

**GOVERNOR: SENECA COUNTY CHILDREN'S CENTER TO CONTINUE
OPERATIONS
ESD Deal Will Retain 345 Jobs in Varick**

Governor George E. Pataki today announced that KidsPeace National Centers of New York Inc., Hillside Children's Center and Empire State Development Corp. have worked out an agreement that will allow the children's residential facility at the former Seneca Army Depot in Varick to continue operations and retain 345 employees. Hillside will be taking over operations from KidsPeace and will be making a \$4.3 million investment.

"Today's announcement is positive news, not only for the children who benefit from this facility, but also for the people of Seneca County and the local economy," Governor Pataki said.

"Recognizing the importance of this deal, both socially and economically, we were able to work out an agreement to everyone's satisfaction. Today's announcement is a prime example of our priority of balancing important social, economic and community needs. We will continue to fight everyday for opportunities for all of New York's families and children."

On October 4, 2004, KidsPeace provided notice to the New York State Office of Children and Family Services (OCFS) that, effective January 5, 2005, it would discontinue operations at the Varick facility. A short time later, Hillside expressed its plans to acquire the KidsPeace facility and continue operations going forward. In order to help facilitate this transaction KidsPeace and Hillside asked ESDC to forgive KidsPeace a \$1 million repayment penalty for failure to meet its job commitment due to the company leaving.

Because of the importance of the project both economically and socially, an agreement was reached to forgive KidsPeace the repayment penalty on the condition that Hillside would step in and assume the job retention responsibilities. While not a traditional ESDC Grant Disbursement Agreement, the agreement will leverage a \$4.3 million private investment by Hillside and will retain 345 jobs at the facility, while at the same time allowing the Children's facility to continue operations.

Dennis M. Richardson, president and CEO, Hillside Family of Agencies, stated, "it is with great belief in the future of the youth and families we will serve that Hillside Children's Center opens its newest campus in Varick, New York. We are committed to providing the high level of service and quality of care that youth, families, founders, and communities have come to expect from Hillside. It is only through the leadership of Governor George Pataki and Senator Mike Nozzolio that our opening of this campus has become a reality. Through their continued support and the steadfast partnership of the New York Office of Children and Family Services, New York Education Department, New York Department of Health, and the Seneca County IDA, we will work to build a first-of-its-kind array of services for the youth and families of New York State."

Empire State Development Chairman Charles A. Gargano said, "I am pleased we were able to reach an agreement that will allow the children's residential facility to continue operation and retain more than 300 local jobs.

Not only will Hillside maintain operations, it will make a substantial investment of \$4.3 million at the facility. Today's announcement demonstrates New York's commitment to our working men and women, their families, and children."

Hillside, headquartered in Rochester, N.Y., is a provider/operator of residential facilities for children under the jurisdiction of OCFS and other state regulatory bodies. The non-profit agency also currently operates six residential facilities and forty offices across Central and Western New York.