

NATIONAL INFRASTRUCTURE ADVISORY COUNCIL

BUSINESS MEETING AGENDA

National Press Club
13th Floor, Ballroom
529 14th Street, NW, Washington, DC 20045
January 10, 2012
1:30 PM – 4:30 PM EST

- I. OPENING OF MEETING** *Nancy J. Wong, Designated Federal Officer (DFO), National Infrastructure Advisory Council (NIAC), Department of Homeland Security (DHS)*
- II. ROLL CALL OF MEMBERS** *Nancy J. Wong, DFO, NIAC, DHS*
- III. OPENING REMARKS AND INTRODUCTIONS** *James B. Nicholson, NIAC Member, Working Group Co-Chair*
- The Honorable Suzanne Spaulding, Deputy Under Secretary for the National Protection and Programs Directorate (NPPD), DHS*
- Todd Keil, Assistant Secretary for Infrastructure Protection (IP), DHS*
- Ahsha Tribble, PhD., Director, Critical Infrastructure Protection and Resilience Policy, National Security Staff, the White House (invited)*
- IV. APPROVAL OF JULY 2011 MINUTES** *Nancy J. Wong, DFO, NIAC, DHS*
- V. NIAC DELIBERATION ON PUBLIC/PRIVATE SECTOR INTELLIGENCE INFORMATION SHARING STUDY AND RECOMMENDATIONS** *Philip G. Heasley, NIAC Member, Working Group Co-Chair; and James B. Nicholson, NIAC Member, Working Group Co-Chair*

- i. PRESENTATION AND RECOMMENDATIONS OF THE WORKING GROUP**
- ii. PUBLIC COMMENT** *Nancy J. Wong, DFO, NIAC, DHS*
- iii. DELIBERATIONS AND CONSENSUS RECOMMENDATIONS**
- VI. DISCUSSION ON POTENTIAL STUDY TOPICS** *Nancy J. Wong, DFO, NIAC, DHS*
- VII. CLOSING REMARKS** *Todd Keil, Assistant Secretary for Infrastructure Protection, DHS*
- VIII. ADJOURNMENT** *Nancy J. Wong, DFO, NIAC, DHS*

MINUTES

NIAC MEMBERS PRESENT IN WASHINGTON:

Mr. Jack Baylis; Mr. Glenn Gerstell; Mr. David Grain; Mr. David Kepler; Ms. Constance Lau; Mr. James B. Nicholson; Mr. James Reid; Dr. Beverly Scott; Mr. Michael J. Wallace

NIAC MEMBERS ATTENDING VIA CONFERENCE CALL:

Mr. Albert J. Edmonds; Mr. Gilbert Gallegos; Ms. Margaret E. Grayson; Mr. Donald Knauss; Mr. Thomas E. Noonan; Mr. Bruce Rohde; Dr. Linwood Rose

MEMBERS ABSENT:

Mr. David Bronczek; Mr. Wesley Bush; Commissioner Raymond Kelly; Mr. Gregory A. Peters; Mr. Greg Wells; Ms. Martha Wyrsh;

SUBSTANTIVE POINTS OF CONTACT PRESENT IN WASHINGTON:

Mr. Gerald Buckwalter (for Mr. Wesley Bush); Ms. Katherine English (for Mr. David Kepler); Ms. Joan Gehrke (for Mr. James B. Nicholson); Ed Goetz (Mr. Michael J. Wallace)

SUBSTANTIVE POINTS OF CONTACT ATTENDING VIA CONFERENCE CALL:

Mr. Kevin Hayes (Commissioner Raymond Kelly); Mr. Joseph Long (Mr. Gregory A. Peters)

OTHER DIGNITARIES PRESENT:

Ms. Suzanne Spaulding, Deputy Under Secretary, NPPD; Mr. Todd Keil, Assistant Secretary, IP, DHS; James Caverly, Director, Partnership and Outreach Division, NPPD; 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 Working Group Co-Chairman Mr. James B. Nicholson, Assistant Secretary for Infrastructure Protection Mr. Todd Keil, Deputy Under Secretary Ms. Suzanne Spaulding, NIAC members and their staff, other Federal Government representatives, and members of the press and public in attendance.

