welcome to your 2025 Annual Meeting. On behalf of the entire HCTC team and our Board of Directors, thank you for your business and loyalty to HCTC in 2025! I am pleased to present this annual report on the performance of your cooperative. Though every year has its unique challenges and victories, this year has been a year like no other in recent memory. An eventful year - a year full of tumultuous trials, hope, and opportunity.

As a community, we have experienced unimaginable loss while witnessing true heroism, strength, focus and commitment to each other that goes beyond words.

R. Craig Cook
CEO

Thank you again for your membership and support of your Cooperative

Good Evening, HCTC Family!

Welcome to your 2025 Annual Meeting. On behalf of the entire HCTC team and our Board of Directors, thank you for your business and loyalty to HCTC in 2025! I am pleased to present this annual report on the performance of your cooperative. Though every year has its unique challenges and victories, this year has been a year like no other in recent memory. An eventful

year - a year full of tumultuous trials, hope, and opportunity. As a community, we have experienced unimaginable loss while witnessing true heroism, strength, focus and commitment to each other that goes beyond words.

One of the longstanding tenets of our business is our commitment to the communities we serve. In recent years, this commitment has taken on a variety of forms – from blood drives to high school football tailgating events, from community appreciation events to numerous charitable donations to local nonprofit organizations. This year, that commitment was tested — and proven — through the historic floods that impacted our area. Our teams mobilized swiftly to restore services, support emergency communications, and assist local agencies. We provided temporary broadband access in critically impacted areas, coordinated with first responders, and ensured that families and businesses remained connected during a time of crisis. This is what being a community-based cooperative means — stepping up when it matters most. We are proud of our employees' dedication and honored to stand alongside the communities we serve.

We know that recovery efforts will continue for the months and years ahead and HCTC will be where it has always been — standing right beside you — our family, friends, and neighbors — our community. HCTC will remain engaged with our local partners, first responders and newly formed response organizations to help build our communities back stronger. HCTC is also blessed to have many friends in the rural broadband community both in the state of Texas and nationally who have stepped up to help our communities. We have received overwhelming support from offers of manpower and materials, to donations from other community-based broadband providers as well as state and national associations.

Continuing with the theme of commitment, it's important to note that HCTC has remained dedicated to serving its communities through improved services and network upgrades in 2025 - ensuring that our customers experience faster internet speeds and enhanced reliability, while also supporting the Cooperative's ongoing plan to expand its market base with entry into new areas. In 2025, HCTC ramped up its deployment of advanced fixed wireless solutions in both our cooperative territory as well as newer areas served by our subsidiary company. These investments in alternative technologies have provided high-speed internet solutions to customers in areas that have lacked access to reliable broadband solutions. Likewise, this investment reflects a critical part of our long-term growth strategy and underscores the importance of building a strong future for the Cooperative.

With strong market expansion comes an equal level of attention to our

operations, processes, and finances. As we grow our business, we remain committed to improving the customer experience while we continue to manage our finances with caution and uphold our responsibility to members. Our capital projects are carefully planned to balance meaningful returns with cost efficiencies. This deliberate strategy is grounded in both financial discipline and forward-looking vision and enables us to successfully meet our core budget and performance goals.

As you may have noticed, momentum around rural broadband has reached a new height, with both federal and state leaders making connectivity a top priority. Multiple funding initiatives have been launched in recent years to support the expansion of high-speed internet in areas that have long been underserved. Policymakers have come to understand the steep costs and logistical challenges involved in reaching rural and remote communities, and they have responded with major investments aimed at closing the digital divide.

The most significant of these investments is the Broadband Equity, Access, and Deployment (BEAD) program, created through the Infrastructure Investment and Jobs Act. BEAD is distributing \$42.5 billion to the states. Texas will receive over \$3.3 billion through the BEAD program and an additional \$500 million from the Texas Match Assistance Program (TMAP) to help with federal matching requirements.

HCTC has participated in the BEAD applications process, and we continue to track the progress of the BEAD program closely and remain engaged at every level to help ensure that

our members and the communities we serve benefit from these historic investments. The state is now reviewing proposals and is on track to submit its final plan in October.

In another positive development this year, the United States Supreme Court upheld the constitutionality of the Universal Service Fund (“USF”) contributions mechanism. This decision preserves a critical funding stream for rural broadband providers like HCTC. The ruling brings stability and reaffirms the importance of universal access to telecommunications services, helping ensure that our rural communities are not left behind in the digital age. In its landmark ruling, the Supreme Court upheld the constitutionality of the USF, reversing a prior decision by the Fifth Circuit. The decision ensures the continuation of a critical support mechanism that enables rural providers like HCTC to provide phone and broadband access in rural communities, schools, libraries, and health care providers at reasonable rates.

While there are many facets to the business of rural broadband, our management team and Board of Directors remain focused on our mission – “To be the premier provider of modern telecommunications and broadband services throughout our region.” To achieve this goal, we believe that creating an unsurpassed customer experience is paramount. The customer experience includes your personal interactions with our employees, and equally important – your experience using our broadband services. This is why we continue to plan for the future needs of our customers and invest in our networks to ensure we stay ahead of the ever-increasing demand for higher speed broadband and that you continue to receive an unparalleled experience. Really, it all comes back to where we started – commitment. The foundation of HCTC and all that we do rests upon our unwavering commitment to the communities we serve.

