

**NATIONAL INFRASTRUCTURE ADVISORY COUNCIL**

**BUSINESS MEETING AGENDA**

JW Marriott Washington DC  
Salon I  
1331 Pennsylvania Avenue, NW  
Washington, DC 20004  
January 18, 2011  
1:30 PM – 4:30 PM EDT

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| <b>I. OPENING OF MEETING</b>  | <i>Nancy J. Wong</i> , Designated Federal Officer (DFO), National Infrastructure Advisory Council (NIAC), Department of Homeland Security (DHS)   |
| <b>II. ROLL CALL OF MEMBERS</b>                                     | <i>Nancy J. Wong</i> , DFO, NIAC, DHS   |
| <b>III. OPENING REMARKS AND INTRODUCTIONS</b>                       | NIAC Chairman <i>Erle A. Nye</i> , Chairman Emeritus, TXU Corp.<br><br><i>William Flynn</i> , Deputy Assistant Secretary for Infrastructure Protection (IP), DHS  |
| <b>IV. APPROVAL OF OCTOBER 2010 MINUTES</b>                         | NIAC Chairman <i>Erle A. Nye</i> , Chairman Emeritus, TXU Corp.   |
| <b>V. WORKING GROUP DELIBERATIONS<br/>INFORMATION SHARING STUDY</b> | <i>Alfred R. Berkeley</i> , Chairman, Pipeline Trading Systems, LLC (former Vice Chairman, The NASDAQ Stock Market, Inc.), NIAC Vice-Chairman, Working Group Co-Chair; <i>Philip Heasley</i> , President and Chief Executive Officer, ACI Worldwide, NIAC Member, Working Group Co-Chair; and <i>James B. Nicholson</i> , President and Chief Executive Officer, PVS Chemicals, Inc., NIAC Member, Working Group Co-Chair |
| <b>VI. UNDER SECRETARY REMARKS</b>                                  | <i>The Honorable Rand Beers</i> , Under Secretary for the National Protection and Programs Directorate (NPPD), DHS  |
| <b>VII. NIAC RECOMMENDATIONS TRACKING</b>                           | <i>Nancy J. Wong</i> , DFO, NIAC, DHS   |
| <b>VIII. PUBLIC COMMENT</b>   | <i>Nancy J. Wong</i> , DFO, NIAC, DHS   |

- IX. CLOSING REMARKS** *William F. Flynn, Deputy Assistant Secretary, IP, DHS*
- X. ADJOURNMENT** *NIAC Chairman Erle A. Nye, Chairman Emeritus, TXU Corp*

**MINUTES**

**NIAC MEMBERS PRESENT IN WASHINGTON:**

Mr. Alfred Berkeley, III; Ms. Margaret Grayson; Mr. James B. Nicholson; Mr. Thomas Noonan; Ms. Martha Wyrsh

**NIAC MEMBERS ATTENDING VIA CONFERENCE CALL:**

Mr. Erle A. Nye; Lt. Gen. (ret.) Albert Edmonds; Mr. Philip Heasley; Mr. James Reid; Dr. Linwood Rose

**MEMBERS ABSENT:**

Mr. David Bronczek; Mr. Wesley Bush; Mr. Gilbert Gallegos; Commissioner Raymond Kelly; Mr. David Kepler; Mr. Greg Peters; Mr. Bruce Rohde; Mr. Matthew Rose; Mr. Michael Wallace; Mr. Greg Wells

**SUBSTANTIVE POINTS OF CONTACT PRESENT IN WASHINGTON:**

Mr. Gerald Buckwalter (for Mr. Wesley Bush); Ms. Joan Gehrke (for Mr. James B. Nicholson); Ms. Robin Holliday (for Mr. Alfred Berkeley, III)

**SUBSTANTIVE POINTS OF CONTACT ATTENDING VIA CONFERENCE CALL:**

Ms. Katherine English (for Mr. David Kepler); Mr. Joseph Long (for Mr. Gregory Peters); Mr. Ed Goetz (for Mr. Michael Wallace)

**OTHER DIGNITARIES PRESENT:**

Mr. Brian Kamoie, White House, National Security Staff, Senior Director for Preparedness Policy; The Honorable Rand Beers, Under Secretary, NPPD, DHS; Mr. William Flynn, Deputy Assistant Secretary, IP, DHS; and Ms. Nancy Wong, DFO, NIAC, DHS

- I. OPENING OF MEETING** *Nancy J. Wong, DFO, NIAC, DHS*

Ms. Nancy Wong, the DFO for the NIAC, called the meeting to order and welcomed all individuals, both in person and via teleconference, to the NIAC Quarterly Business Meeting. Ms. Wong introduced Chairman Nye, Vice-Chairman Berkeley, and Deputy Assistant Secretary for IP William Flynn as well as the other NIAC members.

