

Transcript: Mayor Eric Adams Joins President Clinton, Governor Hochul to Announce the Publication of the "Empire Building Playbook: A Guide to Low Carbon Retrofits"

April 21, 2022

Anthony Malkin, Empire State Realty Trust Chief Executive Officer: Hi folks. I'm Anthony Malkin, chairman, president, CEO of Empire State Realty Trust. Welcome to the world's most famous building. We're so grateful that our partners, President Bill Clinton, Governor Kathy Hochul, Mayor Eric Adams, and NYSERDA president and CEO, Doreen Harris can be here to join us and announce our groundbreaking project, the Empire Building Playbook, an owner guide to low carbon retrofits, or as we refer to it around here, ESRT version 2.0. What is the Empire Building Playbook? It is an online tool for building owners that outlines the step by step process for existing commercial buildings to reduce energy consumption. It maps out where owners can make the shift to electric in lieu of fossil fuels. And when it is logical and consideration of the embodied carbon and systems with remaining life to make that shift. It demonstrates the significant carbon reduction goals, which can be achieved with returns on investment.

Malkin: The process was codified, co-developed and significantly backed by the New York State Energy Development Authority. Two years of work. I'd like to also thank Buro Happold, Johnson Controls, Luthen Five, Quest Energy and Skanska. Well, Greg. Sorry. Greg Hale. I've been working with Greg Hale on this stuff for a long time.

Malkin: What did we do? What was our process? We modeled New York State's CLCPA grid and projected static grid scenarios against packages of energy and emission reduction measures to determine the ideal balance between cost and savings. We performed hard energy and economic modeling. This is not a bunch of words by an English major, that's who I am. It's the team who put this together, hard numbers. For

our work at the Empire State and in our portfolio of Empire State Realty Trust, we identified that it is possible to reduce carbon emissions through currently recommended 2.0 measures, which are projected to reduce emissions by 88% in partnership with the CLCPA grid with an approximate seven year payback.

Malkin: It is important to note that the clean grid promised under New York State's CLCPA is responsible for approximately 50% of those savings or 44% of the reduction. We look at things this way, what we can model we can specify, what we specify we can bid out to contractors, what we bid we can implement and what we implement we can measure and verify. In version 1.0, we reviewed 64 measures for our project and integrated eight into how we did our work. In version 2.0, science and industry have advanced to the point that we were able to review more than 200 new ideas for energy and emissions reduction. NYSERDA's work in this area is critical to help identify and amplify those new measures. That's the purpose of this entire project. The new methods, path for HVAC... excuse me, for HVAC include energy recovery, ventilator systems, variable refrigerant flow, heat pumps and stackable units for optimal performance.

Malkin: The controls path creates a new path for retrofit of advanced building management systems to a future standard. We will update the entire control sequence for optimization and performance management in all of our buildings. This project will create jobs in New York. Retrofit projects which adhere to the playbook guidelines are estimated by Urban Green to create over 140,000 local jobs for highly skilled union contractors and consultants in New York City by 2030. Whether that number is off by 10 or 15% does not matter, that is a lot of local jobs, which cannot be offshored. All electrification is not the answer. We must consume less energy to a reliable, renewably powered grid. The risks of grid collapse due to excessive demand in the middle of winter are too great.

Malkin: The destruction of our district steam system is not the answer, that will only add to the burden on the grid. How we make that district steam cleaner or carbon neutral is the path we need to follow. For instance, right now we vent all the methane from our wastewater treatment plants and landfills to the air. That methane can be burned in our district steam plants for carbon neutral outcome. If we can make it happen at the Empire State Building, a historically preserved pre-war icon, we believe we can make it happen anywhere.

Malkin: New York State is a leader in efforts to address climate change with fact-based deliberate funded efforts to change how power is generated and define how it is possible to consume less of it. Led by Governor Hochul and NYSERDA's president, Doreen Harris, New York State focuses on the definition of what is possible and guides policy around the practice. New York State recognizes that clean megawatts are important. That said New York state also recognizes that megawatts, the watts that are not consumed are critical to success to reduce carbon production. The megawatt is the low hanging fruit, the fruit lying on the ground that must be part of an economically intelligent solution. Please welcome the Honorable Kathy Hochul, Governor of the State of New York.

