EPISODE WS1599

[INTRODUCTION]

Sean Donnelly (SD): So just keep going. So does your point: have grit, have that hustle, have that passion. And they'll see you through and that came from my father, first and foremost, just saying, never give up on yourself, whatever it is that you're going to, go after with passion. So I certainly have held on to that. That's not just an investment advice. That's life advice, if you will.

[INTERVIEW]

Deana Berg (DB): Hello, this is your Daily Real Estate Syndication Show. And this is Deana Berg standing in for Whitney Sewell. Hey, I just want to thank you all of the faithful listeners who have been with Whitney for many years. I know what it's like to faithfully listen to a podcast, and have a new host, sometimes guest hosts and can take a minute to get used to that person. So I just want to thank you for allowing me to win your trust. And I want to do well by all of the listeners that have followed Whitney for all these years. So, thank you so much.

Let me talk about today's show. I'm very excited to introduce to you Sean Donnelly. Well, Sean is still heavily invested in the equities market and holds a small portfolio of rentals. Actually, I think he just recently liquidated all of those, but I do know that he strongly believes in passive investing. I know that he believes it is the best way to offset the cyclical nature of traditional investment vehicles. As well as avoiding the headaches of direct property ownership, we're going to talk about that. What Sean likes most about syndications and the space is that the investment opportunities are not one size fits all, and that the community of investors genuinely wants to help. So I'm gonna welcome Sean to the show. And I hope you enjoy today's episode.

Sean, welcome to the show. I'm so glad that you're here, I am thankful that you're giving us your time. I know that you have a lot of valuable things for our listeners to learn from, I'm excited to be able to really hone in on the passive investor side of things. We have a lot of listeners who are operators, but we also have a lot of listeners who are passive investors. And so the better content we can provide for them from lessons learned, visions, thoughts about the future and what you're doing now. I think it'd be really helpful. So thanks for being here.

SD: No, thanks so much for having me. This is gonna be fun.

DB: Good. Why don't we start with a flyover? Why don't you give us a little bit of perspective about where you've come from, who you are, and where you're at right now?

SD: Sure, well, physically, I'm sitting in a suburb of Columbus, Ohio, but I've lived in eight states, 10 different cities. And I'm here for my W-2, working for a reinsurance company. So we basically work in the risk transfer business on the finance side for insurance companies. So basically, insurance for insurance companies, and I've been doing that for almost 27 years, been married 26 years, have three kids, two in college, one in high school. So hence all the gray hair for those that are looking at this podcast versus listening to this podcast.

And yeah, you know, I'm continue to be heavily invested in the equities market, but a number of years ago, got into the active side rentals, several rentals, and then towards the end of 19, more so in 2020, jumped into the passive investing side. And that's really what my passion is, and stays is the passive investing, learning about passive investing, learning about different asset classes, helping others learn because it's, you know, we're all at the infinite stage at some point, right, as far as growing and learning and that, that learning curve, so I enjoy that very much.

DB: So let's talk about that transition point. And also what that felt like for you. I like to ask folks that I interview. Did it feel a little bit scary for you jumping into one type of investment into equities into real estate? What was it like when you entered into your first passive investment and really trusted somebody else to deploy and administer and manage your capital? What was that like? And when was that?

SD: So we'll go back to the first part of your question. I first got interested in real estate at a very, I'll say the year and everybody will understand when I say a very tough time, it was 2006-2007. A very close friend of mine came to me and said, Hey, I'm thinking about flipping a house. Are you in? I'm right. I didn't know anything about flipping. But I said, Yeah, sure. Why not? What else do I have going on with my time, my wife certainly felt differently about where my time should be spent. But we jumped into that. And I like to say that it was a college course, we did not make any money. We lost money, but I chalked that up as tuition, to learn about real estate. Thankfully, we didn't lose a ton.

But it was enough that made me more interested in it as opposed to driving me away. And from that experience, I learned man, there's a lot it's like an onion, there are a lot of different things that you can do within real estate. So from there, I just started poking around and thinking about a little bit more, waited for the market to cool off and get a little bit better as we got through 2007 and 2008, of course, did not flip again for many, many years, because I knew that that part was not my expertise.