**Thank you again for
your membership
and support of your
Cooperative - HCTC!**

TEAMWORK





**WE DELIVER
FAST &
RELIABLE
BROADBAND
AS WELL AS
COMPREHENSIVE
TELEPHONE
SERVICES.**



Board of

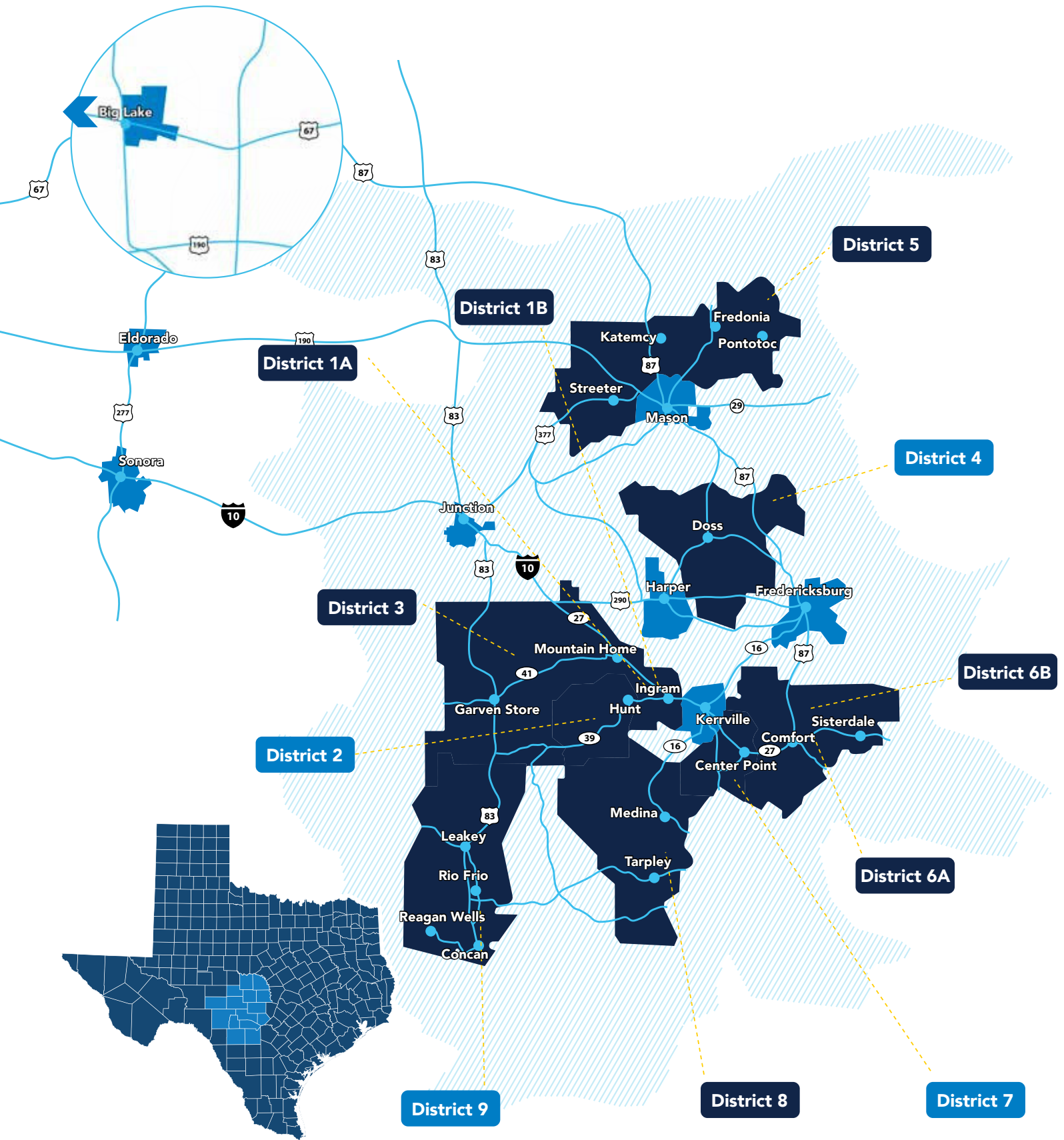
DIRECTORS



STORS



2025 DISTRICT MAP



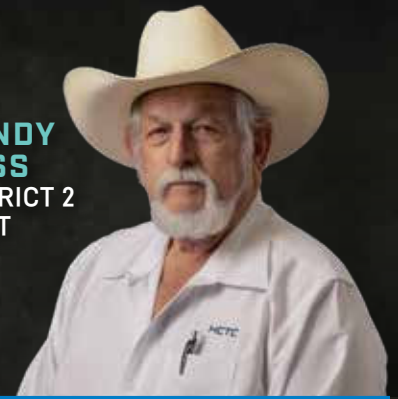
**BOB
TREES**
DISTRICT #1A
INGRAM



**KARI
SHORT**
DISTRICT #1B
INGRAM



**RANDY
BASS**
DISTRICT 2
HUNT



**JIM
HAYNIE**
DISTRICT 3
MOUNTAIN
HOME/
GARVEN
STORE



**STEVE
STENGEL**
DISTRICT 4
DOSS



**DORRIE
COOPER**
DISTRICT 5
FREDONIA,
KATEMICY,
PONTOTOC &
STREETER



**KATHY
BOHN**
DISTRICT 6A
COMFORT/
SISTERDALE



**ANTHONY
BOHNERT**
DISTRICT 6B
COMFORT/
SISTERDALE



**KARI
POTTER**
DISTRICT 7
CENTER POINT



**TRACY
CASTILLO**
DISTRICT 8
MEDINA/
TARPLEY



**LINDA
REAGOR**
DISTRICT 9
FRIO CANYON
(INCLUDES
CONCAN, LEAKEY,
REAGAN WELLS
AND RIO FRIO)





Kari Potter
PRESIDENT

PRESENIDENT
A message from the

Good Evening Members, Friends, and Neighbors,

On behalf of the HCTC Board of Directors, I want to begin this year's report with a heartfelt acknowledgment of the recent flooding that so deeply impacted our Hill Country communities. Our hearts ache for the families and communities who endured such great loss, including the tragic loss of so many lives. Please know that HCTC stands with you. We continue to lift our neighbors in prayer and support as you walk the long road of recovery.

When the floodwaters came, HCTC employees stepped forward without hesitation. Our crews worked tirelessly in the days that followed, repairing downed lines and damaged infrastructure so that vital communication could be restored as quickly as possible. We are profoundly grateful for the first responders whose bravery saved lives and brought comfort in the midst of chaos. Just as moving were the countless acts of kindness from neighbors helping neighbors—reminders that in times of hardship, the strength of our Hill Country communities shines brightest.

These past few months have highlighted how essential reliable communication is to our daily lives. From students relying on online learning, to small businesses serving customers near and far, to families trying to stay connected during an emergency—broadband is no longer a convenience, it is a lifeline. That is why HCTC remains steadfast in our investment to expand and strengthen our fiber network across the rugged terrain of the Texas Hill Country. These projects are not always easy, but