Governor Kathy Hochul: Good morning. Tony said welcome to the world's most famous building. I say, welcome to New York's energy future. And as goes New York, goes the nation and goes the world. And it's all about leadership. And what you're experiencing and witnessing here today is the manifestation of true believers. People who thought there could be a different way to go forward. And that is what we're here to celebrate today. So thank you, Tony, for being a part of this story, this incredible New York success story, and not just being the caretaker, your family's legacy, this beautiful building that everyone across the world knows. But also what you have done in your time as CEO to say, "We can always do better and let's in the process, celebrate this building, but also talk about the future for our children and our grandchildren."

Governor Hochul: And so I thank you. I also thank Eric Adams, our mayor here, because this is all about relationships and partnerships. New York State cannot go it alone. Most of the large buildings we're talking about are in the City of New York. So you need to have a synergy between our teams working together. And that has not been always the story of the past, but it is the story of the present and the future. So thank you, Mayor Adams for joining us here today as well. Also, Doreen Harris. Stand up and take around applause because you are the driving force behind what we're doing here today. And also Senior Vice President Janet Joseph dedicated her life to this, retiring after 30 years.

[Applause]

Governor Hochul: Although I haven't signed any paperwork, so I'm not sure I'm going to let you go, okay? We have a lot more buildings to take care of before you can retire. But you think about having the president here, President Clinton, our 42nd president, he

set this course of action in place about 2007, 2009. He'll talk about the inspiration for why he decided that we could do things differently. And the support of the Clinton Global Initiative and the climate initiative is really, again, a partnership that we needed to have to get this even further today. So I want to thank him for understanding. Yes, it's always about the economy. I won't say the next word, but you know what I'm going to say. It is about the economy and how we can also have a clean energy future that creates jobs and creates opportunities for people.

Governor Hochul: So I think that, yes, we're here to announce the Empire Building Playbook. I literally wanted to bring a copy of the playbook and hold it up, but I'm told nobody touches real paper anymore, except me perhaps. So you'll have to go online and print out your own or look at your own playbook. But this was made possible by NYSERDA and a \$50 million empire building challenge. And that is why we're putting money where we believe it needs to be spent. This is just the beginning, we're going to make sure that we continue these partnerships. But let's talk about what this is all about. And you heard in more technical terms that I'm going to speak about. You heard from Tony, exactly what this looks like. But I'm interested in these numbers. When we convert... I'm not saying if, when we convert all buildings here in the City of New York to follow this playbook, it'll have an economic impact of \$20 billion while creating 100,000 jobs. I like the sound of that. Let's give that a round of applause.

[Applause]

Governor Hochul: That is what'll happen if all businesses understand their moral responsibility to be caretakers of not just the buildings that they oversee and participate in, the landlords, the tenants, but also their responsibility to mother earth going forward. And so that's an economic impact. It also helps us achieve our goals to reduce our carbon footprint by 80% in year 2030. Yes, it sounds bold. Yes, it sounds audacious. And it sounds very New York. That's what we do here. We set high goals and we will achieve them. And no building has more of a potential impact on our desire to show people the way, than this building right here. And our real estate partners in this challenge control over 700 buildings, the 700 buildings you see when you look out these windows with the most spectacular views in the world. That's 150 million square feet of real estate. Imagine the impact on our climate when we can address this in that very space. It's extraordinary.

Governor Hochul: In New York, we have the most ambitious renewable energy and emissions reduction plan goals across the country. I understood there was someone from California here. Sorry, California, we're beating you once again. You can challenge me on that. I'm very competitive. 70% of our electricity by renewables from 2030, 85% reductions of emissions by 2050.

Governor Hochul: Also, we have a plan for other areas of our element. I was literally governor about a month last fall when it was Climate Week at the United Nations. And I look out and I see the United Nations outside my offices on Third Avenue, so I was thinking about what we can do that was really bold and would be attention getting. And there was a plan to have about \$3 billion of a bond act. Sounds great. But I come from the philosophy of go big or go home. As a result of the budget that just passed weeks ago, that bond act has been increased to \$4.2 billion. It'll be on the ballot of November and we need all your support to get people out there to support it. That's for the Clean Water, Clean Air and Green Jobs Environmental Bond Act, the largest in our nation's history.