DB: I want to go back to something that you mentioned before you go on. Your wife was not into it. Let's talk about that. I always think it's really interesting from the perspective of couples on how you approach investments. Now this was a while ago. How has that evolved into where you are now? Is she on board, and how did you overcome that hesitation on her part?

SD: Yeah, I would say the hesitation remained, it did not necessarily go away. She was pregnant with our youngest child and going down and tearing off wallpaper. I'm gonna flip a house. Yeah, asking her and my Bice wife to come down and tear off wallpaper and paint and do things like that we're not on her radar screen,

DB: Nevermind the asbestos risk.

SD: Oh, it was, I mean, believe me when I say this house was, it was a piece of work. So needless to say she was never fully on board with that, right. But she understood and was supportive of me and in trying to investigate other ways within the real estate industry to figure out something that made more sense for me where I could put my skills to work, you know, match paths to talent, if you will.

So she was supportive in that regard. So fast forward to passive investing. Before that the act of investing where I had property management involved, right, I knew that I wanted to get into the active side, actually own real assets, as opposed to paper assets, get something that was not correlated to the market, but also diversify from all the stuff that I had in the stock market and retirement accounts and things like that.

So she was certainly supportive of that and thought, Oh, that'll be neat for you. It'll keep you busy, maybe keep you out of my hair, you know, whatever the case is, but she along the way, then became frustrated for the same reasons that I was getting frustrated with property management, I had two different property managers, depending on if I had duplexes or single family homes.

My single family home property manager was excellent and awesome. The duplex property manager not so much. And that became a very big headache for me over time, I was essentially managing the property manager. And so she would see that stress.

DB: Why wasn't your property manager the same? Were you in different areas of town, I was in different areas of town?

SD: That didn't necessarily matter. My single home property manager did not do that. That was not his forte, he was not a multiple door property manager. He was only a single family home manager, otherwise I would have asked him, believe me, I'm like, Hey, I'm gonna venture into this realm, would you do this, and he's like, I'm out. Sorry, I only do this, I stay in my lane. And he was good at it so he knew right away.

DB: You know, property managers, I feel, are often the turning point into the passive investor. It really makes or breaks an investment. Either you have a really good one. And that's your experience, or you don't I mean, my first foray into single family home, you know, investment was, we were remodeling our primary residence, it was going to be a year and we were like, Let's just buy another home and live in that then use it as an investment instead of dumping all that money into an apartment, right? So we did that.

We moved out the second month, our property manager of having property management, the neighbor calls us, we're out of town on the Fourth of July. Why is there caution police tape wrapped all the way around your house, and there's cops everywhere. So there was a shooting on our property. So we were like, single family home investment may not be for us. So I mean, the property manager had no idea, and didn't do anything about it. So it's interesting exchanging property management experiences, because it can be one of one or one or the other.

SD: I do feel like your experience, my experience with it, I feel like that is the majority, unfortunately, of people out there that just unless they're managing the properties themselves, which I just didn't have the time for that. And again, not my skill set, so I wasn't gonna, I wasn't gonna go down that road. So I knew that.

But I feel like the majority of people, at least that I talked to you now in the past, who have sold off or are in the middle of selling off or getting out of the act of space, had just a negative experience. And that is a broad brush.

DB: Most of us start self managing. I'm impressed and surprised. Maybe it was because you had little kids at the time. You know, usually you start with the self managing and you're like, I know, I'm gonna go to the school of hard knocks, but I better learn it. Well, fast forward, I think you really made the wise decision.

SD: Well, I think part of it goes back to that first flip that we were doing, you know, that was us. We didn't hire anything out. Well, we did have my buddy's dad, who was very handy, do some, but as far as professional people come in, no.

So that was us learning the school of hard knocks, going through the school of hard knocks and learning it from you know, soup to nuts, some of the stuff and we made a ton of mistakes and learned along the way. But it was that experience that took me into active, but then to say, Okay, I don't want to do this.

I don't want to feel the phone calls. I don't want to hop in the car and have to deal with all that stuff. I'll let somebody else that is supposedly a professional, that's really good at it. Go do that.