Ms. Wong provided a synopsis of the Council's formation, history, pertinent reports and studies produced, and feedback and reception of its products. She noted that in October 2011, the NIAC Charter was renewed by Executive Order 13585. This document outlines the role of the Council providing the President of the United States, Secretary for DHS, and leadership of other relevant agencies with advice on the security and resilience of critical infrastructure supporting public and private sectors.

Ms. Wong identified the NIAC as a presidentially-appointed council, with its work directly related to Homeland Security Presidential Directive 7 (HSPD-7), which established 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 environment, and on which the National economy and public safety depend. She noted that during the Council's 10 year history, 20 relevant studies have been completed that have dealt with matters ranging from the cooperation and partnership between the public and private sectors to policies and strategies involving risk assessment, information sharing, and critical infrastructure protection and resiliency impacting the public and private sectors of society.

Ms. Wong noted that the Council's Vice Chair and Acting Chairman Mr. Alfred Berkeley recently resigned. She stated Mr. Berkeley provided thoughtful and balanced insight for studies conducted by the Council throughout his entire tenure. Ms. Wong conveyed appreciation from the Council and thanked Mr. Berkeley for his generous public service.

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. Ms. Wong welcomed the newest NIAC member, Mr. Glenn Gerstell.

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 potentially sensitive information. She explained 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 to order this first NIAC meeting of 2012.

III. OPENING REMARKS AND INTRODUCTIONS

James B. Nicholson, NIAC Member,
Working Group Co-Chair

The Honorable Suzanne Spaulding, Deputy
Under Secretary for the National Protection
and Programs Directorate, DHS

Todd Keil, Assistant Secretary for
Infrastructure Protection, DHS

Ahsha Tribble, PhD., Director, Critical
Infrastructure Protection and Resilience
Policy, National Security Staff, the White
House (*invited*)

Ms. Wong explained that with the absence of both the Chair and Vice Chair of the Council, the Federal Advisory Committee framework provides that the Council's Designated Federal Officer will provide continuity for the Council by running the Council's meetings until new Council leadership is appointed. Ms. Wong invited Working Group Co-Chair Mr. James Nicholson to make an opening statement. Mr. Nicholson thanked Ms. Wong and welcomed all attendees to the meeting. He recognized and thanked Deputy Under Secretary Spaulding and Assistant Secretary Keil for their attendance. Mr. Nicholson stated that the upcoming presentation on the Intelligence Information Sharing Study (the Study) had been highly anticipated and has generated much interest in the two years since the study was approved. He noted that the Working Group was anxious to share its findings and recommendations.

Ms. Wong thanked Mr. Nicholson and invited Ms. Spaulding to make an opening statement. Deputy Under Secretary Spaulding thanked the Council for the invitation and for its time and commitment. She noted that the Council's efforts are helpful to NPPD, the Department and the Nation. Ms. Spaulding stressed the importance of incorporating the private sector perspective. She stated that her private sector experience contributed to her passion about this aspect of information sharing.

Ms. Wong thanked Ms. Spaulding for her remarks, support and involvement. She then recognized the Assistant Secretary, Infrastructure Protection Mr. Todd Keil for opening comments.

Mr. Keil thanked Ms. Wong and the participants for attending. He emphasized the importance of the work the Council produces and that he looked forward to participating in the meeting. Mr. Keil echoed Deputy Under Secretary Spaulding's emphasis on the importance of information sharing to the Office of Infrastructure Protection and all of DHS. He stated that the Intelligence Information Study gets to the heart of some of the issues the Department needs to address – how to get critical information to those who need it in a timely manner. Mr. Keil further stated that this issue sounds simple but it is actually challenging. Mr. Keil complimented the Council, referencing the depth of examination and the recommendations from in the Intelligence Information Sharing Study. He stated that it was obvious this topic of information sharing was also important to the Council members. Mr. Keil noted that the critical and relevant data presented in the Study will help the Department and the entire government understand this issue. Ms. Wong thanked Mr. Keil for his remarks.

