

The Invest Kamloops Success Secrets Interview Series
by Sam Perren



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Kamloops Real Estate Investor: Mel Johnson

"Life's greatest opportunities are cleverly disguised as impossible tasks."

Sam Perren: Hi Mel, are you there?

Mel Johnson: I'm here.

Sam Perren: Great. So, welcome to the call. It's the first day of November here. Welcome to the Invest Kamloops Success Secrets interview series. I am your host, Sam Perren, and today I have a very special guest and a friend of mine.

Mel Johnson is a real estate investor, a philanthropist, and he is generous with both his time and money. He's a world traveller, father, husband, and has a special insight into one of the major drivers of the Kamloops economy.

So, I know you're really busy, Mel, thanks a lot for taking this time and sharing your insights with the listeners. So, all you listeners grab your pen and paper because you're going to learn some insights into investing and success that you won't find anywhere else.

Mel, can you just start out telling me about yourself?

Mel Johnson: Sure. Well, I was brought up on a farm over near Arrow lakes. I have two younger sisters. My family moved to Kamloops in 1965 from the Arrow Lakes, because the BC Hydro was putting a dam in at Castlegar, and they were flooding the valley. So we had to move.

So, that was a big adjustment for me, coming from a real small town to Kamloops, big high school. I graduated from NorKam high. I got my forestry degree from UBC in 1973. And I also got married in '73 to Heather, in September. We have 3 kids, 2 boys and a girl. One of the boys is in Calgary, he's married and has 2 kids. The other boy is in Vancouver, he's not married, working. And then our daughter Rebecca is in town, and she has 2 kids. So, we have lots of time with the grandkids here in town, which is a lot of fun.

I've lived in Kamloops most of my working life, other than 10 years when I worked in Lumby. I worked for a Weyerhaeuser right after graduation. Then I got transferred to Lumby so we spent the 10 years over there, and then I got transferred back to Kamloops as a manager of forest operations for the Vavenby and Kamloops Sawmills, so the wood supply. Did that for 5 years.

And then I was on special projects with Weyerhaeuser for 5 years, which was a lot of fun. I got to travel to Europe, to Sweden and Finland looking at different harvesting operations, the U.S. South with Weyerhaeuser looking at harvesting operations there, and Eastern Canada. So that was a fun time for 5 years.

Then I was asked to take on the Fibre Manager's role at the pulp mill here in Kamloops. So I did that for 10 years. But in that time, Weyerhaeuser decided to get out of BC pretty much, and sold off the sawmills and the pulp mills at Domtar. So in 2007 I became a Domtar employee, and was a Domtar employee until I retired in 2010. But I really enjoyed that work. I got to interact with a lot of the sawmills, the companies around Kamloops, in places like Merritt and Vavenby and so on. So that was good. I had a budget of about 110 million dollars I was managing at that time with staff and a lot of contractors.

Sam Perren: A lot of responsibility.

Mel Johnson: Yeah. But it was fun. We had a really good team. My boss at the time, Eric was the vice president of the pulp mill, and he was just an awesome guy. Young guy, 40 years old, and very personable, very knowledgeable. And it was a great time. I was actually going to retire in 2009 but I was having fun, enjoying my job, so decided to carry on for another year 'til 2010.

Sam Perren: Yeah, well that's a real blessing, to be able to enjoy your work.

Mel Johnson: Well yeah, and it was a blessing to have a company like Weyerhaeuser. Because they were very ethical, they provided a lot of training. I got to go on 4 one week sessions on leadership training over a 14 month period. And actually the last session the wives were invited to go along too, and we had a really neat one week in Coeur d'Alene, Idaho. It wasn't just the wives being there and doing some silly things; they got involved in learning about managing a company and so on. So it was very, very interesting, and I really appreciated Weyerhaeuser. So that was kind of neat.

And Domtar, actually in a way I liked Domtar better. Because Weyerhaeuser was kind of centrally controlled in Washington more so than Domtar. Domtar let the mill managers have a lot more autonomy, so it made it a more interesting job.

So anyway, I've enjoyed my career, and felt things went well for me. The period of time my classmates and I were in the forest industry was kind of the high point of the industry. Since the beetle has kind of attacked the pine in the interior BC, the industry's kind of gone down a lot. A lot of the sawmills have shut down. So I felt blessed to have had that particular time in the industry as well.