DB: I just want to pause and highlight this because I think so often, we can dabble in something like real estate investment. And we feel like it's either I'm gonna pass or fail. And if I am going to try this thing, I'm gonna risk. There is no gain without risk, right? And so we're like, I'm gonna risk this. And if I make it, I make it; if I don't, I'm never touching this again. I love your perspective. And you're like, hey, I failed the first time, and I learned a lot of lessons, and now I'm going to apply that.

So I want to just pick that out of what you're talking about. Because I think it's easy to say I was right I should have never done this. But look what you would have missed out on, you know, or any of us had we walked away with the fail.

SD: And I will say it took me some time before 2008 when we sold that flip before I got back on the active side. It took me some time it took me a few years to sort of say okay, I'm okay with the failure if you will. Again, I chalked it up as a college course that I was able to write off on my taxes, I chalked it up as tuition and figured out okay, what is it? I spent that time trying to figure out?

All right, I know that there's like I said, it's an onion, there's a lot of layers, we can peel back, what layers do I want to tackle next? What makes the most sense? So it did take me some time. So don't I don't want listeners to presume or jump to the thought that, you know, the very next week or the very next day after failing on that flip that I jumped into something else. I did take some time to think about, okay, what do I really want to do? What do I want to try to seek out next?

DB: And so is that when you went into a more passive opportunity,

SD: So I was in the active space for half a dozen years or so, and a good friend of mine, Jim Peiffer, who he and I worked closely on left field investors, which hopefully we'll get into down the road, he brought a passive idea to me. He was also an active real estate owner, and investor.

And he was digging into the passive side and doing some passive stuff. And by nature, I spent a lot of time underwriting thinking through situations, changing my mind, and everything that we had countless Happy Hour meetings, beers and lunches, and some dinners, and we would talk about this, and it just all seemed too good to be true, except for the fact that yeah, the only part that was scary was you're sending your money off to somebody that, you know, normally a total stranger, maybe after a half hour or 40 minute conversation, put that aside --

DB: Not an inconsequential amount either.

SD: So right, exactly, yes. Which I will say I'm not sure I was telling my wife, the entire story, you know, up front with that, which was great. She's, again, she's been supportive. But put that part aside, the other pieces all just seemed too good to be true. So I give this person my money. And every month, there's, you know, X percent coming in cash flow. And then on top of that, 3, 5, 7 years down the road, if they sell the property, I get to share in the profits like it just didn't make sense to me, right, it was just a, again, it was a layer in that onion, but it was just so completely different than anything that I had been investigating or knew anybody to be involved with.

So that took me some time so I probably spent the better part of two years, 18 months or so before I jumped in and did my first passive investment. And then I can tell you from then on, like I said, I was late 19. And now I'm approaching 35 different paths and opportunities that I'm in. So I very quickly learned that yes, this is for me, this is part of the onion that I was looking for this is tasked-to-talent because I like numbers, I can dig into numbers, I can do a fairly good job of differentiating good deals, bad deals, and even the bad deals maybe just not ideal for me. So holding myself accountable to what my goals are., so this passive space very quickly became this is my thing.

DB: This is your thing. So wait, how many beers did you drink before you like moved? Because I have a friend like that, too. We were getting into the space. Lindsay Massengale. If you're out there, this is you, we would sit around, we would meet once a week, and we would be like this is the numbers just look too good.

So I think it's helpful for listeners who may be on the verge, or like if you could milestone for us what it looked like you did your active investment. And then when did you and Jim start sitting down and chatting? And how long was it then after that until you jumped off and made your first passive investment?

SD: Yeah, well, I was still hanging heavily actively investing when we first had conversations about passive investing. So I would say that was probably like late 18, middle of 18, something like that. So again, it was a good 18 months or so before I wrote that first check and sent that first check off, you know, it was probably maybe 16 months before I had the first phone call, got up the nerve to actually call somebody and not know, an operator that I didn't know.

And I didn't know much about the deal. And I didn't know how this call was gonna go. And then it was, you know, roughly a two-month timeframe, two-and-a-half month timeframe before I got up the nerve, then to call the bank and you know, wire some money.