**IV. APPROVAL OF JULY 2011
MINUTES**

Nancy J. Wong, DFO, NIAC, DHS

Ms. Wong moved to a discussion of the July 2011 meeting minutes. She opened the floor for comments on the meeting minutes. In the absence of comments, it was moved to approve the minutes. The Council motioned to approve the minutes.

**V. NIAC DELIBERATION ON
PUBLIC/PRIVATE SECTOR
INTELLIGENCE INFORMATION
SHARING STUDY AND
RECOMMENDATIONS**

*Philip G. Heasley, NIAC Member,
Working Group Co-Chair; and James
B. Nicholson, NIAC Member,
Working Group Co-Chair*

Ms. Wong opened deliberation of the Intelligence Information Sharing Study, stating that it was a complex and comprehensive study produced by the Council. Ms. Wong introduced Mr. Nicholson as one of the Co-Chairs of the Working Group, along with Co-Chairs Mr. Berkeley and Mr. Heasley.

Mr. Nicholson thanked Mr. Berkeley for leading the Study, stating that its quality reflected Mr. Berkeley's leadership. He then stated that the Study emphasized that information sharing is crucial in the protection and resilience of the Nation's critical infrastructure. Mr. Nicholson then noted that owners and operators rely on credible, timely and actionable information to help reduce risk.

Mr. Nicholson noted that getting the right information to the right people at the right time can be difficult. Mr. Nicholson commended the government for its progress in building a foundation for the two-way flow of information between the public and private sectors. He noted that public/private partnerships, such as in Sector Coordinating Councils, NIPP and the National Response Framework, have been vital to that work. Mr. Nicholson noted that information sharing is enhanced by building upon successful policies and fixing or replacing unsuccessful plans. He then introduced Working Group members Mr. Mike Wallace and Mr. Jim Reid and invited them to begin the presentation on the Intelligence Information Sharing Study.

Mr. Wallace thanked Mr. Berkeley for keeping the Study moving forward throughout the process. Mr. Wallace added that Mr. Berkeley's example should serve as a model on how to work efficiently and effectively on NIAC studies. He recognized Working Group Co-Chair Mr. Reid and subject matter experts Ms. Gehrke, Ms. Holliday and Mr. Buckwalter for contributing intelligence community expertise to the group. Mr. Wallace added that studies such as this strengthen the information network.

Mr. Wallace acknowledged that the Study aggregates five NIAC studies from five sectors. Because of this, there was a great deal of complexity in organizing this information into one overarching Study. The resulting recommendations represented a broad spectrum of observations, adding depth to the effort.

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Mr. Wallace said the Study had three goals: review progress and status of bi-directional information sharing; improve private sector's role in counterintelligence; and assess the role of fusion centers as a mechanism for sharing intelligence information with the private sector.

Mr. Wallace explained taxonomy variations between the Study and the generally accepted terminology used by DHS. First, he explained that the Working Group used the term "counterterrorism" rather than "counterintelligence." Counterterrorism is a more narrow term that is easily understood by those in the private sector. Second, the Study used the term "public sectors" to refer to the Federal, State and local governments. Since 80 percent of critical infrastructure is privately owned or operated and 20 percent falls under public jurisdiction, the Study's findings are relevant to both private and public sector.

Mr. Wallace defined "bi-directional information sharing" as "the two-way movement of intelligence information" between the public and private sectors, including classified or unclassified material. Mr. Wallace emphasized that trusted, organizational, functional and personal relationships are important, and must be developed and tested. He further stated that bi-directional information sharing thrives in trusted relationships. Such relationships must be cultivated and promoted by senior executives in public and private spheres to be successful. Mr. Wallace said this became clear to him during the portion of the Study dealing with the resilience of the electricity and nuclear sectors. He and other electricity sector Chief Executive Officers learned how their duty to shareholders could be tested in a crisis, and being able to talk with their federal counterparts for help and assistance would be a substantial aid.