Governor Hochul: We're also nation leading in terms of offshore wind. This is so exciting. I have declared, therefore it will be, that New York State is the offshore wind capital of the world. Maybe Europe has another question, but certainly in our a country, and we're doing it right on Long Island. You're going to see wind turbines. Actually, you won't, they're 30 miles off. That was important. You're not going to see the wind turbines, but know they're there. When you're flying overhead, you're about to land at JFK, wave to the wind turbines because nobody I'm sure, I promise is going to stand up. \$500 million, we put \$500 million on the table to make that happen.

Governor Hochul: But also the supply chain. Where are the supplies coming? Are they coming from Germany? No, they're coming from the Port of Albany, literally in the Port of Albany, following the path that Henry Hudson followed in the 1600s, bringing down products made by New York labor, New York labor, building them there and shipping them down the Hudson and you're going to not see them off the shore. I'm going to get in trouble here.

Governor Hochul: And last week, I'm so proud of this, at the time we were talking about our plans for bringing more energy to the city to replace fossil fuel enterprises, as well as nuclear. There was a plan to bring power from Hydro-Quebec down the Champlain. A lot of people supported this. I thought, "That sounds great. Hydropower,

wonderful." But there was a competing plan to bring in wind and solar from Delaware County. So two great plans and, "Governor, which one do you like?" I like them both. Let's do both. We got that done last week. The Public Service Commission approved both plans, nation leading as bold as you can possibly get. And that's how we're doing it right here.

Governor Hochul: So we are committed to getting this right. You have the playbook, you have no excuses, and you have history awaiting your actions here today. Because I grew up in an area, there was a toxic dump 30 miles from Love Canal, Lackawanna, New York, where I was born. I grew up thinking that the skies were orange because that's all I saw with the discharge billowing out from the steel plant where my dad and grandpa worked, Bethlehem Steel, orange skies. You literally couldn't see going over some of the bridges. And then the water, we literally swam in Lake Erie when everything was floating and it was creepy, but no one knew better. It's amazing I'm still alive, when I think about that. That's another story.

Governor Hochul: But we saw what happened. We were able to turn the trajectory. That water is pristine now. The air is clean. We made a difference because we made a decision. That is the decision we're making here today, my friends. We're making a decision that the largest climate polluters we know are not those factories anymore. They're buildings. So we tackle the buildings, we solve the planet crisis, and it began in a room like this, right here today and all of you are part of it. Congratulations.

Malkin: Thank you very much, governor. New York City... Excuse me. I have other comments. No I didn't. Right here. Oh, down here at the bottom. Sorry. I'm an amateur.

Malkin: It is our privilege to co-develop this project with NYSERDA, a project that produces work that is not copywrited, not patented or otherwise to generate a profit. The playbook is a joint effort of NYSERDA, Empire State Realty Trust, the Durst Organization, the Heinz Company, and Vornado. I want to make a special call out to Janet Joseph of NYSERDA, who if she's allowed, will retire this year. And Greg Hale with whom I brainstormed this idea about three years ago, with Richard Kaufman, when we sat together in the offices of NYSERDA at 1350 Broadway.

Malkin: Very importantly, NYSERDA has committed funding in this unique public private partnership. And we have used that funding to make this playbook a reality. All the partners I just referenced have been supported by NYSERDA. Innovation

determined partnership. Thank you, NYSERDA, thank you, New York State, and thank you Governor Hochul, for how you have backed fully this project and your team's excellent work.

Malkin: Mayor Adams is the newest partner in this effort. In the midst of the challenges he faces as our mayor, including the fact that he is freshly recovered from COVID, and his decisive and practical efforts to address those challenges, Mayor Adams has the responsibility to implement and improve Local Law 97. It has been an honor for me to spend two years on Local Law 97's Advisory Implementation Board of New York City's Department of Buildings. This is an aggressive bill that requires a lot of work to sort out, and additional legislation that incorporates facts, practices and the realities of industry, and the economy of New York in order for it to be effective and achieve its important goals.