DB: Let's talk about that phone call. This is important. This is like my job. I'm an investor relations specialist. So I have these phone calls all the time. And I wonder if I would have guessed if it was your first phone call? Like, what did you guys talk about? What was your impression? And what would have been important to you that maybe wasn't covered during that call? Or was important that was covered?

SD: Yeah, no, it's those are both good questions. And I would say you wouldn't have had to guess if it was my first call because I think those were the first words out of my mouth very nervously right. This is the first time I've ever made this call. I don't know. You know, I don't know how it's gonna go. I don't really know that much about your company.

But I was just vomiting right just diarrhea of the mouth, just being totally honest and transparent with this person. Now, I will say I will back up just a little bit in that. What was nice at this point in time, with the help and guidance of Jim and some others. We had developed a checklist of questions that you should come forward with or be prepared with. Now you're not going to get through all these questions in plenty to say a 60-minute conversation that you may have with one of these folks, but I at least knew something was right.

But man, I was afraid that we're going to get too far into the weeds because I didn't know much above that. Here's a question to ask to get your answer. Move on to the next question. If we're going to spend a lot of time on one, you know, any particular question, odds are I was not going to know where to go from there. It was a great call from the investor relations guy, still a good friend of mine, we text back and forth on, you know, several other deals, so welcoming, so honest and warm, and just made me feel like he was sitting in Columbus.

And we're just having a chit chat, right over drinks or a sandwich or something. It was great. And he just allowed me to go through the questions that I wanted to go through and get the answers that I thought were the right answers. And then I followed up with an email with a few other questions that I thought of after we hung up, which is what he offered up, hey, if you think of something after we hang up, feel free to reach out.

DB: Okay, so then the private placement memorandum? What is this document? And how was that for you? I remember my first private placement memorandum and I remember thinking, should I call an attorney? Like, is this it? You know, I know something is embedded in here that is intimidating, this 90-page document that you're supposed to read as you're falling asleep in bed? You know, I'll just take care of this in the evening. And it's like, oh, man, how did you approach the private placement memorandum?

SD: Well, and that's part of the reason why from the phone call to funding, it took me some time, like I said, two, two and a half months, because the deal that was active at the time I called had since closed.

DB: Yeah, it's like, wow, that's a long window.

SD: It was gone. Like I didn't act soon enough, but I wasn't planning on it. But what was nice was I was able to get a copy of the PPM for that deal, and go through it and kind of go through it. Yeah, exactly. So that was ready to fund a deal. And the deal came around, I knew what to expect. So the second time going through on the active deal that I was funding, I just went through to make sure that it looks very closely and read the language and the verbiage was very similar to the practice one, if you will, that I went through. Yeah, I would say there was some stuff in there that I wasn't quite as familiar with.

So I'd get on Google and check it out. But again, I had that timeframe. Right. I had the ability, I had time on my side to just go through and figure out okay, what don't I understand? I do have a buddy, that's a lawyer. So I wouldn't take up a lot of his time, I would say I was uh, you know, I was responsibly asking him some pointed questions and trying to target some things that I knew I wouldn't be able to find or wasn't as comfortable with. By the time I was able to fund, I got to that point where I felt comfortable enough to fund. I was comfortable with the PPM, but that was just that one operation, right? I mean, everybody's got their own PPM. So it's, you don't always have time on your side, that's for sure.

DB: So 35 syndications, later, how do you approach the PPM as opposed to combing through it, running it by your attorney/friend? What is it? How does that look differently now?

SD: So now, I would say I'm a little embarrassed to admit, I don't spend as much time clearly I don't spend as much time with a BPM, especially if it's with a current on operator/sponsor that currently invests with right because I know what to expect. So I will still look through it but at a much different pace than I would have. If it was a new one, there isn't a whole lot of new, I say new by definition, new investor new or excuse me new sponsor, a new operator that I'm investing with right now. If I were then I think what I would do is take the same approach. I need some time.

I want time on my side and go out and spend weeks, months, whatever going through the PPM, not that you need that much time, but I do have a W-2. So it's I'm doing in piecemeal, right? I'll pick it up, look at it, put it down, pick it up a little bit later. Look at it, put it down. So it's not like I'm sitting through gosh, what is this guy? Why does he take two months? Is it because I'm not sitting down one string of time and looking at it piecemeal?