Prior to conducting the NIAC roll call, Ms. Wong provided a brief synopsis of the Council, its formation, history, pertinent reports and studies produced, and positive feedback and reception of its products by DHS, the homeland security community, and the rest of the Federal Government. She

noted that in October 2009, Executive Order 13511, signed by the President of the United States, renewed the NIAC charter, a document that outlines the role of the Council as providing both the President of the United States and Secretary for DHS with advice on the security of critical infrastructure and key resources. Ms. Wong identified the NIAC as a presidentially appointed council, with its work directly related to Homeland Security Presidential Directive 7 (HSPD-7), which establishes a National policy for Federal departments and agencies to identify and prioritize United States critical infrastructure and key resources and to protect them from terrorist attacks.

Ms. Wong reiterated the importance of the public and private sector partnership, which is exhibited in the Council and in the critical infrastructure and key resources environment, and on which the National economy and public safety depend. She noted that to date, 20 studies have been completed which have dealt with matters ranging from public and private sector cooperation, sector interdependencies, optimization of resources, risk assessments, and intelligence information sharing.

**II. ROLL CALL**

*Nancy J. Wong, DFO, NIAC, DHS*

Ms. Wong called the roll and recorded attendance noting whether members were attending in person or via teleconference.

**III. OPENING REMARKS AND INTRODUCTIONS**

NIAC Chairman *Erle A. Nye*,  
Chairman Emeritus, TXU Corp

Upon completion of the roll call, Ms. Wong reminded members of the Council that the meeting is open to the public and that care should be taken if and when discussing issues of a sensitive matter. In addition, she explained that at the end of the meeting, there would be a public comment period, and though the NIAC had received no requests for public comments, the time would still be noted in the record. Ms. Wong then called the NIAC meeting to order; the first for 2011, and turned the proceedings over to Chairman Nye.

Chairman Nye thanked Ms. Wong and welcomed all attendees to the meeting, either individuals attending in person or via teleconference. He reported Governor Tim Pawlenty's resignation from the Council and extended best wishes and significant thanks to the Governor for his time as an active and productive member of the NIAC. It was noted by Chairman Nye that the resignation of Governor Pawlenty brought the Council membership to 20 individuals, ten below the authorized number.

Chairman Nye stated that he and the entire Council appreciated the support received from officials at DHS, as well as other Federal officers in the Administration. He specifically mentioned and thanked Under Secretary Rand Beers and noted that he was scheduled to attend via telephone to provide comments later in the meeting. Chairman Nye welcomed and thanked Deputy Assistant Secretary William Flynn for his attendance and invited him to make an opening statement.

Deputy Assistant Secretary Flynn thanked Chairman Nye, Vice-Chairman Berkeley, and the members of the NIAC. He stated that he appreciated the opportunity to attend the meeting and wanted to briefly comment on the Council's work in 2010, specifically as it pertained to the two

reports that were adopted. These reports, *A Framework for Establishing Critical Infrastructure Resilience Goals* and *Optimization of Resources for Mitigating Infrastructure Disruptions*, examined current homeland security policies and programs, and Mr. Flynn explained that Assistant Secretary Keil recognizes the reports' importance in assisting infrastructure protection efforts from both a strategic and operational level. He noted with appreciation the synergy between infrastructure and community resilience and mentioned that the recommendations from these reports would be included in IP's outlook and thanked all for their tireless efforts and expertise.