Malkin: I am confident in Mayor Adam's leadership and I think New York City and all its residents from all walks of life, cultures, economic conditions should be as well. His approach has been truly inclusive of all New York. He stands for all and expects each to do their, her, his part. Please welcome the Honorable Eric Adams, Mayor of New York City.

Mayor Eric Adams: Thank you so much, and it's just a pleasure to be here with President Clinton. The hours spent in your office, speaking with you and hearing about this great initiative was just truly inspiring. And I cannot say enough about Governor Hochul, and the partnership, and just changing the mindset of how the chief executive of this state communicates with all of our offices. And I just appreciate you, governor, and just your real approach to getting stuff done. Getting stuff done.

Mayor Adams: And Tony, just riding up here on the elevator, talking about this, it is clear, it has been several years in the making, but this is your baby. You had a two-year delivery and you talk about it with the level of excitement of anyone that has given birth to something that they carried around with them for a long time. And so, two thumbs up to you.

Mayor Adams: So let me say this in my brevity, changing the climate, sometimes we talk about changing the climate and we focus on for the most part, changing the physical environment, the smog, the air, the carbon, but I am saying we need to look beyond that. We need to change the climate. As we improve the environment and the

air we breathe, we need to change the climate of those who watch buildings go up and their futures go down.

Mayor Adams: As we expand on this great new plan, built into the climate changing must go into our public school system and start getting our young people prepared for the jobs that will be available so we can change their climate of unemployment, poverty, criminality, and see that there's possibility as we change the climate of the city we are living in. To breathe better, they need to live better, and they must be part of the climate changing mindset.

Mayor Adams: Any blueprint that does not come and compliment what Tony is doing, it is our obligation and responsibility to have a blueprint that's part of that, that builds a feeder to employment and not a feeder to incarceration. That's the climate we must also change in this city. It is often forgotten, but I'm not going to forget. I'm going to be a partner with you in changing the climate, changing the climate, and NYCHA, public housing, largest asthma rates, largest healthcare issues. For years, we dumped in these communities, the stacks that are feeding the pollutants in the air. And that's what Governor Hochul is talking about when she made this bold initiative of not only bringing wind power here, but changing some of those pollutants all along Queensbridge, Queensborough, and other parts of our city.

Mayor Adams: That is the focus we must do to look at those people who were negatively impacted for so many years. But we have to be bold. We cannot think outside the box, we have to destroy the box, and that is what you did. And we have to be bold enough to face the future. Fear is not what New York City represents. We're resilient, we're fearless and we carve the way. The way goes New York City, goes the state. The way goes the state, goes America. The way goes America, goes the globe. It starts right here. This is a 1930 moment. During the midst of the Great Depression when there was a question mark that lingered over the certainty of our country, in almost a year this building was built. That uncertainty lingers again. Those who believe COVID has gotten the best of us, that we cannot continue to revamp our economy and stay focused on the agenda of improving our environment. We are saying that question mark is turned into an exclamation point today. Yes, we will. Yes, we can. And we will get stuff done in this city. Let's make it happen and let's have a better climate for our city.

Malkin: Thank you Mayor Adams. I'd like to add that your appointment of a leader from the Bloomberg administration, Rohit Aggarwala, for this task is admirable. This is just one additional example of how you have not turned your back on the past, rather you have made steps to gather the best of what has gone before and bring us forward to a better future.

Malkin: The foundation for this project began right here with President Clinton's climate initiative and Ira Magaziner in the fall of 2007 with the groundbreaking deep energy retrofit announced in April 2009, just down the floor here, that to this date has reduced the Empire State Building's carbon emissions by 54%, with extraordinary returns on investment. President Clinton was the first to recognize and amplify globally the importance of energy efficiency in the existing built environment and his mindfulness and convening power, convening power that introduced us to the great brain of Amory Lovins and the Rocky Mountain Institute truly changed the course of history on this subject and to leaders in industry who gathered together in secret to create something great.