Sam Perren: Yeah, kind of the boom cycle.

Mel Johnson: Exactly. Expanding. Because Weyerhaeuser continued to buy different sawmills, they had only - I think when the pulp mill started in Kamloops they were a partner, a financial partner with the sawmills that started the pulp mill. They gradually bought up the mills and ended up with 6 sawmills in interior BC by the time they were finished. So it's quite interesting.

Other than that, I guess my wife and I like to support our community. We do a lot of volunteering. You know, those things like the Kamloops Summer Games we volunteered for. I currently volunteer for Meals on Wheels. And we just started volunteering with Immigrant Services to help new Canadians learn Canadian culture and help them learn English a little bit too. It's quite a lot of fun. We've just been doing it for a couple weeks now.

Sam Perren: Yeah, that's fabulous. So sounds like you're almost busier now than when you were working.

Mel Johnson: It's quite amazing how your time gets filled up, either with calls for helping babysit the grandkids, or volunteering at stuff, or just meeting with friends. It's like, hmm, you really need to keep a Daytimer and keep track of when you have to be at certain places.

Sam Perren: And you and Heather just got back from a month in Europe.

Mel Johnson: Yeah, we did actually. We went over, left August 25th, flew to Frankfurt and then back to Heathrow. So we started out in London on a bus tour, and did that for 3 weeks, covered - well then we covered 10 countries on the bus tour in over 3 weeks, and then we visited some friends in Munich. And then we took the train down to Savona, Italy and got on a cruise and spent 7 days on a cruise, hit Spain, Malta and a couple of spots in Italy, and then back to Savona, and then took the train back to Paris and flew

home. So it was quite an amazing trip. We saw just so many neat things, it's hard to comprehend them all.

Sam Perren: Yeah, and lots of photos no doubt.

Mel Johnson: Yeah, still working through them to thin them out a little bit.

Sam Perren: Yeah, that's wonderful. Certainly sounds like you're living life on your terms, and things are going fairly well.

So, lots of our listeners are just started out in their careers and in investing. How did you first get started in investing?

Mel Johnson: Well, I was always kind of interested in investing. I guess when we started out, we bought our first home, one of our goals was to pay the mortgage off as fast as possible. So we worked at that. But we were only in Kamloops 5 years before I got transferred. So then we bought a beginner house and had a bigger mortgage, and we bought a one acre piece of property with the house in Lavington, which is between Vernon and Lumby. And so kind of got settled in there. We had our 2 kids in Kamloops before we left, and then our daughter was born in Vernon. So, had more expenses with kids and so on, but we still worked at paying the mortgage off. And we got it paid off relatively quickly. And then we decided we needed to renovate the house, so we spent the money renovating the house. But just about the time we finished the renovations I got transferred again. So of course we came back to Kamloops, and house prices were a little higher then, so we bought another house, and of course had a mortgage.

But during that time I did look at investing. I actually invested in a couple of limited partnerships in Vernon. Actually it was a film company. That was kind of a tax shelter and didn't really work out to be much of an investment. I also invested in a company that was looking at putting dispensing machines in for movies. And I thought, wow that would be a great idea. But it actually fell flat, so that one didn't work out.

So anyway, back in Kamloops, after we moved, again, focused on paying our mortgage down, we got that done. And then we had some extra money to look at different options.

One of the things that Weyerhaeuser offered--and if anybody out there has got a company that offers share purchases through the company,

where the company will, you know, buy a percentage on your behalf--so in Weyerhaeuser's case we could take up 10 percent of our salary, buy Weyerhaeuser shares, and Weyerhaeuser would kick in up to 5 percent. So, 50 percent gain on your investment. That was something I started doing. And that was, you know, basically you got a 50 percent gain right off the top, and then if the shares do well then you're just that much better off. So I did that for a fair number of years.

I didn't really get involved in real estate that much. I had a neighbor when we lived in Lavington that had invested in some rental property in Vernon. And I remember talking to him, and all he did was complain about his tenants. It was such a hassle. So it didn't really sound like a great idea to me to invest in real estate at that time, so I didn't really investigate it much further. Our focus has been just getting the mortgage paid off. And my mom and dad kind of always taught that: get the mortgage paid, get your house paid for, you've got that security of home.

Sam Perren: Yeah, well it's wise to get rid of any debt that's not tax-deductible, it's good to get rid of that, because you're paying for it with after-tax dollars. Yeah, so that's prudent advice.