DB: So I also have a question about the PPM in light of your many investments, is there a portion of that? And I don't want to get too into the weeds? I'm just thinking if anything pops out? Are there any questions that you would answer as a new operator? Let's say that you could say, Hey, could you draw my attention to where this is in your private placement memorandum? And what do you see as the greatest variables from one operator to the next, if any?

SD: Yeah, well, it's certainly there's a lot of variables, right, depending on the asset class, but certainly the payouts, the waterfalls the whole times, again, depending on asset classes, so some of that stuff, obviously is going to be in the PPN; some are not; something that is going to come out in the conversation that you're going to have. I'm more concerned with what does the GP responsibility look like in the PPM versus the LP responsibility? And that does vary.

You know, sometimes it doesn't vary based on operator or sponsor because they just boilerplate and it's just a new deal and they keep the language the same, but sometimes it does, but certainly within different operators and sponsors that looks very different. I'm very curious about what that looks like. And, and then also, like I said, just you know, The compensation, what's the payout and looks like the percentages, the waterfalls, those kinds of things? And does it match that was set in the webinar? Does it match what was said in the email that was sent out to folks? And there has been some disparities, not large ones, but there has been some stuff that has come through in the PPM that was different than what was discussed in the webinar, or that what was put out in the hardcopy, you know, the deck pages or the deck slides.

And so there's something that obviously leads to some questions: why this or why that? And I've never gotten an answer. That doesn't make sense. It's usually Oh, you know, these were the assumptions that we made. And now it's been a couple of weeks since the PPM came out. And now the assumptions have changed for whatever reason could be, you know, the bank, or just the terms that they ended up coming to. So there's usually some pretty good, relevant, legit answers when I do find something that doesn't make sense,

DB: Right. And I would just say to, you know, if you're if you're newer to passive investing, or even if you have 30, to 35 syndications, the PPM is kind of an evolutionary learning process, you know, you can continue to broaden your understanding of how it all works. I mean, I don't want to be an attorney, the language is overwhelming. But just curious.

I mean, I'm shifting here going back, and we'll come back here. Did you have someone in real estate investment influence when you grew up and your wife, I mean, just thinking about her initial reaction, and how you guys have gone down that road, who taught you about real estate investment? Or where did that cultural piece come from in your family?

SD: I would say I didn't, I did not have any background in it. I mean, the only person I can think of that, you know, maybe down the road, I had an uncle who was a dentist and owned his practices and owned the partnership that owned the office buildings and stuff, but I never got into those conversations.

For me, it was to go to school, major in finance. So in the business college, you get out, you get a business degree, or you know, you get a business degree, you get out, you get a job in the business world, and you go from there, and you put forth the best effort that you can and use W-2 and you stockpile your money in all the retirement accounts that you can, and then you go from there.

I say from there, it was really my buddy that knocked on my door that Saturday morning saying, 'Hey, I'm gonna go down and look at this house. And I'm thinking about flipping it, would you want to join?' I mean, that was literally the first time that I thought, okay, there's something else out there that doesn't involve me having a real estate license, or you know, that I don't have to be hustle and grit. Right?

DB: Yeah, that's exciting. So what about I mean, would you say that there was anyone along the way, whether it was in business school, or your your buddy that has given you investing advice that you've held on to, as you've made the transition from passive as you go deeper and deeper into passive, anything that sticks out to you?

SD: I mean, I could go back to my days in college, right? And even in my MBA and talk about professors that were very influential, but as far as, you know, a specific quote, or a specific way to do things, and then I've sort of held on to that, I would say no, except for the fact that my father, first and foremost, just say, never, never give up, right. I mean, that sounds like an old cliche, but I had a quote, he and I are both runners. I grew up running. And that's sort of my background as a kid, I would run. I ran my first race when I was five.

And I did that with my father. And, and so I had a quote that I came upon when I was in high school that you don't have to be the first, just be the swiftest, right. So just keep going. So does your point: have grit, have that hustle, have that passion. And they'll see you through and that came from my father, first and foremost, just saying, never give up on yourself, whatever it is that you're going to, go after with passion. So I certainly have held on to that. That's not just an investment advice. That's life advice, if you will.

