

NATIONAL INFRASTRUCTURE ADVISORY COUNCIL

MEETING AGENDA

Tuesday, April 8, 2008
1:30 – 4:30 p.m. EDT
The Hamilton Crowne Plaza
14th and K Street, NW
Washington, DC 20005

- I. OPENING OF MEETING** *Nancy J. Wong*, Designated Federal Officer (DFO), NIAC, Department of Homeland Security (DHS)
- II. ROLL CALL OF MEMBERS** *Nancy J. Wong*, DFO, NIAC, DHS
- III. OPENING REMARKS AND INTRODUCTIONS**
NIAC Chairman Erle A. Nye, Chairman Emeritus, TXU Corp.
Robert B. Stephan, Assistant Secretary for Infrastructure Protection, DHS
Dr. Kevin J. Reardon, Deputy Assistant Secretary for Infrastructure Protection, DHS
- IV. APPROVAL OF JANUARY 2008 MINUTES** NIAC Chairman *Erle A. Nye*
- V. WORKING GROUP FINAL DELIBERATIONS** NIAC Chairman *Erle A. Nye* Presiding
- A. THE INSIDER THREAT TO CRITICAL INFRASTRUCTURES** *Edmund G. Archuleta*, President and CEO, El Paso Water Utilities, NIAC Member, and *Thomas E. Noonan*, Former General Manager, IBM Internet Security Systems, NIAC Member
- VI. WORKING GROUP STATUS UPDATE** NIAC Chairman *Erle A. Nye* Presiding
- A. FRAMEWORKS FOR DEALING WITH DISASTERS AND RELATED INTERDEPENDENCIES WORKING GROUP** *Edmund G. Archuleta*, President and CEO, El Paso Water Utilities, NIAC Member, NIAC Member; *James P. Nicholson*, Chairman and CEO, PVS Chemicals, Inc., NIAC Member; and *The Honorable Tim Pawlenty*, Governor, The State of Minnesota, NIAC Member

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**B. THE CRITICAL INFRASTRUCTURE
PARTNERSHIP STRATEGIC
ASSESSMENT WORKING GROUP**

Alfred R. Berkeley, III, Chairman and CEO,
Pipeline Trading, LLC., NIAC Member and
Margaret E. Grayson, President, Coalescent
Technologies, NIAC Member

VII. NEW BUSINESS

NIAC Chairman *Erle A. Nye*, NIAC Members

VIII. CLOSING REMARKS

Robert B. Stephan, Assistant Secretary for
Infrastructure Protection, DHS

IX. ADJOURNMENT

NIAC Chairman *Erle A. Nye*

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MINUTES

NIAC MEMBERS PRESENT IN WASHINGTON:

Mr. Alfred R. Berkeley, III; Lt. Gen. (ret.) Albert J. Edmonds; and Ms. Margaret E. Grayson.

NIAC MEMBERS ATTENDING VIA CONFERENCE CALL:

Mr. Erle A. Nye; Mr. Edmund G. Archuleta; Chief (ret.) Gilbert G. Gallegos; Ms. Martha H. Marsh; The Honorable Tim Pawlenty; Mr. Greg Peters; and Dr. Linwood H. Rose.

MEMBERS ABSENT:

Dr. Craig R. Barrett; Mr. George H. Conrades; Mr. James Nicholson; Mr. Thomas E. Noonan; Commissioner Raymond W. Kelly; and Mr. Bruce Rohde.

SUBSTANTIVE POINTS OF CONTACT PRESENT IN WASHINGTON:

Mr. Scott Blanchette (for Ms. Martha H. Marsh); Dr. Ronald Luman (for Mr. Alfred R. Berkeley, III); Mr. Jason Rohloff (for Gov. Tim Pawlenty) and Mr. Bill Muston (for Mr. Erle A. Nye).