Mel Johnson: Yeah, for sure. So in terms of real estate, I started to read about it a little bit. I had followed Ozzie Jurock, who is a real estate guru in Vancouver. And actually got some of his material, did some reading on that, but couldn't really do anything about it for a long time. In 2005 I guess it was, I did buy a couple of RV lots up at Shuswap. We had decided we wanted to buy a trailer, which with did, and so we put the trailer out on the one lot, and bought the second lot as an appreciation play - for appreciation, not for revenue, because you really don't get much revenue from an RV lot. We have those. We enjoy the one, we've got our trailer parked out there, and we take the grandkids out. And so it's a good spot. But I'm still waiting for the appreciation to come up on the other lot before I sell it.

Sam Perren: So the one is for personal use, and then the other one is waiting for appreciation to happen.

Mel Johnson: Yeah, exactly.

Sam Perren: So, no return on that yet, but yet to be seen how good it's going to be when you do decide to sell.

Mel Johnson: Yeah. You know someone that worked for me actually at the pulp mill, his parents have a spot out there. They bought a piece of property on the bay, one of the bays out there at Shuswap, but they bought it 50 years ago, and the value of the appreciation there, it's phenomenal.

Sam Perren: Oh yeah, I'll bet.

Mel Johnson: Time will tell.

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Sam Perren: Yeah. Well, you know, if it's money that you can park, it's certainly something interesting to do.

What else have you gotten into, as far as real estate goes?

Mel Johnson: Well, in 2004, I belonged to the Professional Forest Association, and in one of their monthly newsletters there was a brochure about investing in real estate. That caught my interest, and particularly because it had a graph showing, you know, if you bought a piece of property and you were able to rent it out, you in fact have the tenants paying off the mortgage, so your debt is being reduced, at the same time the value of the property goes up. So there was a graph showing how the appreciation of the property value went up over the years, and also how the debt was reduced over the years. I said, well that's pretty neat.

And this company offered a program where they were going out and buying apartment buildings, and they were usually privately owned - like in a couple cases were construction companies, privately owned, that built these apartment buildings and now they wanted to sell them. So this company would buy the apartment building, stratify it and then sell individual units.

And they would also - well they'd package it up and make it easy for you, all you had to do was sign on the dotted line: here's the price of the building - and they would do a pro forma on cash flow, and they would have a management company looking after it for you, at usually a pretty good rate of 3 or 4 percent, which was relatively attractive because what I'd read, a lot of management companies were like 10 percent of the rent. So that was a relatively good deal.

And the other thing that was appealing to me, from a risk point of view, they were all in a rental pool. So in other words if there was 100 apartments and 5 were vacant, everybody still got 95 percent of their rent.

So a number of things appealed to me was the low risk of vacancies, and the low cost of management. And I didn't want to deal with tenants, so that was attractive. So I ended up buying one in Sarnia, Ontario. And this company, Platinum Realty it was called, provided a bunch of information about the town of Sarnia, the economics, employment, potential growth. And so we ended up buying that apartment for - I think it was 101,000, 2-bedroom apartment. And then the year after that we bought another one in Belleville, Ontario, sort of the same circumstances.

So really, they've been hassle-free. When things are set up, the money goes into your checking account--well I set up a separate checking account for each one of course and then the bills are paid out of it, and they kind of look after themselves. So that was kind of a good deal, I thought.

However, buying in 2005 and '06 and then the economic crash happened 2008, made things a little difficult financially. So those units - the other thing is there's rent controls in Ontario that are pretty tight, so the increases in costs have kind of outstripped the rental income. So I sold one of them, the Sarnia unit, last spring. And I'll probably sell the Belleville unit next year as well.

So that's kind of where we're at. I have invested in another one in Leduc, Alberta, jointly with my son Craig. I think Leduc is just south of Edmonton, it's very close to the airport. It's pretty good rent, there's 1375 a month, 2 bedroom, on the 4th floor. So that one's kind of taking care of itself, and I'm more optimistic the property values in Alberta will go up, primarily because of the economy being strong and there's lots of jobs there.

Sam Perren:

Yeah, and lots of people moving there too.

