

**COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

DATE: August 17, 2007

SUBJECT: OCM Opportunities Fund VIIb

TO: PSERS' Finance Committee

FROM: Charles J. Spiller 
Director of Private Markets and Real Estate

On May 3, 2007, PSERS' Board approved an investment of an amount of \$125 million plus reasonable normal investment expenses, in OCM Opportunities Fund VIIb, L.P. The fund has additional capacity and PSERS has the opportunity to increase its commitment to \$225 million.

Based on the long successful track record of Oaktree, large experienced staff, and the increased supply of distressed debt opportunities, staff and Portfolio Advisors recommends that PSERS increase its commitment to OCM Opportunities Fund VIIb, L.P. from \$125 million to \$225 million.

The final close on this Fund is September 1, 2007, which is prior to PSERS' next scheduled Finance and Board Meetings.