SUBSTANTIVE POINTS OF CONTACT ATTENDING VIA CONFERENCE CALL:

Mr. Peter Allor (for Mr. Thomas E. Noonan); Mr. Rob Clyde (for Mr. John W. Thompson); Mr. David Hoffman (for Mr. Craig R. Barrett); Ms. Joan Gehrke (for Mr. James B. Nicholson); Lt. Paul Mauro (for Commissioner Raymond W. Kelly); and Diane VanDe Hei (for Mr. Edmund Archuleta).

OTHER DIGNITARIES PRESENT:

Col. Robert B. Stephan, Assistant Secretary, OIP, DHS; Deputy Assistant Secretary Dr. Kevin J. Reardon, OIP, DHS; Mr. Thomas P. Bossert, Acting Senior Director for Preparedness Policy, HSC; Ms. Neill Sciarrone, Special Assistant to the President for Homeland Security and Senior Director for Cybersecurity and Information Sharing Policy; and Ms. Nancy J. Wong, DFO, NIAC, DHS.

I. OPENING OF MEETING

Nancy Wong, DFO, NIAC, DHS

Ms. Nancy J. Wong introduced herself as the Designated Federal Officer for the National Infrastructure Advisory Council (NIAC) Department of Homeland Security and welcomed Secretary Chertoff; Deputy Assistant Security Reardon; and Chairman Erle A. Nye; all NIAC members and members' staffs present or on the teleconference; other Federal government representatives, as well as members of the press and public. She reminded the members that the meeting was open to the public and, accordingly, members should remember to exercise care when discussing potentially sensitive information. Pursuant to her authority as DFO, Ms. Wong called to order the NIAC's 23rd meeting and the second meeting of 2008.

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II. ROLL CALL

Nancy Wong, DFO, NIAC, DHS

After bringing the meeting to order, Ms. Wong, called roll. The White House issued a press release expressing the President's intention to designate Mr. Alfred R. Berkeley III, as Council Vice Chairman and appoint 11 new council members. Until the appointment process is completed, the new members cannot participate in the deliberation for decision making of this Council; new members are welcome to observe and listen.

III. OPENING REMARKS AND INTRODUCTIONS

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

Chairman Nye thanked everyone for attending and congratulated Mr. Berkeley for his designation as Vice Chairman and asked Assistant Secretary for Infrastructure Protection Robert B. Stephan if he wanted to add any comments.

Assistant Secretary Stephan thanked Chairman Nye and noted the fact the 11 new members will bring a broad range of skills, expertise, and relevant experience to the NIAC's endeavors. The Assistant Secretary said he would add further comment in his closing remarks.

Chairman Nye continued saying the Council will hear presentations from three Working Groups, including the *Insider Threat to Critical Infrastructures Final Report* led by Mr. Edmund G. Archuleta. He added the *Chemical, Biological, and Radiological Events and the Critical Infrastructure Workforce Final Report and Recommendations* was presented to the President on March 31.

The Council greatly appreciates the commentary it received from the members and added the report was very well done. Mr. Thomas E. Noonan and Mr. Edmund G. Archuleta chaired the Working Group.

Mr. Archuleta thanked Chairman Nye and the other members of the Insider Threats to Critical Infrastructure Working and Study Group for its efforts and diligent work. This study generated a great body of work on the subject on insider threat through meetings and interviews with subject matter experts (SMEs). The findings of this report will be useful to policy makers and critical infrastructure key resource owners and operators alike.

Chairman Nye emphasized the importance of future work and research. These efforts remain essential to improving insider threat and understanding threat mitigation. The ever-quickening pace of technology and globalizing businesses practices makes the insider threat a difficult moving target. DHS must move proactively to meet these challenges both today and the future.

Chairman Nye emphasized the importance of future work and research is needed to improve insider threat and understanding the mitigation. This is the fast in place of technology, change

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in globalize businesses practices makes the insider threat a difficult moving target. DHS must move proactively to meet these challenges both today and the future.

IV. APPROVAL OF JANUARY 2008 MINUTES

NIAC Chairman *Erle A. Nye*

There were no corrections or updates made to the January minutes. A member moved to approve the minutes. The motion passed unanimously.