Mel Johnson:
18:36

Yeah. Yeah, Ozzie Jurock and this Real Estate Action Group belong to, they are saying that's one of the strong areas. They make a forecast each year in different cities that they think are going to have good growth. And fundamentally they're saying where people go and where there are jobs, that's where real estate values are going to increase. So that's kind of what we're counting on.

Sam Perren:

Yeah, and lots of people moving to Alberta for the work there. So yeah, it'll be interesting to see what happens with oil prices and everything. But yeah, I have a lot of family employed in the oil sector there.

Mel Johnson:

Oh yeah.

Sam Perren:

Yeah, and I'm hoping on their behalf that things continue to do well. So, yeah. So, the Leduc property, that was recent that you purchased that.

Mel Johnson:

Just March of this year.

Sam Perren:

Yeah. Do you mind sharing with the listeners what your purchase price was?

Mel Johnson: It was \$241 for that 2-bedroom unit on the 4th floor.

Sam Perren: Gotcha you. And that was a new built?

Mel Johnson: It was 4 years old. So it was pretty new. Building's in good shape. They've got the reserve fund study done on it, so we know what going forward the costs are going to be. So should be pretty good. The management cost of it is 4 percent on that one. It's Mayfield Management is taking care of that one.

Sam Perren: Cool. Well, you know what, I think we covered--my next question was other investment vehicles besides real estate. And you already covered that.

So now you're investing in the Kamloops market. What first got you interested in investing in your own hometown?

Mel Johnson: Well, actually my son Craig has a friend named Tony in Vancouver who has been recently interested in investing in real estate. So they got to talking, and Tony had been involved in REIN, Real Estate Investment Network, and were talking about. And REIN had ranked Kamloops as one of the top places to invest in real estate. So through discussions with Craig and Tony, and then I joined--last November I joined the Real Estate Action Group in Vancouver, and Craig did as well. So going to the monthly meetings was a good opportunity for networking. And then during the break time we'd chat with different people, and we met a gentleman there who knew somebody in Kamloops, and he said, "If you're invested in Kamloops I know somebody." So that ended up being you.

Sam Perren: Yeah. So that's how we met.

Mel Johnson: And I really believe that's one of the values of joining a group like that, the networking opportunities. You can really make the right connections, find people. You're talking to people like-minded who want to invest in real estate.

So anyway, as you know of course, Craig and I met you for coffee and had a discussion about opportunities in December. And then there was a potential deal you brought forward that Craig and I considered. And then after Craig and I talked I thought it best that maybe Craig carry on with that with you, so the two of you to do a deal. So that one of course went forward and you ended up making a deal on a townhouse - and I forget when that was settled, in April or something? When was that?

Sam Perren: Yeah, I believe it was rented out April 1st.

Mel Johnson: Yeah. And subsequent to that, you and I had some more discussions, and looking for properties I found one on Tranquille Road that we had a look at, a townhouse with a potential for a suite in the basement. So we crunched some numbers on that one, and hummed and hawed--there were some issues around parking and so on, so that one kind of got put

on hold a little bit. And then we further looked at some more properties, and then we found one that had the potential for a suite in the basement and was zoned correctly. So that was on Battle Street, and we moved ahead on that one in June of this year. So that was a interesting one. And I'd kind of come to the conclusion that some of the best opportunities would be finding a house which had the potential for a suite, and if it was already zoned then that made it that much more attractive.

Sam Perren: Yeah, and changing the use of a propety you certainly get - yeah, an equity pop, and a lot more cash flow - that's what I'm finding as well. But I mean I guess on the downside is you've been a lot more involved on this project than in your previous real estate investments. So how has that been for you?

Mel Johnson: Well, actually I--when I looked at that opportunity, you know, being involved at least on the renovations, like it's a time window, I know it's going to end, which is okay. And kind of enjoyed the chance to do that work. I enjoy physical work and seeing things get accomplished. So that part of it was good. It was a little more work than I thought it was going to be, but that's partly my choice. So it all was kind of fun - and it's nice to see a project come together and the renovations get done. So that one has worked out quite well. We've certainly gained some equity, and you've got some good renters in there now. So we've just got to see how things settle down over the next 3 months with some costs, but it's very positive.

Sam Perren: Yeah, absolutely. And I'm happy about it too. The thing that intrigued me the most about working with you is some of your philanthropy work, where one of the causes that you're supporting--did you want to talk a bit about that?

