§ 136. Agreements with political subdivisions. 1. By the adoption of a resolution in the manner provided by subdivision a of section thirty of this chapter, any political subdivision may elect to extend old-age and survivors insurance coverage to its eligible employees pursuant to this article. It shall thereupon submit to the director a proposed agreement for obtaining such coverage for such employees. Such agreement shall include such provisions as may be required by the director to effect the purposes of this article.

2. The director shall approve any such agreement or any modification thereof which is in conformity with this article and the regulations of the director, and such agreement or modification shall become effective in accordance with the terms of such approval. Subject to the provisions of the federal social security act, any such agreement may be made retroactive where authorized by the federal social security act, in which event necessary contributions shall be made to the contribution fund by the political subdivision and the employees covered by such agreement for the period of employment prior to the date of approval of such agreement. No agreement or modification thereof shall be approved unless:

a. It is in conformity with the requirements of the federal social security act and with the agreement authorized to be entered into by section one hundred thirty-three of this chapter.

b. It applies to all services which constitute employment and which are performed in the employ of the political subdivision, provided, however, that the director may permit such political subdivision to exclude from coverage under such agreement, in accordance with the federal social security act, classes of employment where the director shall determine that old-age and survivors insurance coverage for such classes is impracticable.

c. It provides for such methods of administration of the agreement by the political subdivision as are found by the director to be necessary for the proper and efficient administration of the agreement.

d. It provides that the political subdivision will make such reports, in such form and including such information, as the director may from time to time request, and comply with such requirements as the director or the federal secretary may from time to time find necessary to assure the correctness and verification of such reports.

e. 1. Notwithstanding any other provision of law, the board of estimate, if there be one, or the local legislative body where there is no board of estimate, of any political subdivision, in its discretion, may exclude from eligibility for membership in any local pension or retirement system maintained by such political subdivision, or any agency thereof, any class or classes of offices or positions in the service of such political subdivision, or any agency thereof, where coverage of such class or classes by old-age and survivors insurance under the federal social security act would, in its judgment, be advantageous to those serving in such class or classes. The exclusion of any such class or classes shall not become effective until an agreement shall have been entered into with the state of New York to extend old-age and survivors insurance coverage for such class or classes as provided in this article. The exclusion of any such class or classes shall not affect the membership of any officer or employee in any such pension or retirement system.

2. Nothing in this section shall be construed to deny to any member of any local pension or retirement system maintained by a political subdivision, or any agency thereof, of credit therein for service in any position for any period during which old-age and survivor's insurance coverage under the federal social security act was provided for such position and during which incumbents of such position were ineligible for membership in any such pension or retirement system.

3. The power to exclude employees from eligibility for membership in a local pension or retirement system pursuant to subparagraph one of this paragraph e shall terminate with respect to any such system on the day after the modification extending the old-age and survivors insurance system to any position covered by such system is executed.