V. WORKING GROUP FINAL DELIBERATIONS

NIAC Chairman *Erle A. Nye*

A. THE INSIDER THREAT TO CRITICAL INFRASTRUCTURES

Mr. Edmund G. Archuleta,
President and CEO, El Paso Water
Utilities, NIAC Member, and *Thomas E.*
Noonan, Former General Manager, IBM
Internet Security Systems, NIAC
Member

Mr. Archuleta thanked Chairman Nye for his introduction and introduced Study Group member Mr. Vance Taylor who would provide the presentation.

Mr. Taylor thanked both Mr. Archuleta and Chairman Nye for the opportunity to speak to the Council. He opened by saying the Study Group's presentation represented the culmination of more than 14 months of work on the insider threat.

The presentation will only provide an overview of the points in discussion today and will not provide full detail of the report because NIAC already read the material. A full report will be provided to the stakeholders. The Study Group's first phase ran from January to October 2007 and involved both the Working and Study Groups focused on developing findings and recommendations on the insider threat itself. This included defining the threat and scope outlining currently existing obstacles. The second phase examined the critical infrastructure employee screening issue.

The first phase focused on developing findings and recommendations from the insider threat itself by outlining obstacles to adjust the threat. The second phase addressed employee screening as well as barriers some owners and operators face while assessing employee risk. Finally, the third phase touches upon the study's aim to produce recommendations to improve Critical Infrastructure and Key Resources (CIKR) operator management of better threat risk. The third phase as a result of the study. The Study Group consists of 15 members who held 45 conference call discussions with 28 SMEs and convened four workshops.

The Study Group helped the Working Group develop recommendations. These recommendations sought to mitigate risks associated with the insider threat. This goal

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remained possible in some particular areas where information sharing continues to improve. In other areas time, awareness, resources, and a current understanding of insider threats remain limited to work with groups and recommendations.

The primary issue requiring future study stems from the rift tied to globalization. This study focuses current research on insider threat and the international environment that makes quantifying risk more difficult. Global CIKR operators further research these challenges to accurately assess the risk inherent in operating in a multinational environment.

Mr. Taylor added that the report reflects the diversity and perspective of the NIAC and Sector Coordinating Council (SCC) representatives serving on the Study Group. With this remark, he turned the floor to Study Group Co-Chair Mr. Peter Allor.

One recommendation centered on executive outreach and awareness. The recommendation leverages the leadership of the Executive Office of the President (EOP) to communicate directly with CIKR executives about insider threats and establish pilot programs in sectors where needed. With this, Mr. Taylor turned the floor to the Study Group Co-Chair Mr. Peter Allor.

Mr. Allor thanked Mr. Taylor and said the report includes details and planning for each recommendation. These recommendations stem from an independent focus and optimize CIKR owner, operator, and government resources to elevate insider threat protection. None of the study recommendations should be interpreted as a call for regulation. The Federal agencies maintain a strong perspective on insider threats. No legal authority exists to work jointly and integrate with both the private sector or with the government. DHS retains the role of improving CIKR insider threat; this can be divided into three separate categories:

- 1) Program establishment remains important—implementing recommendations to have near-term effects will bolster insider threat risk management;
- 2) Initiating and coordinating follow-on insider threat work research; and
- 3) Using this report to communicate this information to relevant groups and industry which will help improve and secure our nation's critical infrastructures.

The NIAC attempted to collect, protect, and leverage information around the insider threat to form a security environment and bolster investments on decisions regarding insider threat. Global CIKR operators must be informed about insider threats to critical infrastructure and risks threatening their operations. These reports offer insight and resources to develop individualized insider threat programs. CIKR operators engage information-sharing mechanisms to help mitigate the threat.

The NIAC used Secretary Chertoff's outline as presented in his preliminary letter to guide its study. The NIAC's recommendations help CIKR owners and operators to develop their own integrated insider threat mitigation program and focus follow-on efforts to help address threats and risks to the future posed by globalization.

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Chairman Nye thanked the entire Working Group and Study Group for its remarkable effort, adding this final presentation marked yet another success for the Council.