they are vital to ensuring that each of you has access to world-class connectivity, no matter where you call home.

We are proud of the resilience shown by our members this year, grateful for the courage of first responders, and deeply appreciative of our employees whose professionalism and neighborly spirit make all the difference. And I would be remiss if I did not also recognize my fellow board members. Each of them serves with a deep sense of responsibility and commitment to you, our members. Their leadership, foresight, and dedication ensure that HCTC remains strong and prepared for the future.

As we look ahead, please know that our focus remains on you. We will continue to deliver exceptional service, make wise investments in technology, and always keep our members at the heart of every decision. Together—with your trust and support—HCTC will continue building not just a stronger network, but a stronger, more connected Texas Hill Country.

Thank you for being part of the HCTC family.

CONSOLIDATED RESULTS

BALANCE SHEET

Current Assets	24,523,616
Non-Current Assets	93,325,227
Total Assets	117,848,843
Current Liabilities	5,670,030
Long-Term Debt, Less Current Maturities	2,103,636
Other Liabilities & Deferred Credits	9,204,885
Members' Equity	100,870,292
Total Liabilities & Members' Equity	117,848,843

*Through December 31, 2024.

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.

OLIDATED RESULTS

STATEMENT OF OPERATIONS

Operating Revenues	41,635,784
Operating Expenses	(37,111,850)
Net Operating Income	4,523,934
Non-Operating Expense, Net	1,121,204
Net Margin Before Taxes	5,645,138
Income Tax Expense	(1,388,064)
Net Margin	4,257,074

EMPLOYEE SERVICE *Awards*

Thank you for your years of dedication and hard work.



ADAM GITTER

5



BRETT SMITH

5



CHASE LANTZ

5



JULIE GARZA

5



LAURIE SIMPSON

5



LINDSEY FERGUSON

5



ROB STOVER

5



ROYCE READ

5



ANTHONY ROBBINS

10



CRAIG COOK

10

CONNECTION





MARC CANTU
10



MIKEY RENAUD
10



RICKY BEHRENDS
10



THOMAS HANSARD
10



CHRIS SHAW
15



KAREN SWANEY
15



LARRY PIZZINI
15



MICHAEL KOENIG
15



SAMANTHA MUNOIZ
15



JOSE CERVANTES
20



MICHAEL FREEMAN
20



RUDY WHEATFALL
20



GLENN KIBBETT
25



BOBBY STEPHENSON
30



TAKES A DIVE INTO THE COMMUNITIES WE SERVE

Featuring artists, destination spots, restaurants, small and local businesses, and more. **How do you get a copy?** The magazine is mailed out to our members bi-monthly. Keep an eye out for our next issue in November.



HCTC

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