

RE: EX16.7

CASA LOMA CORPORATION

May 19, 2016

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

Dear Mr. Wallace,

Re: Casa Loma Corporation 2015 Audited Financial Statements and Annual Report

The Casa Loma Corporation (CLC) Board of Directors is pleased to present the 2015 Audited Financial Statements and this Annual Report highlighting the year's achievements and noting key future plans.

2015 Annual Report of Casa Loma Corporation

After the withdrawal of the Kiwanis, the Casa Loma Corporation and its Board were created by City Council in July, 2011 for the purpose of managing the operations of Casa Loma on an interim basis until its future leasing 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. Then, with City Council approval and following an open procurement process, the Liberty Entertainment Group (LEG) assumed responsibility for site operations under a 20-year lease. Rent payments commenced in July, 2014 and, consistent with the terms of the lease agreement, have continued throughout 2015. The Lease focussed on the Main Campus south of Austin Terrace with temporary management of the North Campus. In 2015, the net revenue generated to the Corporation was \$1,129,466. Complete financials are presented in the accompanying audited financial statements.

In 2015, LEG continued to demonstrate a commitment to enhancing programming at the site, building new audiences and expanding their events calendar as well as investing in enhancing the building and property. The current priority for LEG is the installation of a kitchen and the establishment of a restaurant within the main building at Casa Loma. Work is continuing with City officials to advance this project.

From a capital investment perspective, in 2015 Economic Development and Culture staff successfully oversaw the completion of Phase 8 of the structural restoration of Casa Loma which will permit visitors to access the observation deck on top of the Norman Tower at the south-west corner of the main building. Major capital projects will continue to be undertaken to rehabilitate the site in 2016 and beyond.

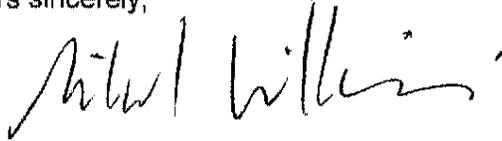
When the terms of the lease agreement for the Main Campus of Casa Loma were approved by City Council in November, 2013, the Board was also directed to assess alternatives for the future of the North Campus of Casa Loma. Consistent with this direction, a public meeting was

held in February, 2015 and a procurement process was conducted which was overseen by a Fairness Monitor. Only one submission, from the Liberty Entertainment Group, qualified through the evaluation process.

Long-term lease negotiations related to the North Campus were begun early in 2015, but have been suspended temporarily given the need for LEG to prioritize the ongoing work at the main building. It is now anticipated that a report on the North Campus will be submitted to City Council in late 2016. Assuming a successful completion of the negotiations, the Board will make a recommendation to dissolve the Casa Loma Corporation and pass management of the Lease directly to City staff.

In October, 2015, Ms. Eva Pyatt, the inaugural Chief Executive Officer of the Casa Loma Corporation officially retired and was commended by the Board for her many years of excellent service to the City and for her very effective work on behalf of the Board at Casa Loma. Given that the transition to the operation of the Main Campus by the Liberty Entertainment Group had taken place, a new CEO of the Corporation was not appointed. Day to day management of the ongoing relationship with LEG has been assigned to the Director of Museums and Heritage Services, Economic Development and Culture, Mr. Larry Ostola, a member of the Board of the Casa Loma Corporation.

Yours sincerely,



Michael H. Williams, Chair
Casa Loma Corporation

Members of the Board

Larry Ostola
Josie Scioli

Michael St. Amant
Dianne Young