Mel Johnson: Sure. My wife and I support 4 kids, 2 in Haiti. We sponsor 2 kids in Haiti and 2 kids in Guatemala. And we actually traveled to Guatemala for a 2 week period in both 2011 and 2012, and it really impressed upon me how most of the world lives is not the way we live in terms of what we have. These kids down there are basically--well, a lot of them with the dirt floor and cardboard walls and a tin roof. And sometimes they only have one meal a day at that.

So we had sponsored the one girl before 2011, and we went down and we had a chance to visit her and her family, which was pretty awesome, and pretty impactful about how much your 40 dollars a month helps these kids. So the 40 dollars a month in this case goes to an organization called Impact Ministries. That's a couple from the Christian school here in Kamloops went down there 12 years ago with the idea they were going to have one school of about 60 kids. But it's grown over the years so they now have 1500 kids in 6 schools.

Sam Perren: Wow.

Mel Johnson: The impact on these kids' lives is just phenomenal, and even on their families. Of course some of the money goes to the family. The requirement is that if they get sponsored they have to go to school. If they don't go to school then they won't be sponsored. So the education is the real key for them to make some changes in their lives.

So that was very impactful for us. And I thought, wow we have a lot, I'd like to sponsor some more kids. So in doing some real estate investing if there's - with a good cash flow I can support some additional kids. So that was one of the main drivers for getting involved in some investments in real estate.

Sam Perren: Yeah. And that really struck a chord with me. And it's always really interesting to find out the reasons that people are investing. And I think the legacy that you're building is a really cool thing to strive for. And so I'm certainly working my butt off to make sure that things work out well, because that's a great cause. So yeah, my hat's off to you. It's pretty cool to be giving back.

Mel Johnson: Absolutely, yeah. Yeah, I know when I was a kid, until I was 6 years old we didn't have indoor plumbing, we didn't have electricity, nor did we have a telephone. So we had to go to an outhouse. And when we were down in Guatemala, they all had outhouses. And this made me think like, okay I didn't have it as difficult as they did by far, but I appreciate, you know, some of the amenities we have. And I think education is the best way for them to understand and to advance themselves a little bit, but without disrupting their culture.

The thing I like about Impact Ministries is they--as the Guatemalan kids go through their education, when they graduate they want to hire them as teachers, they want to hire them as people that are working there. So we're not trying to impose our North American culture per se. Which is kind of keen, because I think--I read a book called When Helping Hurts. And it talks about how when North Americans in particular go to countries that are poor, they try to impose their values and their beliefs and stuff, and it doesn't go well necessarily. So I think it's really important, and I really appreciate what they're doing in terms of helping them maintain their culture and their values. Anyway.

Sam Perren: Yeah, fascinating. So yeah, I mean everybody has their own reason why they're looking for returns and why they're investing. And I just happened to think that yours was pretty phenomenal. So thanks so much for sharing that.

So, the focus of this interview series is Kamloops and the Kamloops economy, and successful investors and business owners here in Kamloops. So maybe you could give us some insights into one of the

major employers here in Kamloops. You already spoke a bit about the mill and the great career that you had with it, even when it changed hands to Domtar there. It is a major employer here in Kamloops, and there's over 300 employees, according to the Venture Kamloops website. Is that number accurate? Does that count contractors or--

Mel Johnson: No, that doesn't. That would be direct employees. Before they shut down the sawdust line there was like 532 employees.

Sam Perren: Okay. So there was 532 employees, and that's when you would have still been there.

Mel Johnson: That's right.

Sam Perren: And then the contractors, how many employees do you think there are with the contractors?

Mel Johnson: Oh, there's a lot. Well, suppliers and contractors. Because in my job as a fiber manager, Arrow Transportation and DC Chambers Trucking out of Vernon hauled all the chips and the sawdust and the hog fuel. So they each had - I think they had 100 trucks each. And they run 7 days a week, 24 hours a day pretty much. Most of the sawmills were running weekends and graveyard shifts when I was there. I don't know if they're still doing that. But there are all of those, and then there's all of the physical supplies, the chemicals and the electrical supplies that the pulp mill needs, that kind of thing. So it's - you know, I don't know if - any multiplier effect, there's 3 or 4 times what the number of actual direct employees are.

