§ 32. Participation by certain New York city libraries. a. The boards of trustees of The New York Public Library, Astor, Lenox and Tilden Foundations, The Brooklyn Public Library and The Queens Borough Public Library, which organizations employ persons engaged in service to the public, by resolution legally adopted and approved by the comptroller, may elect to have their employees become eligible to participate in the retirement system. When such election is made by the board of trustees of any such library in pursuance of an agreement or plan concluded between it and the city of New York, for such of its employees whose salaries and compensation are paid from appropriations to such library by the city of New York in its budget, then such board of trustees shall also elect by separate resolution to have such of its employees, whose salaries and compensation for services are paid out of its own corporate funds, become eligible to participate in the retirement system.

b. Acceptance of the employees of such an employer for membership in the retirement system shall be optional with the comptroller. If he shall approve their participation, then such organization shall be treated as if it were a municipality that has approved the participation of its employees in the retirement system as provided in section thirty of this article. The comptroller shall determine the amounts of contribution payable by such libraries and their employees, and, in all other respects in so far as this article covering such a municipality is applicable, shall similarly treat all such employees.

c. When, as a condition of a contract or plan concluded with any one of such libraries, a number of whose employees are being paid from salaries and compensation for services out of appropriations as aforesaid, the city of New York obligates itself in any manner to pay or cause to be paid deficiency and normal contributions on account of such employees to the extent of, and not in excess of, a certain specified rate based on a fixed percentage of the payroll appropriated, then the comptroller shall have power to accept the participation of all the employees of such organization on the same terms and subject to the same limitations as provided for under both aforesaid resolutions. Such employees shall in all other respects participate in the retirement system as provided in section thirty-one of this article.

d. Should there be a default in paying or causing to be paid pursuant to any contract or agreement with such employer the deficiency and normal contributions on account of the employees of any such library, whose salaries and compensation for services are paid out of funds appropriated by such city, or, if the amount of such contributions required to be paid by such city, pursuant to any contract or agreement made prior to the first participation of such employees, a copy of which shall have been filed with the comptroller, is, in the judgment of the comptroller, insufficient and inadequate to continue the membership of the employees of such employer in the retirement system because of the limit set in such contract, then such employer shall immediately be relieved and exonerated from any duty or obligation to any person whatsoever from making any contribution on account of any or all its employees. A certificate to such effect shall be sent to the employer and to the state superintendent of financial services. All members of the retirement system, who were employees of such employer at the time such certificate is issued, shall thereupon be entitled to discontinue membership as provided in section thirty-one of this article. Any such employer, however, within thirty days of the receipt of such certificate may notify the comptroller that it elects to continue the benefits of the retirement system for such of its employees whose salaries and compensation for services are paid out of its own corporate funds.

e. Notwithstanding anything to the contrary, the retirement system shall not be liable for the payment of any pensions or other benefits on account of the officers and employees or pensioners of any employer under this section, for which reserves have not been previously created from funds contributed by such employer or its officers and employees for such benefits.