Mr. Wallace stated that the Working Group examined the intelligence cycle dealing with public-private information sharing-- requirements generation, information collection, analysis and dissemination. The Working Group conducted over 200 interviews and reviewed 255 open-source documents. Mr. Wallace explained that sectors were chosen for review to reflect a good cross-section of asset types (e.g., the Chemical industry has physical assets; the Banking and Finance sectors have cyber assets.) These types of assets have different types of security profiles. A chemical plant maintains a visible and obvious security presence designed to discourage intrusion, whereas a bank has a welcoming presence to the public, with security serving in a much less visible capacity. Mr. Wallace explained that in examining such different forms of security and information needs, the Working Group achieved a broader spectrum view.

Mr. Wallace summarized the Working Group's findings. Collaboration across the whole intelligence community is important for effective intelligence sharing. The intelligence community needs to understand the information requirements of critical infrastructure owner/operators. Information sharing should become part of the structures and processes of public-private partnerships to assure information flow. Public sector officials should learn more about the capabilities of critical infrastructure owner/operators so the officials can appreciate what kinds of information can be acted upon by the owner/operators.

Mr. Reid noted important advances in intelligence sharing over the past five years. He cited three examples: (1) information sharing between Government agencies; (2) the use of mechanisms, such as fusion centers, by DHS to share information with regions, states and municipalities; and (3) building a foundation for effective information sharing with the private sector.

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Mr. Reid noted that the voluntary public/private partnership is the best long-term strategy to secure the nation's critical infrastructure. Regulations and standards, if developed wisely, have a place in protecting critical infrastructure if they have the support of private sector entities. A non-regulatory approach that encourages industry and government to pursue common National infrastructure protection goals without imposing unnecessary costs and inefficiencies is preferred and in the best interests of the nation.

Mr. Reid discussed the complexities of information sharing relationships for companies of all sizes. Despite extensive study by the NIAC and other groups, Mr. Reid noted there does not seem to be a simple answer to the problem. Instead, the Working Group attempted to analyze the range of challenges, whether they were root causes or resulting issues.

Mr. Wallace delivered five key messages as general takeaways from the Study.

(1) The private sector component of infrastructure protection is not receiving the high priority that it requires as an important part of the Nation's economic health and security. Mr. Wallace highlighted the lessons from Japan in the aftermath of the Fukushima nuclear disaster as an example of the importance of good public-private partnership.

(2) Government does not fully understand the unique knowledge and analysis capabilities found in the public sector, and as a result does not have the ability to take advantage of those capabilities. Public sector expertise includes those who understand the Federal perspective, capabilities and processes, as well as the private sector challenges, capacities and processes.

(3) Incentives for sharing information are different for the private sector and government. In the area of infrastructure protection, the private sector tends to focus on, fiduciary responsibility. The Federal Government tends to focus on public safety. While both share the same goal, the incentives and constraints differ.

(4) Federal intelligence sharing enterprise is complex and confusing. But complex systems can still be effective in working with the private sector.

(5) DHS has not done enough to lead and champion the intelligence sharing with the private sector. He praised the Office of Infrastructure Protection (IP) for promoting and facilitating information sharing, pursuing the infrastructure protection mission, and building the sector partnership model. Information sharing has improved, but it still lags in terms of progress. DHS should be the private sector's portal into the intelligence community. Mr. Wallace noted that the private sector needs DHS to have a focused and capable presence in the broader federal intelligence community, to ensure the intelligence community understands the private sector's interest.

Mr. Wallace reviewed the findings and recommendations of the Working Group. He stated the first finding related to authority and policy. Federal law and policy include the private sector as a customer of the intelligence community, which Mr. Wallace noted was supported by the Group's findings. DHS has clear authority to share with the private sector critical infrastructure protection information developed by the Federal intelligence community. The Working Group found the effort to be lacking in priority and process. Critical infrastructure protection appears to have a low priority

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for information sharing. There is not an effective process to have senior officials and executives work across the public-private divide.