Sam Perren: Gotcha. Okay, so I mean if you say 3 times, then that's about 1500. And if there's 100 trucks each for the trucking companies, and then if there's - if they were running 24/7, I mean you could say there's - well they have all their mechanics and stuff as well, not just drivers. But if they're running 24/7 you know they've probably got 4 shifts, right, because guys need days off too. So--

Mel Johnson: Well, and the other tie-in is the chips and sawdust and hog fuel all come from sawmills. If they didn't have a home to send that too I'm not sure they could survive economically. So there's a symbiotic relationship, if you will, between the [inaudible 00:32:41] sawmills. So it kind of is integrated. And also there's a lot of trading going on. We used to trade different species of chips with coastal pulp mills, so those trucks would haul chips-- and they still do--down to Langley. And there's a offload down there, they put the chips on barges and take them to some of the coastal pulp mills. So there's quite a network of exchanges that goes on that drives a lot of employment as well.

Sam Perren: Yeah. Okay, so I mean a conservative estimate would be, when you left, you know, 1500, maybe 2000 employees, as a result of the Domtar pulp mill. Yeah, a major employer.

Mel Johnson: Oh definitely, yeah.

Sam Perren: So, when you mentioned that there was a line that shut down, that was my next question. In the spring of 2014, just some of the news articles that I read said that over 100 people were laid off from the mill there. What insights--can you talk about that, one of the lines that was shut down and what impact that has?

Mel Johnson: Well, it was the sawdust pulp line that was shut down, which is kind of a specialty pulp. It's kind of the - it occupies a spot between hardwood pulps, which would be aspen and deciduous trees, and the conifers. Like this pulp mill is all softwood pulp. So what companies--like this pulp mill does not make paper, it just makes pulp and then it sells it to other mills that make paper. And those paper mills will take part of the softwood--a volume of softwood pulp and hardwood pulp, and blend it together to make paper.

Sam Perren: Got you.

Mel Johnson: Hardwood pulp provides a good writing surface, and the softwood pulp provides the strength because it's got longer fibers. The sawdust pulp was coming in between. So what the paper makers would do was use a portion of sawdust pulp, and that'll lower cost, and then that would help them in doing their production.

And then the sawdust pulp was also used for specialty products like cigarette paper and stuff that's not being used so much any more. So the market for sawdust pulp kind of dried up.

There used to be 3 pulp mills in BC that made sawdust pulp - Mackenzie, and then one of Fletcher's mills on the coast. But they both shut down, so it kind of shrunk the market down. And then I guess Domtar came to the conclusion that it just wasn't worth running the sawdust line any more, so they decided to shut it down.

So that leaves just the one line, which is relatively small volume line. It's about 1000 tons a day. And in pulp mill terms, that's a little on the smaller side mill. So the economics, the scale, aren't quite as good.

Domtar had secured a contract with BC Hydro to produce electricity. That is really a byproduct. The black liquor that comes out of the pulping process is burned, and creates steam, and that helps run the mill. But there's excess, so they can use that to generate power and sell it to BC Hydro. So the mill has a contract with Hydro. And when I left it was a 5 year contract. But it's--as long as the mill runs, they know what revenue they're going to get. It's in Canadian dollars, so there's no risk of exchange issues, as there is with the pulp market. That gives the mill a bit of a secure base of revenue. So that I think provides some security that the mill will keep running even through some of the difficult times.

Sam Perren: Yeah, so what do you perceive for the future of the mill?

Mel Johnson: Well, I think - and this is just my personal opinion, that the mill will keep running the unit. If Domtar decided they didn't want it I think they would sell it to somebody who would keep it running, for a number of reasons. There's a good fiber supply for this mill from the sawmill still. And it's pretty well positioned. It's on a main rail line to ship the pulp to the port of Vancouver, and then to China, which has become one of the biggest opportunities for them to sell the pulp.

So, you know, some of the things that are affecting the use of the pulp mill are the declining use of paper. However, pulp is beginning to be used in different things. For example, James Hardie produces a cement sideboard that people use to put on the outside of their houses. That has a Douglas Fir pulp in it. And Weyerhaeuser and then Domtar after them have really worked on their relationship with James Hardie to sell that pulp. So, kind of ties the housing industry a little bit, which has been depressed lately. But I think people, a lot of them like to have the cement siding on, because the maintenance is very, very low. You don't have to--

Sam Perren: Yeah, well the Hardie Plank, I see lots of people using that in renovations. Yeah, they talk about 50 year life without having to do any maintenance, other than pressure washing or cleaning it.