Mr. Flynn proceeded to update the Council on IP initiatives, starting with reiteration of last meeting comments by Under Secretary Beers on the unpredictable threat environment. Mr. Flynn stated that although the holiday season did not result in any incidents, the last 12-18 months had been among the most unpredictable he has seen during his tenure at DHS. He noted that Secretary Napolitano recently announced that there needs to be a presumption that there are operatives within the United States and that these individuals have the capability to conduct an attack on our homeland with little or no warning. Mr. Flynn went on to state that the past year brought to light the agility of the adversary and their willingness to take on small scale threats, and he specifically cited the Al Qaeda publication *Spartan Magazine* as an example of their tactics and evolving techniques to counter security measures.

Mr. Flynn continued his comments by highlighting the ways that IP is working to provide relevant information to its partners. He discussed the DHS and the Department of Justice's support of 72 fusion centers nationwide and further elaborated on the examination and assessment of 40 of these identified centers for representative capabilities, gaps, and specific areas where DHS can provide additional assistance. In 2005, a pilot program brought the Homeland Security Information Network (HSIN) portal to five fusion centers, and Mr. Flynn noted that this would expand to include ten additional sites in the current fiscal year. Mr. Flynn transitioned his discussion to information sharing, explaining that there is a push to leverage existing private sector security clearances and fusion centers to bring in private sector partners at the regional level. This will allow DHS to provide timely, accurate, classified threat information to the regional level in the same manner that is done in Washington D.C.

Mr. Flynn described that IP programs currently being deployed are more risk-based than before, working with private sector and Government partners to develop metrics for measuring risk, risk mitigation, and resilience. He further elaborated that this strategic perspective will apply to business practices well as to include IP's approach to the budget landscape, which will expand capabilities and enhance the partnership with the private sector. Mr. Flynn also provided a brief overview on the expansion of the Regional Resiliency Assessment Program (RRAP) from 10 to 17 regions and highlighted the first ever cross-border RRAP initiative with Canada.

Mr. Flynn concluded his remarks by stating that DHS is interested in efficiency and not redundancy. He noted that the Department of Defense is participating in an initiative with DHS to examine and review methodologies for duplication, and he invited additional input from the private sector in this process. He thanked the attendees for their effort and continued support. Chairman Nye thanked Mr. Flynn for his remarks, support, involvement, and continued partnership.

**IV. APPROVAL OF OCTOBER 2010  
MINUTES**

NIAC Chairman *Erle A. Nye*,  
Chairman Emeritus, TXU Corp.

Chairman Nye moved to the adoption of the minutes for the October 2010 NIAC meeting, noting the approval of two reports during the meeting: *A Framework for Establishing Critical Infrastructure Resilience Goals* and the *Optimization of Resources for Mitigating Infrastructure Disruptions*. With no comments or corrections raised, Chairman Nye entertained a motion to approve the October 2010 meeting minutes. Mr. Nicholson made a motion to approve the minutes which was seconded by Mr. Berkeley. With the motion being seconded, Chairman Nye prompted the NIAC to vote aye or nay on approval of the October minutes and the Council members unanimously responded in the affirmative. Chairman Nye confirmed the motion was passed by voice vote and the minutes from the October 2010 NIAC meeting were approved.

**V. WORKING GROUP  
DELIBERATIONS  
INFORMATION SHARING STUDY**

*Alfred R. Berkeley, III*,  
NIAC Vice-Chairman, NIAC  
Working Group Co-Chair, Chairman,  
Pipeline Trading Systems, LLC

*Philip G. Heasley*, NIAC Member,  
NIAC Working Group Co-Chair,  
President and Chief Executive  
Officer, ACI Worldwide

*James B. Nicholson*, NIAC Member,  
NIAC Working Group Co-Chair,  
President and Chief Executive  
Officer, PVS Chemicals, Inc.

Chairman Nye moved the meeting to a discussion and deliberation of the NIAC Information Sharing Study, and introduced the Working Group Co-Chairs, Vice-Chairman Berkeley, Mr. Heasley, and Mr. Nicholson. He extended his appreciation to Mr. Berkeley, Mr. Heasley, and Mr. Nicholson for their leadership and dedication to this important study and then turned the meeting over to Vice-Chairman Berkeley for the formal presentation.

Vice-Chairman Berkeley provided a brief background on the study, noting that the genesis came from a request through the Secretary of Homeland Security on April 13, 2010 to examine previous NIAC findings and provide an assessment of their implementation to include in-depth reviews of new information sharing policies. On October 19, 2010 it was reported by Vice-Chairman Berkeley that the study was approved and noted that the Working Group members were here to report and provide an update on the progress of the *Information Sharing Study*.