Malkin: It was from President Clinton that I learned that buildings play a huge role in carbon output. More than 90% of the buildings that will be in this city, in this state, in the next 20 years are here already. We have to make what is here efficient and we have to do that with an investment and return approach. The Empire State Building is 90 years young, we're about to have our 91st birthday. We have the most modern elevators in the world, which generate electricity as they go down to power elevators which go up. We have remanufactured 6,514 windows on site, 96% of which utilize the original frames and glass to improve our thermal barrier. We have taken innumerable additional steps in an integrated lifecycle approach, investment and return approach. And at the same time, we have raised the standards for indoor environmental quality and healthy buildings.

Malkin: Flight to quality is a buzz phrase of today. Flight to quality in real estate does not require carbon intensive demolition and new construction in all cases. Companies and their employees can be responsible and make that flight to quality even if they cannot afford to spend \$150 to \$300 per square foot rents. Redeveloped, and repurposed existing buildings like the Empire State Building must be our future if we, as an economy, a culture and a civilization are to succeed and thrive. President William Jefferson Clinton oversaw the country's longest peacetime economic expansion. He remains a tireless champion of climate and humanitarian causes through his

organization, The Clinton Foundation. Please welcome the Honorable Bill Clinton, the 42nd President of the United States.

President Bill Clinton: Thank you very much. Thank you. First of all, I'm very grateful to the mayor and the governor for being here and for supporting this project. Mayor Adams was kind enough to come to Harlem to see me one day and he said, "We got a lot of challenges out there. You got any ideas?" I said, yeah, call Tony Malkin. This is true story. I said, if you think about it, if you want jobs for young people who don't have a lot of skills and who need income and need the order and dignity of work, the best way to do it is with a massive energy efficiency effort.

President Clinton: One of the best things the famously wealthy Mayor Bloomberg ever did was cheap. He had a summer jobs program where they paid kids to go seal the roofs of flat top, tar top buildings. Remember that? If you come to my office in Harlem, for example, you now look out in almost all the old roofs are white, and the ones that aren't are those that just came up. So when President Biden was elected and we had a new Congress and they started putting out this recovery money and then Governor Hochul and the mayor were interested in all this, we had one sort of focus. So I want to say if I can in terse, practical terms a cause I have literally been working on for 45 years, it may finally be here to strike a match and burn of flame and involve everybody.

President Clinton: Those of us who are politicians, which I consider a positive term not a negative one, but we spend a lifetime debating in public. And the press has to try to translate it to the people, what it is we're about, why are we doing what we're doing. Most of the questions are, what are you going to do and how much money are you going to spend on it? Whether it's a project like this or tax cuts or anything in between. Almost nobody talks about whatever it is you're going to do and however much money you have or don't. How do you propose to do it, to help the most people and achieve your stated objectives? The reason I always liked Tony Malkin is he was obsessed with answering the how questions. And he's got all these partners that have already been thanked and introduced whose job it was to answer that.

President Clinton: So, this blueprint that is being released today, I'm going to say first of all, if you think about all the arguments we've had in the last 20 years about protecting patents for medicine that determines whether we flourish or not. Malkin has all always been willing to share everything about how the Empire State Building and now all the related buildings, achieved the savings they've achieved, how many jobs

were created, how much did power bills go down, how much benefit did ordinary people get. Now you get it in one place and nobody has an excuse anymore. So to me, this day's about looking forward, about two things.

President Clinton: We're still fighting within ourselves and around the world over how much we can reduce emissions and convert to a carbon free future in the generation of electricity and in transportation generally and other areas. Every year there's some report where somebody's ringing their hands again, saying we're not moving fast enough and clamorous consequences will ensue if we don't do X, Y, Z. Every year the closer we get to D-day, the more harsh these consequences seem to be, but the steeper the cuts need to be because we're running out of time. Now, here is one thing we can do that deals with most cities' emissions are 70% from the already built environment, as has been said before you can't outsource the jobs. It's the most cost effective thing to do. If we could do an Empire State job on every sizable building and every city in America, in the next two years, we would probably buy 20 years more time before the worst consequences of climate change come down on us like a ton of bricks.

President Clinton: And we would end a lot of the political divides because how can you be against doing more with less? How can you be against creating jobs for innovative companies that both help us and don't hurt anybody else?