Mel Johnson: Exactly. I think the mill has a really good future, but hard to predict how good over time. With the scale of the mill, compared to some--the competition in the South American mills, like those mills are 3 or 4000 tons a day, where this one's only 1000 tons a day. So it really depends on the use of the pulp. If the needs of the buyers are long fiber then that's what we have with our particular species of trees we use, so that's an advantage.

Sam Perren: Yeah. Well that's interesting. So the prospects for the mill looks like it's going to have to stick around, whether it stays in Domtar's hands or not, sounds like there's a few things going for it.

Mel Johnson: Yeah, I think so.

Sam Perren: So, now there's just the one line left, is that right?

Mel Johnson: Yeah, that's right.

Sam Perren: And that's the one that's the long fiber line that seems to have some other uses besides just going to the paper mill.

Well, very interesting. I don't think I've ever heard that before speaking with you. And really appreciate the insights into that. I mean a lot of people are aware of the mill, but I'm sure most people have no idea anything about it other than the smokestack.

And I guess that's another thing, is I guess Kamloops used to have a reputation for being, you know, kind of a stinky town. But they spent several million dollars, I saw in the paper a couple years back, on upgrades to--

Mel Johnson: Yeah, they did. They reduced the particulate coming out of the stack as well.

Sam Perren: Yeah. And now most days you don't notice it at all.

Mel Johnson: No, no. It's been around for quite a few years.

Sam Perren: Well, that's awesome. Thanks for those insights. So what are you up to now, and what are your plans for the future?

Mel Johnson: Well, I'm still enjoying retirement and grandkids, and we would like to travel a little bit more. But I must say it was nice to get back to Canada after 5 weeks in Europe. We'd like to actually go back East - and we've been to Eastern Canada before in the fall, and just had a great time, with the colors of the leaves back there. So we're thinking we want to do a little traveling in Canada. But we're still thinking, nah, maybe we'd like to go to Asia, Southeast Asia for another trip. I think I'll look at some more investing in Kamloops, just got to find the right deal. That's probably about it.

Sam Perren: Well, sounds like life is going very well for you, as a result of lots of hard work and some good decisions along the way, and trying out different things. So, things will be different now I suppose. The economic state of affairs is different than when you first started, and interest rates are low. You had a house when interest rates were high there, everybody seems to know about the 80s.

Mel Johnson: That's true.

Sam Perren: But what advice would you give to somebody, given all of your knowledge and wisdom that you have. For somebody just starting out, what kind of advice would you give to them?

Mel Johnson: Well, I think I would encourage them to buy a home as soon as they can, but to different it strategically and have one with a suite or suite potential, to help them with the mortgage payments. And then I think-- well, maybe even before that, to sit down and put some thought into what you want to do in life, and to put it in writing. I've certainly found that when I write things down I'm more likely to achieve them. You know, you dream about things first, you think about them, but executing your thoughts and plans is the key to making things happen.

And hang out with people who are successful and like-minded. I really found this real estate group was a real plus in terms of generating ideas for me, by just listening to other people and hearing what kind of deals they'd made. Even though they may not have money they found a deal, and if they find a deal and it's a good deal the money will find them if you hang out with the right people.

So I think it's important to really talk about your future and come up with a plan. Obviously it'll change over time. But to write it down.

And the other thing, at least in the Real Estate Action Group I found, and I think it's totally appropriate, is to have somebody hold you accountable. And it might be your wife or a girlfriend or other or whoever. Because I think a lot of the things that don't happen are because we kind of procrastinate or whatever. But if you have somebody that's tapping you on the shoulder saying, "Hey, you were going to do this, have you got it done yet?"--in a nice way, but I think that'll help you to get to where you want to go.

Sam Perren: Yeah, I think that's really good advice. I started back in 2008, and every year writing a 5 year plan. Because I mean if you plan too far ahead, any further than 5 years, I mean so much can change. And even in a 5 year plan--every year I update my 5 year plan, and it's really interesting to go back and read what I wrote in 2008, and in some aspects I'm way beyond anything I could even imagine there, and other things my goal has completely changed, so I never even completed those things. But yeah, I totally agree with you, the power of writing down your goals and what you want. And yeah, there's something about it. It really ingrains it into your psyche.

