

April 29, 2015

Mr. Joseph Pennachetti  
City Manager  
City of Toronto  
100 Queen Street West, 11 East  
Toronto, ON M5H 2N2

RE: Casa Loma Corporation 2014 Audited Financial Statements and Annual Report

The Casa Loma Corporation (CLC) Board of Directors is pleased to submit the 2014 Audited Financial Statements, 2014 achievements 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, completed the future options evaluation, conducted an REOI and an RFP for a new entity to assume operations of the main house and grounds, and with City Council approval in November 2013 entered into negotiations with Liberty Entertainment Group (LEG) for a 20 year lease to lease, improve and operate Casa Loma. The agreement was executed and LEG assumed site operations on January 14, 2014. Rent payments commenced in July, 2014.

Our 2014 priorities included facilitating a smooth transition to the new operator. It was important to continue to build the Casa Loma brand and meet client expectations during this period. Transition activities continued throughout Q1 and included: managing the transition of personnel; documenting artifact inventories; transferring or terminating board contracts, notifying and transferring client contracts, document transfer and records retention, closing adjustments and a multitude of day to day operational matters.

The Liberty Entertainment Group has demonstrated a commitment to enhancing programming, building new audiences, expanding the event business, increasing marketing and public relations activities and investing in the property. We are confident that the partnership with LEG will continue to advance the City's priorities, and provide ongoing enjoyment to residents and visitors to Toronto

The transition from the Corporation to a third party operator was well planned and budgeted. Casa Loma's financial results for the year ending December 31, 2014 once again exceeded budget with a net surplus of \$ 0.326 million. During the year the Board transferred \$ 0.800 million from accumulated surplus to the City's Casa Loma Capital Reserve for the Norman Tower restoration. In 2015 the Board will transfer an additional \$ 2.01 million to the City to complete this project.

In addition to managing the lease agreement the Board proceeded with the groundwork to issue a Request for Proposals (RFP) for the lease of the Casa Loma North Precinct site, as had been direct by City Council. We commissioned a report on the state of the buildings to look at

potential uses. A public meeting was held in February 2015, the RFP was issued in April and the closing deadline is June 30, 2015. The results of the RFP and the Board's recommendations will be reported to City Council in the fall.

Casa Loma is an iconic Toronto landmark, rich in history and elegance. The decisions by City Council to protect and invigorate this important heritage asset through an innovative partnership will substantially improve the long term viability of Casa Loma. The Board is proud to have played a role in concluding the lease for the main house and grounds and we look forward to securing a successful partner for the Casa Loma North Precinct property.

Yours truly

A handwritten signature in blue ink, appearing to read "Michael H. Williams".

Michael H. Williams, Chair

Members of the Board:

Larry Istola	Michael St. Amant
Josie Scioli	Dianne Young