

June 29, 2022

Mr. Chris Murray
City Manager City
of Toronto
100 Queen St. W. 11 East Toronto,
Ontario M5H 2N2

Re: Casa Loma Corporation 2021 Audited Financial Statements and Annual Report

The Casa Loma Corporation (CLC) Board of Directors is pleased to submit the 2021 Audited Financial Statements as well as comments on the 2021 achievements, current situation and future plans.

The Board was created by City Council in July, 2011 for the purpose of managing the operations of Casa Loma on an interim basis until its future ownership and management direction could be determined. In addition to the day-to-day operations, the Board was charged with evaluating future options for Casa Loma.

The Board successfully operated Casa Loma as a heritage attraction and events venue until January, 2014 when with City Council approval and following a REOI process, the Liberty Entertainment Group (LEG) assumed responsibility for site operations on the basis of a 20-year lease that was negotiated for the improvement and operation of the property. Rent payments commenced in July, 2014 and have, consistent with the terms of the lease agreement, continued throughout 2019.

From January to June of 2021 Casa Loma, like other museum and tourist attractions was shuttered due to COVID-19. As a result, LEG suspended all operations at Casa Loma including all special events, tourist and local visits, and service at the restaurant. Subsequently, when the Province permitted take-out and delivery, the restaurant initiated limited service and has also contributed meals for front line workers. Rent was abated during this time and LEG continued to maintain the building and pay all related costs.

During 2021, the project restoring the west perimeter wall from the corner of Austin Terrace, south down Walmer Road, replacement of the flagstones in the front courtyard and replacing the asphalt surface of the west parking lot continued. This project was scheduled to be completed by December 31, 2021 with the parking lot work anticipated to be done in Fall 2021. However, LEG was concerned that not having a parking lot would adversely affect their attendance and revenue, both for the restaurant and general

visitors to the museum. In light of the fact that Casa Loma was just re-opening, EDC agreed to re-schedule the parking lot work to Spring 2022. This parking lot work includes improved public lighting as recommended in the 2019 traffic study. This work is paid for out of existing reserve funding which is normally replenished by rent from LEG.

The next phase of capital restoration at Casa Loma, Phase 11, will be significant work on the west garden retaining wall and parking structure. Economic Development and Culture (EDC) did not receive a federal infrastructure funding grant and due to the uncertainty of the rental revenue in 2020 and 2021, Phase 11 will be suspended until rent revenues replenish the capital reserve or alternate funding is identified. Should there be sufficient funds available for preliminary design work on Phase 11 then work may start in 2022.

When the terms of the lease agreement for the Main Campus of Casa Loma were approved by City Council in November, 2013, the Board also directed staff to assess alternatives for the future of the North Campus of Casa Loma. Appropriate uses were identified with public consultation and then an RFP process was subsequently undertaken and LEG was selected.

Negotiations related to the North Campus are still on-going as will be the rent arrangements for 2021. The staff in EDC and Corporate Real Estate Management (CREM) are establishing a work plan which aims to complete the lease as we move beyond COVID-19. CREM and EDC will negotiate the lease and related rent arrangements for the North Campus, taking into consideration, its proposed use as determined by the RFP process.

Day to day management of the ongoing programmatic and capital repairs with LEG continue to be the responsibility of EDC and the lease responsibility is part of the CREM portfolio.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cheryl Blackman', with a stylized flourish at the end.

Cheryl Blackman, Chair

Board Members

Josie Scioli, Andrew Flynn, Don Boyle, Michael Brown