Mel Johnson: Yeah, you got to go from dreaming to writing it down, making a firm plan and then executing it. And you know, it's amazing what you can do. A lot of reasons we don't do things is because we're afraid, and then when we actually get in there and do them they're not nearly as bad as we anticipated them to be.

Sam Perren: Yeah. And then I guess when you write it down then you can break it down into smaller steps so it doesn't seem like such a big undertaking.

Mel Johnson: The Real Estate Action Group, they actually say break it down to weekly and maybe even a day plan: what are you going to do Monday, Wednesday, Thursday, or whatever days you're going to do it on. And, little chunks. And focus on the most effective things. You've got to determine what's the most effective things.

Sam Perren: Yeah, little things I guess, like "I'll look at one property a week."

Mel Johnson: Yeah, exactly.

Sam Perren: Or run the numbers on 3 deals, or put an offer in at least once a month, or whatever the case may be.

Mel Johnson: Yeah, make lots of offers because, you know, you've got conditions on them so you're not necessarily locked in, but hey put in a low offer and you got accepted, then hey.

Sam Perren: Yeah. Well it sounds like that Real Estate Action Group is a really great group of people. And that's not a group that I've been affiliated with yet, but let me tell you, you've really piqued my interest. I think I'd want to check them out.

Well, thanks so much for sharing your insights into the Kamloops economy now, and kind of your journey and your story. I know that listening to people's stories is certainly something in my life that has inspired me to do the things that are getting me where I want to go. So you never know who you're going to help by just sharing your story. So that's wonderful. Thank you so much.

Mel Johnson: It was my pleasure.

Sam Perren: Yeah, thank you. So before we disconnect here, is there anything else you want to share?

Mel Johnson: Well there's a little saying that I think originally came up in a church sermon. And I don't know who made the saying, but it says, "Life's greatest opportunities are cleverly disguised as impossible tasks." So, take on some challenges you think you might be afraid to take on. And I like a challenge. It's good to take on things and then find a solution.

Sam Perren: Yeah, absolutely. So I was just writing that down: Life's greatest opportunities are--

Mel Johnson: Cleverly disguised as impossible tasks.

Sam Perren: Well, isn't that the truth.

Mel Johnson: Yeah. Kind of really stuck with me. I heard it about 12 years ago or something.

Sam Perren: So, life's greatest opportunities are cleverly disguised as impossible tasks.

Mel Johnson: Yeah. You think about all the inventions, and putting a man on the moon, and all those things, somebody had an idea it could happen, and in time it did.

Sam Perren: Yeah. Flight, you know, the Wright brothers, right.

Mel Johnson: Yup, totally.

Sam Perren: Yeah, you know, it's absolutely amazing what human ingenuity. I know there was recently a rerun of Apollo 13. And you know, these guys are in the rocket, and they don't have enough air to get home. So the part of the show that really sticks with me is where all the engineers are on earth and sitting around the table, the conference table, and up comes their team leader with a box. And it's full of this stuff that they have aboard the shuttle, and he goes, "We've got to figure out a way to make this carbon filter fit into this hole" - and, you know, one's round and one's square and they've got to figure out a way - so yeah, that's a really great thing. And that's the first time I've heard it. And I really appreciate that. It's something I think I'm going to put up on my wall in my office there.

Mel Johnson: Yeah, I remember that scene from Apollo 13 that you were describing, the cardboard box. And didn't he also say "Failure is not an option"?

Sam Perren: Yeah. You know, pretty inspiring. I mean I love these true life stories. You know, I'm not--my wife Marcie, she likes to read a lot of novels. And

they're interesting, and I used to enjoy those. But I find so much inspiration in non-fiction. That's what I always ask for Christmas--you know, my mother-in-law ask me, "What do you want for Christmas?" I say, "Get me someone's biography," right.

Mel Johnson:

Yeah, great.

Sam Perren:

I just finished Steve Jobs. Yeah, interesting. It's interesting what you can pick up from some of these real life stories. Inspirational stuff, and lots of good lessons. You can get a lot of lessons without going through the pain, just by listening to what other people do.

Anyway, that's it for the call.

Mel Johnson:

Well, thank you very much.

Sam Perren:

Thank you, again.

Mel Johnson:

We'll talk to you soon.

Sam Perren:

Yeah, we'll talk to you soon. I'll just hang up here. Okay.

Mel Johnson:

Okay, good. See you.

Sam Perren:

See you, Mel.

Mel Johnson:

Okay, bye.

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