The Working Group recommended that the President issue a policy directive or policy mechanism directing DHS and the intelligence community to balance infrastructure protection against all other missions and operations, collect infrastructure intelligence needs and evaluate terrorist targets in the critical sectors, and prepare a quadrennial report on infrastructure protection intelligence reporting. The Working Group also recommended that the White House use or create new methods of building partnerships between senior private sector executives and their government counterparts, thereby developing a truly national approach that leverages public-private resources for large-scale persistent threats. In the event of a Fukushima-level disaster, direct communication between CEOs and the White House or Cabinet members will be needed to respond to such a catastrophe. Relationships need to be in place before a disaster to best deal with it.

The second finding and recommendation related to authority. Mr. Reid noted that the Working Group found implementation of authority to be uneven. This was found to be attributable to the relative newness of DHS and to the Federal intelligence community's lack of understanding of private sector information needs. Similarly, Mr. Reid noted that the private sector does not always understand the capabilities and missions of the intelligence community. The Working Group detected a gap between what sort of information owners and operators needed, and what the Government provided. Part of the reason for this, Mr. Reid stated, was that public sector intelligence analysts do not understand private security operations.

The Working Group found that the original DHS directorate to separate information analysis and infrastructure protection into two separate organizations adversely affected the effective public-private sharing of intelligence. This compounds the complexity of the Federal intelligence sharing enterprise

Mr. Reid noted the Working Group recommended improving the implementation and accountability of existing authorities. This could be achieved through several actions: The Office of the Director of National Intelligence (ODNI) should assist DHS in developing, modifying or assessing programs and processes for private sector information sharing. DHS should re-examine its risk management organizational structure. DHS and ODNI should establish core teams of intelligence specialists for each sector, to include focus on cross-sector information issues. ODNI should try to reduce ambiguity and simplify the rules and relationships for information sharing. The President should define the functions, experience, outcomes and accountabilities for Sector Specific Agencies (SSAs).

The third finding related to leveraging partner capabilities. The private sector has skills and expertise that can improve intelligence if that expertise is leveraged properly. Research for the Study revealed that the private sector rarely received feedback to suspicious activity reports. The Working Group identified some successes in leveraging partner capabilities, such as a DHS pilot effort with the Banking and Finance sector and the successes of some Sector Coordinating Councils and SSAs in defining informational needs.

The Working Group had two recommendations for making better use of partner capabilities: DHS should work with each of the 18 critical infrastructure sectors to implement a robust intelligence

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requirements process, and DHS should have more timely analysis capabilities that use knowledgeable personnel within the private sector.

The fourth finding related to information content. Mr. Reid noted that the private sector typically does not receive the information it needs, and what it does get is usually reactive, rather than predictive. Fragmentary information may not be useful to the intelligence community, but it might be valuable to the private sector. Mr. Reid explained that some security directors at major companies, who once worked in the intelligence community, said some information that was never forwarded to the appropriate sectors might have helped the security posture of companies at their facilities. Mr. Reid noted that the group did find some positives in the effort to share content. The Office of Intelligence and Analysis is developing a pilot program, called the Sector Information Needs process, to engage the private sector in defining owner/operator requirements. The Working Group also noted that DHS is in the nascent stages of predictive analysis, a tool effectively employed by the private sector and the intelligence community.

Mr. Reid stated that the Working Group's recommendation on information content was to have ODNI work jointly with DHS to establish new dissemination formats for intelligence, creating tailored, practical products to help owners and operators protect assets and improve business continuity. Mr. Reid also suggested that DHS and other Federal intelligence partners supplement classified threat briefings with unclassified reports that can be shared quickly with a broad audience.

The fifth related to information delivery. Mr. Wallace reiterated that intelligence sharing processes, tools and products all are improving, but still need to be substantially better. The Working Group also found that the success of the Homeland Security Information Network – Critical Sectors (HSIN–CS) is modest at best at the present time, but acknowledged that DHS is addressing shortcomings of the system. Mr. Wallace noted that with regard to the private sector, the Working Group found that there are multiple sources of information in use to understand threats. In some cases, larger companies develop information, but are unsure how to share it with the intelligence community. The Group praised the Critical Infrastructure Partnership Advisory Council (CIPAC) process, as well as trade organizations, which augment the limited security mechanisms in place at small and medium-sized companies.