VI. WORKING GROUP STATUS UPDATES

NIAC Chairman, *Erle A. Nye*
Presiding

A. FRAMEWORKS FOR DEALING WITH DISASTERS AND RELATED INTERDEPENDENCIES WORKING GROUP

Edmund G. Archuleta, President and CEO
El Paso Water Utilities, NIAC Member;
James B. Nicholson, Chairman and CEO,
PVS Chemicals, Inc., NIAC Member; and
The Honorable Tim Pawlenty, Governor,
The State of Minnesota, NIAC Member

Chairman Nye introduced the *Frameworks for Dealing with Disasters and Related Interdependencies Working Group* chaired by Council members Mr. Edmund G. Archuleta, Mr. James B. Nicholson, and Governor Tim Pawlenty.

The Chairman thanked each of these members for their hard work and introduced Mr. Bill Muston, a Study Group member, who would present the Study Group's progress report.

Mr. Muston thanked Chairman Nye for his introduction and opened the presentation indicating the following update would address the *Frameworks for Dealing with Disasters and Related Interdependencies Working Group's* progress since its inception at the January 8, 2008 NIAC Business Meeting. The sheer difficulty of combining three topics also appears within the Study Group's work as well as this update. Since its first planning conference call, the Study Group focused on producing a concise and manageable report addressing three core components:

- Regional cooperation framework,
- Interdependencies, and a
- Framework for Dealing with Disasters.

The Regional Cooperation Framework piece represents unifying the efforts of local, state, and Federal energy and critical infrastructure owners and operators to examine and recommend a framework and respond to incidents or events of national significance.

Interdependencies between energy, water, and transportation rely on each sector to remain operational.

Frameworks for dealing with disasters requires a vast knowledge of various different governmental processes.

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The Study Group aims to complete its study by the January 6, 2009 NIAC Business Meeting with a product addressing the effects of a physical disaster to both physical and cyber infrastructures. The study will also examine financial impacts and needs during such a crisis. The regional cooperation framework element seeks to aid the coordination of planning response and recovery among local and state emergency first responders.

Mr. Muston continued, adding in the Study Group's effort to address the interdependencies component of its study, it seeks to identify and define communications in relationship; so as to foster planning and support of business continuity, sector specific agencies (SSAs) fostering communications, relationships between sectors that are dependent upon each other, and parole of state and local entities in conjunction with our sector agencies for planning, response, and recovery. This also includes addressing the Framework disasters, making necessary information available to the Study Group from examining two components of the federal powers and industry cooperative approaches. The Working Group will identify events of catastrophe consequences and challenges to critical infrastructures for response and recovery. This should identify the gap in physical or financial capabilities and prevent restoring the infrastructures and maintaining their financial viability.

Chairman Nye thanked the Working Group for its considerable effort and expressed his gratitude to the Study Group. Chairman Nye asked if there were any questions or comments before the Council moves on to the next report.

Hearing none, he turned the floor Chairman Nye thanked everyone for all the work put into this presentation.

B. CRITICAL INFRASTRUCTURE PARTNERSHIP STRATEGIC ASSESSMENT WORKING GROUP

Alfred R. Berkeley, III, Chairman and CEO, Pipeline Trading LLC. and Ms. Margaret E. Grayson, President, Coalescent Technologies, Inc., NIAC Member,

Chairman Nye introduced the *Critical Infrastructure Partnership Strategic Assessment Working Group*, co-chaired by Vice Chairman Alfred R. Berkeley, III and Ms. Margaret E. Grayson, President, Coalescent Technologies, Inc.

In opening his remarks, Mr. Berkeley thanked Chairman Nye, the NIAC, and DHS for their attendance, and began by explaining that this Working Group was very committed to this issue and had devoted an extensive amount of time in its effort to strategically assess the critical infrastructure partnership. This strategic assessment will seek to appraise the partnership and then identify opportunities to strengthen public and private collaboration. To achieve this, the study sought to outline and define four tasks: to assess the effectiveness of the partnership model; to identify options to improve efficiency and effectiveness; to identify opportunities to

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update the partnership model and change requirements; and to strengthen executive-level participation from the private sector.