The study, Vice-Chairman Berkeley explained, is framed by three primary aspects: review of intelligence information sharing, enhancement of owner and operator contributions to critical infrastructure, and the role of fusion centers. He stated that the team has been very active reaching

out to the intelligence community to include its views in addition to the views of the private sector. It was noted that the approach being used is the same used on previous NIAC studies: query the perspective of leading executives in a model that can offer them confidentiality and that will elicit clear, precise responses, findings and suggestive improvements. Vice-Chairman Berkeley stated that the group has already started to look at published studies and testimonies as well as the ability to catalog information sharing approaches by effectiveness. Vice-Chairman Berkeley then deferred to Mr. Nicholson to continue the presentation.

Mr. Nicholson opened his presentation by outlining the study considerations and case study methodology, noting that this is a complex, year-long study, but that findings would be shared through NIAC meetings throughout the year. In order to help frame multiple models for public and private sector information sharing, it was stated that the study will examine several sectors in detailed case studies. Findings and recommendations will be provided with respect to intelligence and counter-intelligence information sharing, and general information sharing characteristics of other sectors will also be reviewed to identify common characteristics, gaps, and trends in information sharing.

Mr. Nicholson noted that this study will build upon prior NIAC studies and mentioned the 2006 NIAC report titled, *Public-Private Sector Intelligence Coordination*, and how it supports the need for sector specific frameworks. He referenced Vice-Chairman Berkeley's comment on the three "rights" for information sharing: the right information, the right people, at the right time. Mr. Nicholson also noted that initiatives recommended in the 2008 NIAC report titled, *Critical Infrastructure Partnership Strategic Assessment*, have seen progress in implementation but stated that more needs to be done in terms of process development and priority identification.

Mr. Nicholson moved the presentation to a discussion of the Working Group's next steps. Efforts will concentrate on intelligence and information sharing to include counterintelligence assessments, review of current Federal policy programs, case studies of five sectors, and assessment of fusion center issues related to private sector participation and interaction. The five sectors identified for the case studies examinations were reported by Mr. Nicholson as: Chemical, Commercial Facilities, Healthcare and Public Health, Energy (Oil and Natural Gas), and Banking and Financial Services Sectors. Mr. Nicholson thanked the Council and deferred to Vice-Chairman Berkeley for further comments.

Vice-Chairman Berkeley thanked Mr. Nicholson for his summary and stated that he wanted to showcase the composition of the Working Group members because they were chosen as a result of their specific roles in information sharing. Mr. Heasley's company, ACI, was identified by Vice-Chairman Berkeley, as a leading provider of connectivity to payment systems and is operational in 94 countries. Mr. Nicholson is CEO of PVS Chemicals and it was noted that Mr. Bush will be identifying subject matter experts from the intelligence community. Vice-Chairman Berkeley stated that Mr. Reed will be focused on the Commercial Facilities Sector and that the Working Group would also include Mr. Wallace, who will be providing insights from his efforts on previous NIAC studies.

Chairman Nye thanked Vice-Chairman Berkeley for the impressive and well thought out work to date and offered the opportunity for NIAC members in attendance to volunteer to help or pose questions to the Working Group.

**VI. UNDER SECRETARY REMARKS**

*The Honorable Rand Beers*, Under Secretary, NPPD, DHS

Chairman Nye opened the floor to Under Secretary Beers for comments. Under Secretary Beers thanked Chairman Nye for the opportunity and applauded the work that Vice Chairman-Berkeley and the group were accomplishing through the *Information Sharing Study*. He then addressed all members of NIAC and expressed appreciation for their efforts and the quality reports that the Council has completed since its inception.

Under Secretary Beers commented on the timeliness of the *Information Sharing Study* noting its importance to DHS attempts to create a better and broader information sharing environment. He stated that he was impressed with the detailed outline and process of the study. He was pleased to learn of the counterintelligence component of the study and stated that he looks forward to the progress that the group will make in the upcoming months.

Under Secretary Beers advised the Council that the two previous NIAC reports were currently in the review process. He then concluded his remarks and deferred to Chairman Nye for any comments or questions by the Council. Chairman Nye thanked the Under Secretary for his time and comments and then offered Mr. Brian Kamoie an opportunity to provide comments.