To improve information delivery, the Working Group recommended establishing accepted practices for timely information delivery. Simplifying methods of sharing information and reducing redundancies would be useful. The Working Group found the HSIN system to be viable and useful, though still in need of some improvement.

The sixth related to counterterrorism information. Mr. Reid noted that the private sector has knowledge and capabilities to do more than just pass along data. The range of expertise present in the private sector means that the companies can assist in providing context and analysis for data as well.

The Working Group recommended that the Government engage the private sector for analysis of data, in order to improve the government's knowledge base, existing products and processes. Mr. Reid suggested that DHS should provide specific guidance on the most important areas of emerging counterterrorism information, and update those areas as often as conditions require. Mr. Reid then reiterated that the private sector can help with analysis and developing solutions.

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The seventh finding related to fusion centers. The Group found that such centers have proven to be effective, especially in their focus on local law enforcement and first responders, and regional collection and dissemination of information. Communication with the private sector varies among fusion centers. Some are considered the best sources of intelligence in an area, while others are regarded as insular and unwilling to share with the private sector. Mr. Wallace acknowledged that with 72 centers across the Nation, it is understandable that there are different attitudes on information sharing.

To improve effectiveness of centers, the Working Group recommended that DHS make sharing information a part of each fusion center's mission. DHS should provide personnel, training, funding, technology and analytic tools. Where fusion centers are unable to share with the private sector because of privacy laws, DHS should take an alternative approach to sharing critical infrastructure information, specifically one with private sector communication set as its goal.

Mr. Baylis asked whether any of the other 13 sectors not included in the Study have robust councils that could facilitate such work in the future. He also asked whether the councils are able to work with the fusion centers. Mr. Wallace stated that he expected the other 13 sectors would fall somewhere in the spectrum provided by the five examples chosen in the study. To Mr. Baylis' second question, Mr. Wallace stated that in experience in the Nuclear and Electricity sectors, both have robust groups that can interact on issues, and he believed the same to be true of some other sectors.

Mr. Reid added that the five sectors studied provided an excellent representative sample and spectrum that other sectors would likely fit into. As to the fusion centers, Mr. Reid stated that many of the centers that are not sharing effectively do not have such a goal as part of their mission, which prompted the Working Group recommendation to rethink the mission statement at those fusion centers.

Mr. Reid asked Mr. Wallace to elaborate on the successful fusion centers the Working Group had found. Mr. Wallace emphasized that those fusion centers singled out for praise were not the only good ones; they were just good models for other centers to follow. That way, the fusion centers would be able to help each other improve.

Mr. Baylis asked if sector councils and fusion centers might eventually work together. Mr. Keil responded that there already is some work between the councils and the fusion centers, but that it tends to depend on the approach of each individual fusion center. He added that in his office there is a regional initiative to look at what capabilities exist and what requirements there are to better support region-wide efforts.

Mr. Knauss asked about the accountability for determining the next steps that result from the Study's recommendations. Ms. Wong replied that once the Study and recommendations are approved, it will be sent to the Secretary of DHS, who will then transmit it to the President. The President designates an interagency group under the critical infrastructure protection division of the National Security Council to analyze the Study.

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Ms. Lau commented about the preference for a non-regulatory approach for voluntary public-private partnerships. Ms. Lau stated that appropriate regulations to make such partnerships a higher priority could be helpful. Additionally, because shareholders are such an important part of the private-sector mindset, national interest does not necessarily enter into the picture. She noted that sharing critical infrastructure protection information is not an area of competition, so improvements made can actually benefit all.

Dr. Scott praised the Study and suggested as an additional recommendation to develop a unified action plan to ensure that there is actual, tangible progress being made on the recommendations. Ms. Wong replied that not every recommendation is accepted when reports undergo review and evaluation, but an action plan can be added to the Council's recommendation to have this recommendation included. Ms. Wong noted that this would then allow action plans to be produced and reported back to the Council.