President Clinton: And Tony's even thought through how to make this work for utility companies. So this is a big deal. So here's what I want all of you to think about. We're all preaching to the choir, as I was raised to say, here in the room, the real test of this is will this be the first time in the 40 years I've been working on this, and the 15 years since I started working on specifically building efficiency in New York, will this be the first time in which people will be given a manual about what works, and they'll actually do something about it?

President Clinton: Because that's how all this conversation started with the mayor. Will finally people say, "Well, here it is. This is what happened at the Empire State Building, they started out with a goal to cut emissions by 38%." And I think it was Johnson Controls, somebody gave them a guarantee if you did these things, they'll... So they're always conservative, because nobody wants to not make money on their contract. So it's now they're well over 40% in savings, and it didn't cost anybody anything in the end, and it's given cleaner air to breathe. It's given... There are no downsides to this. If you just answer the how questions, that's the only thing I want you to remember.

President Clinton: The only thing that really matters now is are we going to take this blueprint that they have produced, and do another 1,000 buildings with it? Or 2,000 buildings? Will somebody from Buffalo call the mayor today and say, "For God's sake, send it to me?" Will we get the call from Syracuse? Will they be in New Jersey saying, "Why are we not doing this now?" That's what I want you to think about.

President Clinton: This is a culmination of years of effort. It's hard to sell something in politics, it takes years to catch on. It's hard to sell something with a lot of moving parts. But when you've got it in a little book, that's like the books I read to my grandchildren at night, and nearly everybody can understand it, it ought to be easy. So if you believe New York should have more jobs, if you believe that we should avoid the worst consequences of climate change, if you don't want to see the rising waters flood the south end of Manhattan, if you hate all these horrible things, do this, give people the dignity of work, create new businesses, clean the air. And it all started because Malkin saw an opportunity in making the Empire State Building, the oldest big building in the entire world, to get a Leadership in Energy and Environmental Design designation. He saw the same reality everybody else did and imagined it differently.

President Clinton: Amory Lovins wanted to construct a monument to him because he'd been selling people this for decades and people laughed at him. We know now, now we don't have any excuse. So every one of us has to go get more buildings, more building owners. Our grandchildren are depending on you. Thank you.

Malkin: I would really like to thank President Clinton for using his bona fides with Mayor Adams on my behalf, because until he did, I think Mayor Adams was a little more focused than I had supported my brother's college roommate, Ray McGuire. So... as I said, Mayor Adams is very inclusive, very inclusive. Thank you. Thank you, President Clinton.

Malkin: As we finish, thank you to my hardworking and innovative colleagues at Empire State Realty Trust, our partners in this effort who are represented here today, and supremely my partner in these efforts for more than a decade-and-a-half, Empire State Realty Trust's senior vice president and director of sustainability, energy, and ESG, Dana Robbins Schneider. That there may be others as fierce, dedicated, practical, and ingenious on these subjects. There is none more.

Malkin: I'd encourage everybody to learn about this online. There are all sorts of things we've already done. You can go to esbnyc.com and you can look at what we've done at the empire state building. You can Google TEOP, Tenant Energy Optimization Program, at Urban Land Institute. And you can learn about how we applied it to how do you design and construct efficient tenant spaces.

Malkin: And soon you can go and look on the... I think today you can go on the NYSERDA website and you can see the playbook. This is yet another way in which Empire State Realty Trust works to deliver value to all its stakeholders. Stakeholders include shareholders, colleagues, and the community in which we live and work.

Malkin: Tonight on the eve of Earth Day, and to celebrate the launch of the Empire State Building Playbook, Empire Building Playbook, sorry, is a word missing, our world famous tower of lights will sparkle and gleam in green. May we all amplify the playbook to guide building owners in this great city and this great state and this great country and may I say worldwide in efforts to meet pivotal decarbonization goals.

Malkin: One last note, the focus here today is on this, not on the Ukraine, not on other things, those people who do make themselves available for comments, please do keep that in mind when you speak to them. The folks from NYSERDA and Dana will be here to answer questions on the technical aspects. Rit can talk to things from the city's perspective. Thank you for joining us today.