Downtown Hilton clears financial hurdle; building could begin soon

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Financing for a $5 million downtown Rapid City Hilton Hotel is arranged and construction could begin next week, part-owner Delbert Bjordahl said.

Documents for financing the eight-story structure at Mount Rushmore Road and Main Street were signed Tuesday morning, ending six years of searching for backers, he said.

"Nothing really happens until there's money in the bank and today at 11 o'clock we put the money in the bank," said Bjordahl.

Bjordahl said it was difficult to convince lenders that such a large hotel will be feasible in Rapid City.

Bjordahl appeared with Rapid City Mayor Art LaCroix at a hastily assembled press conference Tuesday afternoon at the Municipal Building.

LaCroix said the Hilton is not the "total answer" to bolstering the downtown economy, but the mayor appeared to be enthusiastic about the hotel.

"It's a compliment to him (Bjordahl) and the people who finally came up with the financing," LaCroix said.

According to Bjordahl, the $5,063,000 180-room convention center is expected to be completed in spring of 1981 on the northwest corner of the intersection.

The convention center will have a banquet hall with a capacity of 300, a 145-seat dining room, a 120-seat cocktail lounge and a 60-seat coffee shop.

In September, the Rapid City Common Council gave final approval to a resolution granting exemption from federal income tax for bonds to finance the Hilton.

The resolution won unanimous approval two months ago, with council members agreeing that the Hilton will complement the Rushmore Plaza Civic Center and provide a shot in the arm to the local economy.

"I'm very pleased," 3rd Ward council member Alyce McKay said Tuesday. "Any development downtown is of vital importance and I'm glad it's on its way."

The economic development bonds issued by the city total about $4.3 million. The remainder of the funds to finance the Hilton, approximately $750,000, will be invested by Bjordahl and a partner, Charles Bland, Bjordahl said.

Bland is the chairman of the board of Wellington Construction, Columbus, Miss., general contractor for the project, according to Bjordahl.

However, local subcontractors will do the lion's share of the work on the facility, Bjordahl said.

Bjordahl told newsmen that FBS Financial is providing the interim construction loan and Aetna Life and Casualty will undertake the long-term financing.

Bjordahl said the Hilton could not be built without the bond arrangement with the city.

The economic development program poses no risk to the city government, officials said.

The signing of the final documents marked his brightest day in Rapid City in six years, Bjordahl said.

"It's not even snowing, as far as I'm concerned."