Mr. Kepler stated that the Study was well structured. He asked whether the culture on both sides of the public-private divide is creating tension when information is shared. He also asked if there is a need to focus on those cultural aspects of how threat-related information is shared. Mr. Wallace responded by saying that getting private sector intelligence specialists can be beneficial in instances where intelligence experts have information that does not make much sense. Someone from the private sector may see that information and pair it with other data, thereby finding something that otherwise might have gone unnoticed.

Mr. Wallace noted that the nuclear sector assigned an individual to the Homeland Infrastructure Threat and Risk Analysis Center (HITRAC), which led to a much more effective engagement between the nuclear sector and HITRAC. The improved relationship between the nuclear sector and HITRAC was vital to improving the dialogue.

Mr. Reid noted that a North Carolina chemical company helped stop a plan to blow up dams, nuclear plants and the home of former President George W. Bush. Mr. Reid said the company became suspicious when a 20-year-old college student in Texas ordered several hundred dollars of phenol, a common chemical used in household disinfectants, but also a precursor to the explosive trinitrophenol. The company notified the FBI the day after shipping the product, while the shipping company separately notified the local police and the FBI. (Mr. Reid stated the student was arrested and charged with attempted use of a weapon of mass destruction.).

Mr. Grain asked about the recommendations process, and wanted to know when the human and financial resources needed to implement the recommendations were evaluated and assessed. Ms. Wong replied that such topics were part of the vetting process, which included determining legal feasibility, resources and authority. She added that an agency may not have the necessary authority to execute a recommendation, and those issues will come up as recommendations are in the acceptance process. Mr. Grain then asked if there is feedback following an acceptance or denial, in order to provide a guide to what is feasible. Ms. Wong confirmed that the DFO is required to report on the status and progress of implementations on the disposition of recommendations.

An audience member asked about implementing accountability to get fusion centers more active in working with the private sector. Mr. Keil reiterated that fusion centers are not controlled by DHS,

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and are run and managed depending on the needs of the location. DHS provides the fusion centers with baselines and, in many cases, resources and field agents. Mr. Keil further stated however that he did not think that there is a process in place for accountability, and added that the centers are operated by local, regional or State entities.

Mr. Gerstell asked about budgets in the intelligence community, and wondered whether the cuts that most agencies are facing might serve as a selling point for private sector assistance in analyzing intelligence. Mr. Keil answered that a mention of such a point on one of the recommendations could promote efficiency gains. He reiterated that increased private sector involvement was one of the recommendations made by the Working Group, and that the financial value of the recommendation could give DHS the ability to sell that value inside the government. Ms. Wong explained that the suggestion could be inserted as part of the decision by the Council during the voting process.

Mr. Kepler suggested that the recommendation reflect that while the financial effects were not studied, they should still be a consideration in improving the efficiency and cost efficiency of Government. There were no objections to the new language.

In his final remarks, Mr. Nicholson thanked the Working Group and all who contributed. Mr. Nicholson stated it was the hope of the NIAC that by accepting the recommendations, the Nation would be safer and more secure.

Ms. Wong then thanked the Working Group, and submitted the Study for vote. There were no dissenting votes, and the motion to approve the Study carried. Ms. Wong thanked Mr. Nicholson, Mr. Wallace and Mr. Reid, and moved the matter to the Public Comment section.

VI. DISCUSSION ON POTENTIAL STUDY TOPICS

Nancy J. Wong, DFO, NIAC, DHS

Ms. Wong opened discussion on identifying possible new study topics. She reminded the Council that it has an authorized study on critical infrastructure resilience in progress, for which the first of three parts were delivered. Ms. Wong asked Mr. Wallace his opinion in reactivating the study.

Mr. Wallace stated that the first part of the study focused on Nuclear and Electricity. He noted that originally the tasking was to study the resilience of Electricity, Oil and Natural Gas and Water. The Council determined this was an extensive undertaking, and decided to focus on Electricity and Nuclear. Mr. Wallace further noted that by narrowing the study to just these sectors it would provide a template for future resiliency studies. He continued to elaborate that Oil and Gas were intended to be next, with Water following.