Mr. Kamoie thanked Chairman Nye and stated that he had reviewed the slides on the *Information Sharing Study* prior to the meeting and he believes that it is a great concept and substantive effort. He explained having case studies for these five sectors will be very useful, especially as response during any large scale incident relies heavily on the ability to share information. Mr. Kamoie was pleased with the reference to the study's anticipated results in reference to the Government's capability to share information and stated that he expects the study to provide measurement tools to monitor future progress.

Mr. Kamoie moved the conversation to the issue of Council membership and acknowledged the current vacancies before the NIAC. He stated that he is working with DHS and Presidential staff to achieve full membership as soon as is practical. Mr. Kamoie announced the addition of Dr. Ahsha Tribble to his staff, noting the value of her extensive experience in planning and responding to incidents. Mr. Kamoie closed his comments and thanked the Council for their good work and the analysis that they are doing.

Chairman Nye thanked Mr. Kamoie for his attendance at the meeting and for his formal remarks to the Council, and reiterated the Council's desire to take on issues and topics that truly bring value to the Administration and DHS. Chairman Nye stated that he would appreciate Mr. Kamoie's continued counsel and guidance, and then moved the discussion to report on NIAC recommendation tracking and recognized Ms. Wong to provide an update to the Council.

**VII. NIAC RECOMMENDATIONS TRACKING**

*Nancy J. Wong*, DFO, NIAC, DHS

Ms. Wong advised that during a Congressional hearing in 2008 the NIAC Secretariat reported on the Council's recommendation rate, to include partially and fully implemented recommendations across the Government. Since then, it was noted by Ms. Wong that four additional studies have been completed with a total of 36 recommendations for consideration.

Ms. Wong explained that the process to review these recommendations is conducted jointly with National Security Staff through White House coordination. Ms. Wong stated that she looked forward to working with the designated contact on the National Security Staff to review and determine the status of additional recommendations. She concluded her report with assurance that an additional update will be provided at a future Council meeting.

Chairman Nye thanked Ms. Wong for her work and stated that the meeting would move to the public comment section of the agenda.

**VIII. PUBLIC COMMENT**

*Nancy J. Wong, DFO, NIAC, DHS*

Chairman Nye made note that although no public comments were received, this part of the meeting would remain part of the final record.

**IX. CLOSING REMARKS AND  
ADJOURNMENT**

*NIAC Chairman Erle A. Nye,  
Chairman Emeritus, TXU Corp.*

Chairman Nye asked if any of the representatives from the Government, specifically DHS or the White House, would like to provide closing remarks. Mr. Flynn thanked individuals for their attendance and expressed deep appreciation to Chairman Nye, Vice-Chairman Berkeley and Under Secretary Beers for the opportunity to participate and contribute. He recognized the impressive content and subject matter expert involvement in the *Information Sharing Study* and passed on from a meeting with Deputy Under Secretary Bart Johnson that the team at DHS's Office of Intelligence and Analysis are very excited about the opportunity to work with the Council. Mr. Flynn stated that he had observed the great strides made in 2010 and looks forward to receiving continued and honest feedback from the Council in 2011.

Chairman Nye thanked Mr. Flynn for his comments, support, and active interaction with the Council. He stated he was proud of the substantial progress that the Council has achieved over the years and stressed the need for cooperation between Government and private infrastructure. Chairman Nye again thanked all in attendance and adjourned the meeting.

I hereby certify the foregoing minutes accurately represent the discussion and events that transpired at the meeting held on the date first noted above.

By: *Alfred Berkeley* Date: *May 12, 2011*  
Alfred Berkeley, Acting Chairman, NIAC



# National Infrastructure Advisory Council (NIAC)



## Information Sharing Study

**January 18, 2011**

Al Berkeley  
Chairman,  
Pipeline Trading Systems LLC

Philip G. Heasley  
President and Chief  
Executive Officer,  
ACI Worldwide

James B. Nicholson  
President and CEO,  
PVS Chemicals, Inc.

# Overview

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- Background
- Framing the Study: Primary Aspects
- Approach
- Study Considerations
- Case Study Methodology
- Prior NIAC Studies
- Next Steps
- Identified Case Study Sectors
- Working Group Members
- Questions?