DB: Sure. How have you translated or demonstrated the power of real estate investment to your own kids? Or have you?

SD: Yeah, so they certainly see me doing what I'm doing more. So I would say on active site, they knew that I was because even though I had a property manager, it's called active for a reason I was still active, right, I was still going to see those properties from time to time, not very often, but time to time, they would see me sit down every month with all the reports, and I would do my own p&I, my balance sheets and things like that. So certainly they've had that exposure, more so than the passive side.

On the passive side, really, when I was getting into it was during COVID. And so we're all at home, right? The whole world was shut down, and we're at home, but there were still deals going on. So that was one thing that you could still do from the comfort of your home: you could look at a deal, you could wire money, you could have conversations, you could do that stuff. So at the dinner table, I was often talking about, hey, I'm doing this asset class, or I'm thinking about this.

So they would get into it and ask me some questions. The three of them are very, very different. And they're not there yet as far as wanting to be very involved or no more than what they know right now. But my hope is down the road as they develop their own passions and mature a little bit more and see what it's all about and what it's done for me and them. They are a family that will get more involved, maybe ask them more questions. And I'm going to continue to poke and prod a little bit and force for some of the knowledge their way.

DB: Okay, well, I'm just keeping an eye on the time, I want to make sure that we have time to hear about your involvement with Left Field Investors. But first, I have one question. You have quite a few syndication investments, just as a practical, how do you keep track of these?

SD: Great question I have an Excel spreadsheet, it's pretty robust. I'm old school that way. There are several platforms out there, but I just have not found one that there's some that are really good for this or for that. I just haven't found the one that I'm comfortable with for myself. And part of it is I built the spreadsheet that I used when I was in one deal, one syndication, and then it was two and then three.

And obviously, I'm comfortable using it because I know it and I know what I want it to spit out for me. So not a great answer for people that are really tech savvy or looking for that, you know, new shiny gem out there. There are some good platforms out there. I just happen to use. I am old school and using an Excel spreadsheet.

DB: So you and Jim grabbing some beers together grew into something else. Let's talk about that.

SD: It's grown into something else that we did not envision. And I mean that in a good way, through our conversations, you know, I became more overtime and more beers and meals and meetings, I became more invested in more curious and intrigued about passive investing. Well, March of 2020, I think it was March, I used to know the date, I think it was March 19. Or somewhere in the middle of March of 2020. Jimmy had to organize a small group of people, it was gonna be 12 people meeting in a restaurant in Columbus, Ohio, and was only gonna be 12 Because that was we had a private room reserved. And that was the max allowed. And it was going to be local people meeting up with different walks of life in the real estate space. Some weren't invested in real estate, but they were curious about real estate, many of us active and then we all know what happened, the world shut down.

And we could not hold our meetup. It was going to be CPIG, Columbus Passive Investing Group was our name - not a not a great acronym. We have since obviously changed. You know, we changed names. Yeah, it was fun. We were coming up with logos. And we were having fun with it. But the beauty is, because we couldn't hold that meeting, we went to this format, we went to a Zoom format, and we were able to invite all of our networks. And there's five of us that founded Left Field Investors.

So myself, Jim, Dr. Steve Suh, who is here in Columbus, Chad Ackerman, who's here in Columbus and Ryan, Steve, who's out in Montana, and the five of us have grown it into something that is way more than a meetup. It is a place for people to come and learn. It is truly unique in that regard, and that we don't you know, we're not syndicators, we're not operators. So you can't come to us and give us money for a deal. What we want to do is educate people in this passive investing space and make them smarter and better and understand the importance of due diligence. You know, our tagline is think differently, invest passively.

And that's, that's it, we want people thinking about this space, but doing it in a way that's, that's smart, and go about it in a way that's diligent and calculated, we know that there's the ability to go out there and get it go after a shiny object, right. And we all have that. And you know, as long as you know that you hold yourself accountable for that. I think that's okay. But that's not our goal.

Our goal is not to go after the shiny object, our goal is to go after people that go after knowledge, share that knowledge, and then find operators and sponsors that we know, like and trust and have that go out to the community. But it's not just the five of us doing that, it is all of I mean, there's, you know, of all the people that are in our community, there's several sponsors and operators that the five of us didn't know.