Ms. Wong asked Mr. Wallace if the order is still logical or if a resilience study on Water is more appropriate. Mr. Wallace stated it would not make a difference. Ms. Wong stated that it depends on the expertise available among the new members.

Mr. Keil noted that the Office of Infrastructure Protection (IP) is focusing on regionalization as one of its new efforts, basing it on FEMA regions. Within these regions, IP is examining the regions' requirements and capabilities, and then using this information to partner more effectively with State,

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local, territorial and tribal and the private sector. He suggested that the Council consider this regionalization effort in narrowing the scope of a potential study.

Mr. Wallace stated that this suggestion makes sense as the Council discovered in the Electricity resilience study that not all electricity grids were equally subject to threats, vulnerabilities and consequences. He further noted that creating an intersection of regionalization in critical infrastructure makes abundant sense.

Ms. Wong opened the floor for discussion.

Dr. Scott asked if the Transportation sector was originally discussed as being one of the elements of the resilience study. Mr. Wallace stated that it was not. Dr. Scott stated that she would like to nominate the Transportation sector to be included. In response to Ms. Wong's request, the Council agreed to incorporate Transportation as a lifeline sector into the resilience study.

Mr. Baylis stated that the Water infrastructure transformation is critical. Ms. Wong agreed.

Mr. Wallace stressed the importance of sponsorship and leadership for a study as the Intelligence Information Sharing Study just demonstrated. He elaborated that the next NIAC study will need to have the same sponsorship; therefore a Council member with relevant experience will need to lead the next study.

Ms. Wong stated that to continue the resilience study, which has already been authorized, the suggestions are to incorporate the regionalization theme into the resilience study and draw from the expertise of the current members. Ms. Wong then asked the Council if there is agreement that the resilience study is reactivated. The Council agreed.

Ms. Wong asked for recommendations for what NIAC member will lead this next study. Mr. Wallace stated that it might be appropriate to focus on different ways to scope the study between now and the next NIAC meeting. He further elaborated that there needs to be discussion on what regions and which sectors will be included in this next study.

Mr. Gerstell concurred with Mr. Wallace that it was premature to select a topic at this moment and that the Council needs a better definition of the scope for the study. He further stated the Council would need to define what aspect of Water would be examined (e.g. fresh water, waste water, dams, rivers.)

Dr. Scott stated that she agreed with the reason to not select a topic at this moment. She further stated that it provides the Council with the opportunity to investigate more real world scenarios for the study.

Ms. Wong suggested that the Council create a working group with a volunteer to lead the group. Ms. Wong asked if there were any additional comments. Hearing none, Ms. Wong asked if there was a volunteer to lead the study.

Mr. Wallace volunteered, asking new NIAC members to volunteer for the working group. He further stated that since he was involved in the last three studies, he would only want to be involved in the scoping stage of this next study.

Dr. Scott, Mr. Grain, and Mr. Gerstell volunteered for the working group. Ms. Wong stated that any other members can volunteer after the meeting if they so desire. She then asked if there was a motion to create this working group. The Council carried the motion.

VII. CLOSING REMARKS

*Todd Keil, Assistant Secretary,
Infrastructure Protection, DHS*

Ms. Wong invited Mr. Keil to deliver closing remarks. Mr. Keil thanked Mr. Wallace and Mr. Reid and all who worked on the Intelligence Information Sharing Study. Mr. Keil stated that the Study is crucial and produced at an appropriate time.

Mr. Keil welcomed the new NIAC members to the Council and acknowledged that there were still vacancies on the Council. DHS is working with the White House to fill the vacancies filled quickly as possible. Mr. Keil concluded his remarks by stating that he appreciated the NIAC members efforts, support and dedication to the nation. He thanked the NIAC members for their time and effort.

Ms. Wong thanked Mr. Keil for his comments and asked Mr. Nicholson to provide closing remarks on behalf of the Council.

Mr. Nicholson thanked the Council for their efforts and looked forward to future reports.

VIII. ADJOURNMENT

Nancy J. Wong, DFO, NIAC, DHS

Ms. Wong 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:  Date: 5-16-12
Nancy J. Wong, Designated Federal Officer, NIAC