# Background

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- At the April 13, 2010 NIAC Quarterly Business Meeting, the Department of Homeland Security (DHS) requested that the Council conduct an updated study on intelligence information sharing between the public and private sectors.
- DHS requested that this proposed study include:
  - An examination of the previous findings and recommendations from the 2006 NIAC *Report on Public-Private Sector Intelligence Coordination*, and an assessment of the current status of implementation.
  - An in-depth review of new information sharing policies and programs, including fusion centers, and assessment of their effectiveness with recommendations for improvement.
- At the October 19, 2010 Quarterly Business Meeting, the NIAC approved this study.

# Framing the Study: Primary Aspects

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1. Review intelligence information sharing, addressing issues such as:
  - The timeliness and relevance of information and intelligence shared between the public and private sector.
  - Bi-directional processes and products shared between government and the private sector.
2. Enhancing owner and operator contributions to counterintelligence, addressing issues such as:
  - The private sector role in counterintelligence.
  - Challenges and potential solutions to improving contributions by owners and operators.
3. The role of fusion centers, addressing:
  - Private sector participation and interaction.
  - Information sharing challenges, gaps, and best practices.

# Approach

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- The perspectives of leading executives and subject matter experts (SMEs) in business and government will provide the primary sources of information.
- Additional information will be obtained from a comprehensive examination of published studies and testimonies.
- Senior executive and SME engagements, combined with published research, will provide the basis for study findings, recommendations, and approaches for implementation.

# Study Considerations

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- The study will require one year or longer due to the complexity of content and stakeholder community.
- However, findings will be shared throughout the year in NIAC business meetings.
- Outreach to the intelligence and fusion center communities is a critical step.
- The study will examine the diverse operating cultures of different sectors through several case studies in order to help frame multiple models for public and private sector information sharing.

# Case Study Methodology

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- The study will examine several sectors in detailed case studies, providing sector-specific findings and recommendations.
- With respect to intelligence and counter-intelligence information sharing, the study will examine the diverse sector frameworks for information sharing.
- The general information-sharing characteristics of other sectors will also be reviewed.
- The combined set of information will be examined to identify common characteristics, gaps, and trends in information sharing.

# Building on Prior NIAC Studies

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- *2006 NIAC Report on Public-Private Sector Intelligence Coordination*
  - Strongly supports need for sector-specific frameworks for information sharing.
  - *Recommendation 7*: develop bi-directional, sector-specific processes for sharing intelligence information with private sector.
- *2008 Critical Infrastructure Partnership Assessment*
  - Significant progress has been made in implementing sector partnerships.
  - Develop processes for sectors to better articulate sector needs, identify priorities, and implement strategies.



# Next Steps

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- Intelligence/Counterintelligence Assessments
  - Review current federal policy, programs, and plans through briefings, interviews, and open-source research to establish baseline conditions.
- Case Studies: Initiate 5 sector assessments
  - Phase I: What is the framework for information sharing?
  - Phase II: What specific information is being shared and what are potential gaps identified?
- Fusion Centers
  - Through open-source research, interviews and visits, identify initial set of issues related to private sector participation and interaction.
  - Identify initial set of information sharing challenges, gaps, and best practices.

# Identified Case Study Sectors

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- Initial Identified Sectors for Examination:
  - Chemical Sector
  - Commercial Facilities Sector
  - Healthcare and Public Health Sector
  - Oil & Natural Gas Sector
  - Financial Services Sector

# Working Group Members

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- Working Group Co-Chairs
  - Alfred R. Berkeley III
    - Chairman, Pipeline Trading Systems LLC (former Vice-Chairman, NASDAQ)
  - Philip G. Heasley
    - President and Chief Executive Officer, ACI Worldwide
  - James B. Nicholson
    - President and Chief Executive Officer, PVS Chemicals, Inc.
- Working Group Members
  - Wesley Bush
    - Chief Executive Officer and President, Northrop Grumman
  - James A. Reid
    - President, Eastern Division, CB Richard Ellis
  - Michael J. Wallace
    - Vice Chairman and COO, Constellation Energy; Chairman, Unistar Nuclear Energy; Chairman, Constellation Energy Nuclear Group <sup>11</sup>

# Questions

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Questions?