So it's people sharing all of those good and bad experiences. And then through that we've developed different tools to help people along their journey. Like I said, the checklist, when you call a sponsor, here are the questions that you should ask. Okay, well, now you've got a deal. What do you do? Here's some metrics that you can go through and check off that make it a good deal. bad deal.

DB: Sure. So how big is your community now you grew from? There's five of you. There were 12 seats at the original table. Where are you guys at now?

SD: We're approaching 2,000 members.

DB: That's amazing. So it's a membership you sign up for . It's like a subscription-based membership, you have access to different things. How does that work?

SD: So there's two. In our space, if you go to our website, www.leftfieldinvestors.com, that is free. There is a lot of stuff there. All you have to do is go to our website. There's a lot of stuff there that is available to anybody that goes to the website. Then there is a subscription membership annual fee. And what that does is it allows you access to our forum where we talk about a whole host of things.

We could be talking about a deal, we could be talking about, you know what's going on with the economy right now, we could be talking about different books that we like books that we're reading, why we liked those and then the tools - there's a whole section on our tools, the checklist, the deal checklist as well as a sponsor checklist. There's that paid membership gives you access to that information. And that's called the 'infield.' You know, we've stayed with this baseball terminology. The ironic thing is none of us are really baseball fans.

But it just seems to stick left field left field and passive investing is sort of out of left field, a lot of people don't know about it. So that was how that came about. So with the baseball theme, the paid subscription or membership is the infield. And that's what they have, you know, some access to some pretty special things that we've developed and make it only available to that segment of our community.

DB: That's amazing. So has anybody from the original five segued away from w two and is now this their gig? This is what's hot what they're doing?

SD: Yes. So we have Jim is a full-time passive investor, real estate investor, although he is also the frontman left field investors was his brainchild, right, we all follow him so much of his day, you know, like 26 hours of his 24 hours in a day is dedicated and devoted to left field investors. So I think he would prefer to have a little bit more time devoted to, you know, actively passively investing, which was what his goal was.

But this has just become such a great beast and animal that it's taken up a lot of his time, but he is full time passive investing. And then Chad Ackerman is part time at his W-2. And so he's got some time devoted to 100% of his time, it gets one day a week, as well as some other hours of the day, throughout the week. Certainly to FYI, that's what we all do. But one day a week. And then Ryan, Steve havesome dedicated time to Left Field.

And then Steve and I was Steve being a doctor and then myself working on a W-2, you know, we fit in where we can, and we try to do what we can but nothing compared to the to those three, because they have been able to carve out time and dedicated to solely to Left Field. But Jim, by far, this is his baby.

DB: So are there any local chapters? Does anyone ever meet in person? I mean, you did start on Zoom. We're kind of out of that. I mean, Zoom will always be here. But do you have any in person gatherings where folks can meet each other and network?

SD: Yes, we do, so there's a couple of things that have happened. We went to our first as a formed group, Steve, Jim, and I went to the IIREC last January out in Los Angeles. And that was our first time going out as Left Field representatives, right. And then we had a meet up in October, that was us, left field investors.

And we do a lot with tribe fest. And they're a big sponsor of ours and a big partner of ours and have been there from the beginning. So that was hosted and coupled with Tribe Fest in Columbus. But that was a Left Field event. And then we're going to the best ever conference this March.

DB: You come to my booth, I'll come to yours.

SD: Like it. Yes, very good. So all of us will be at the second half of the week, the first half of the week is the IIREC and the combining forces. So we'll have Jim and some others will be there for the first half of the week. But then all five of us will be there for the second half of the week. So that's us doing that stuff. But Boston folks have gotten together to do some happy hour stuff, left field. And then Phoenix has had their own little local meetup, if you will, people getting together, and I know of some other ones out there.

But those have been the largest ones so far. And where people have shared, you know, pictures of them getting together and meeting and having drinks and stuff. And then within our community we have two affinity groups, if you will, we have women in passive investing, who have joined forces and created their own little group within our community of left field investors. But then they're their own little segment. And then we have a new one that's starting, that's young professionals are young. Group of younger, passive investing professionals. Yeah. And that's all within our group as well.