The Working Group's ultimate objective focuses on the sector partnership model in the National Infrastructure Protection Plan for the Critical Infrastructures and Key Resource Sectors that need to be operational all the time. Recent studies and events have shown the significant challenges to critical infrastructure protection. While responsibility for protection of the national critical infrastructure rests both with government and the operators, more than 90 percent of these critical infrastructure assets are owned, operated, and managed by the private sector. The findings of the Study have shown a requirement for structured, regular communication between the public and private sector. Also, recognition of the interdependency among various critical infrastructure sectors necessitates government responsibility to protect the infrastructure environment from the growing threat.

The first phase of the Study has focused on the trust and partnership between the public and private sectors through the critical information shared and established mechanism to help protect critical infrastructure. The second phase will identify opportunities to improve the partnership through from lessons learned from other partnerships and input from both public and private sector experience. Finally, the third phase will focus upon developing recommendations to improve the public-private critical infrastructure partnership through better communication and cooperation between these two parties.

The Study Group has begun the evaluation phase with which will be supplemented by CEO roundtable conference calls. The group has also worked diligently on data gathering through document reviews, interviews, round table discussions, and private sectors groups. Findings thus far have included: the need for partnership to have appropriate resources and flexibility with both sides of the government and private sector. The group anticipates completing and delivering its final report at the October 2008 NIAC business meeting.

VII. NEW BUSINESS

NIAC Chairman *Erle A. Nye*, NIAC Members

There was no new business brought before the Council.

VIII. CLOSING REMARKS

Robert B. Stephan, Assistant Secretary for
Infrastructure Protection, DHS

Chairman Nye noted that Mr. Thomas Bossert from the White House was in attendance and he asked him if he sought to provide any comments to the NIAC.

Mr. Bossert thanked Chairman Nye, Vice Chairman Berkeley, and all the NIAC members. He expressed his gratitude for all the members' hard work. He then turned the floor to Assistant Secretary Robert B. Stephan to offer his closing remarks.

Assistant Secretary Stephan thanked Mr. Bossert and the White House for their attendance and continued support.

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He asserted the Department was pleased with the work of the Insider Threat to Critical Infrastructures Working Group, especially as its objective focuses on three different studies to enhance a critical infrastructure operator's ability to address the insider threat. The Assistant Secretary added he recently attended the Office of Infrastructure Protection-sponsored National Fusion Center conference in San Francisco. New NIAC Member Mr. Michael J. Wallace, President and Chief Executive Officer at Constellation Energy Nuclear Group, led the panel.

Mr. Wallace discussed the importance of integrating Critical Infrastructure Protection equity in the private sector into the state, local, and regional fusion centers. The group planned to outline capability base lines for the CIKR mission inside of the fusion center space as well as develop initial recommendations focusing on integrating the critical sectors portal network, the private sector, and the state, local, and regional center

Assistant Secretary Stephan went on to address the recent addition of the 18th Sector to the partnership. The Critical Manufacturing Sector deals with steel and the automobile manufacturing industry. Mr. Rich Douglas, Director of U.S. Steel's Security, leads the Sector Coordinating Council (SCC). The SCC will coordinate with the State, Local, Tribal, and Territorial Government Coordinating Council (SLTTGCC) to transition to local governments in January. These recommendations are being used by the Los Angeles Police Department (LAPD), Operations Archangel Constellation, and the ACAMS project to develop a guide for incoming Homeland Security Advisors (HSAs) at the state and local level.

With that, Assistant Secretary Stephan closed his remarks and thanked Chairman Nye for his leadership. Chairman Nye thanked Assistant Secretary Stephan and asked if anyone looked to comment further or elaborate on this topic.

Chairman Nye asked if the members wanted to address anything further. Hearing no issues, he moved to adjourn the NIAC 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: /s/signed
Erle A. Nye, Chairman

Dated: July 8, 2008