So the larger we get, we understand the need, and we don't want to lose that intimacy, right? I think there's more robust conversations take place, the smaller the group. And so we understand the need for this. So we're allowing folks to, you know, if you're in Chicago, or San Francisco, or whatever, please go, you know, go form these meetups, I think it just contributes to the collective knowledge of the entire group.

And so these affinity groups will also do that as well, because there's just, you know, there's people that want, we have monthly meetings, but it's hard to voice, find your voice in those monthly meetings, or maybe you can't make that monthly meeting. And it's hard to find it in a forum as well. You want to have that personal interaction, and it just doesn't happen in a forum either. So we were very encouraging of these other groups that are taking place and forming pretty neat.

DB: That's great. Okay, we are just about out of time. But I want to ask you, and I know this is a question that could take a long time. But why don't you pick like three top points that come to mind? We're thinking about turning the corner into 2023. It's a new year, we're coming off of some Goldilocks years for real estate investment, which luckily for you, you were able to take advantage of, you just slid right in on time.

Love to hear your top three thoughts about what's going to happen with the market unfolding. We didn't really get a chance to get into different asset classes and your strategy and building your portfolio that would love to hear your thoughts on 2023.

SD: Yeah, so first off my the first thought comes to mind is I'm actively engaged in what's going on right now as far as deals that are coming in and underwriting those and doing due diligence regarding what's what's taking place, but I'm not, I'm sitting on the sidelines with my funds. So I'm engaged, I know what's going on, I'm still reviewing deals. But I think the second half of this year is going to be very interesting for those that have some dry powder. And so I'm waiting for the second half of the year to come.

Now, that doesn't mean that if something comes the next few months, that I would, I wouldn't do something, I just think the second half is going to be much better than this first half, and what we saw maybe, you know, late third quarter into the fourth quarter of 2022, I just think things are going to improve for people that are ready to take advantage of the funds that they're sitting on. So that's that one thought, too, is, and this is for people that are thinking about getting into passive investing, I'd be very leery about new operators, new sponsors, go with folks that have a track record and ask for that track record and ask for proof of that track record and ask for referrals because you said it. I lucked out, it's probably the one time that I've timed something.

Well, in my investing career, usually I'm buying high and selling low. But everybody was printing money, everybody was making money, the last three, four or five years, given the conditions that we had, right? So find operators that have a track record longer than that that may be, you know, had some experiences that weren't so great.

And ask them about that. How did you handle I guess that'd be my third point, make sure you're asking sponsors and operators about something that didn't go to pro forma, ask them how they handled that. Was it a bankruptcy? Or was it you know, a land development that you couldn't sell? Was it vacancy issues that you had? Now we're in a demand surge supply issue, you know, so how is all that factoring in your numbers? How but how did you at the end of the day, how did you address it? And then how did you communicate that to your investors?

That might be the one thing that, you know, in 19, when I got started doing this, that I didn't appreciate was the bad experiences, or the fact that there was a market before this market that wasn't as good and asking about Okay, so how did you? How did you perform in those years?

DB: Yeah, and hindsight is always 2020, even though in our own investment, maturation process, as well, so much more context becomes helpful, the more we know. But man.

SD: But that's what makes this great, right? I love this space, because I'm learning something new every day, not only about myself, but about this segment of real estate, you know, for whatever reason, that's what I like, because it's so nuanced.

DB: It is so nuanced, and there's limitless bunny trails that you can go down to improve your knowledge. So Sean, thank you so much for being here today. Thank you for sharing your experience, your transition and pivot from active to passive. And then I just loved hearing about left field investors. I think a lot of our listeners are going to find value there. How can they get a hold of you and find how to take advantage of that?

SD: Absolutely. So our website is LeftFieldInvestors.com And they can reach me at sean@leftfieldinvestors.com.

[END OF INTERVIEW]

[OUTRO]

Whitney Sewell (WS): Thank you for being with us again today. I hope that you have learned a lot from the show. Don't forget to like and subscribe. I hope you're telling your friends about the Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to LifeBridgeCapital.com and start investing today.

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