



Shakopee City Council July 21, 2026

8.b

Agenda Item: Appeal of Revocation of Hotel License for American Group of Properties LLC (Baymont Hotel)
Prepared by: Michael Kerski, Planning and Development Director
Reviewed by: Michael Kerski

Action to be considered:

Approve

Motion Type:

Simple Majority

Background:

The City of Shakopee licenses hotels to protect the health, safety, and welfare of hotel guests, employees, neighboring properties, and the general public. A hotel license is conditioned upon the licensee's continued compliance with City Code and other applicable laws and the responsible operation and management of the licensed premises.

The Baymont Hotel has been the subject of continuing concerns involving management practices, public safety, police calls for service, disturbances, criminal activity, fire and life-safety concerns, and repeated demands upon City resources.

The City has communicated its concerns to hotel ownership and management and has provided the licensee with notice and opportunities to correct conditions at the property. Despite these efforts, significant incidents and operational concerns have continued.

Police records document 84 incidents associated with the Baymont during 2025 and 2026, including 41 incidents in 2025 and 43 incidents in 2026. The incidents include disturbances, assaults, threats, suspicious persons and vehicles, unwanted guests, intoxicated persons, welfare checks, theft, warrants, domestic incidents, criminal sexual conduct, fire alarms, and other calls requiring police, fire, emergency medical, and City staff responses.

Two incidents are particularly significant.

First, following a private adult-lifestyle event for which the entire hotel had reportedly been rented, two attendees were found deceased in a hotel room on New Year's Day.

Illegal narcotics and drug paraphernalia were reportedly located near the bodies, and substances recovered from the room tested positive for fentanyl, methamphetamine, and cocaine.

Second, on March 28 and 29, 2026, the hotel knowingly permitted the entire property to be used for a 24-hour event that resulted in threats of potential gang violence, assaults, disturbances, repeated fire alarms, suspected ordinance violations, the assignment of additional Shakopee police officers on overtime, and 16 calls for service.

Following review of the operational history of the property, the City initiated proceedings to revoke the hotel license.

The licensee requested a hearing regarding the revocation. By letter dated May 5, 2026, the City scheduled the hearing before the City Council for July 16, 2026. The letter advised the licensee that the City expected full compliance with all applicable ordinances and licensing conditions during the interim period, including Chapter 118 of the City Code, and reserved the right to take additional enforcement action if additional violations, criminal activity, or nuisance-related events occurred before the hearing.

After the event, staff identified the following violations at the property:

- Prostitution, prostitution-related activity, sex trafficking, or other forms of human trafficking;
- Maintaining a public nuisance in violation of Minn. Stat. § 609.74, clauses (1) or (3);
- Permitting a public nuisance in violation of Minn. Stat. § 609.745;
- Unlawful sale, possession, storage, delivery, manufacture, cultivation, or use of controlled substances;
- Unlicensed sale of alcoholic beverages;
- Unlicensed sale of cannabis or low-potency hemp products;
- Unlawful sale or distribution of alcoholic beverages, cannabis, or low-potency hemp products, or unlawful possession or consumption by persons under 21 years of age;
- Unlawful use or possession of a firearm, firearm parts, or ammunition;
- Violations of state law or City ordinance related to the licensed activity;
- Disorderly conduct in violation of Minn. Stat. § 609.72.

The matter is now before the City Council to determine whether the revocation should be upheld.

History of Public Safety and Operational Concerns

The Baymont Hotel has generated a continuing pattern of police calls for service and

incidents requiring City intervention.

Police records document 84 incidents associated with the property during 2025 and 2026.

There were 41 documented incidents in 2025 and 43 documented incidents in 2026.

The incidents include disturbances, assaults, threats, suspicious persons and vehicles, unwanted guests, intoxicated individuals, welfare checks, theft, warrants, domestic incidents, criminal sexual conduct, fire alarms, and other incidents requiring police, fire, emergency medical, and other City responses.

Staff recognizes that hotels are public accommodations and that police calls will occasionally occur at any hotel. The City does not attribute every criminal act, medical emergency, disturbance, or request for assistance occurring at the property to hotel ownership or management.

The issue before the City Council is not simply the number of calls for service occurring at the hotel.

The issue is the totality of the record, including:

- The frequency, nature, and seriousness of incidents occurring at the property;
- The concentration of incidents associated with certain events;
- Management's knowledge of recurring public safety and operational problems;
- The adequacy of management, security, supervision, and operational practices;
- The licensee's response to prior City concerns and warnings;
- The use of the property for large private events presenting heightened public safety risks;
- The burden placed upon City police, fire, inspection, and other resources; and
- Whether the licensee has demonstrated the ability and willingness to responsibly operate the hotel.

Staff believes the totality of the record demonstrates that the licensee has failed to meet the responsibilities associated with holding a City-issued hotel license.

New Year's Day Double-Fatality Incident

Shakopee police officers were dispatched to the Baymont Hotel to conduct a welfare check after family members of 47-year-old Josh Quale became concerned that they had not heard from him and located his work vehicle in the hotel parking lot.

The victims had reportedly attended the "Big O" Frozen Fantasy Event, a private adult-lifestyle gathering organized by Midwest Euphoria. Midwest Euphoria had reportedly

rented the entire hotel for the event.

Mr. Quale had reportedly failed to check out of his hotel room as scheduled. When officers entered the room, they found two deceased individuals. The deceased were subsequently identified as Mr. Quale and 54-year-old Shantelle Denise Bresson. Because of the condition of the bodies, the individuals could not immediately be identified. Police also located suspected illegal narcotics and drug paraphernalia near the deceased individuals.

Field testing of substances recovered from the room reportedly produced positive results for fentanyl, methamphetamine, and cocaine. The available evidence suggested the deaths were the result of drug overdoses.

Midwest Euphoria subsequently stated that it maintains a zero-tolerance policy for illegal drugs and prostitution at its events.

The City does not assert that hotel ownership or management supplied the illegal narcotics, caused the deaths, or was directly responsible for the criminal activity occurring inside the hotel room.

The incident is nevertheless relevant to the City Council's consideration of the hotel license.

The incident occurred in connection with a private event for which the entire hotel had reportedly been rented. Two attendees remained deceased in a guest room after the event and were not discovered until police conducted a welfare check. Illegal narcotics and drug paraphernalia were reportedly located near the bodies. The incident raises legitimate concerns regarding the hotel's screening of large private events, monitoring of activities occurring on the premises, control of guests and visitors, enforcement of hotel policies, procedures for identifying guests who fail to check out, and coordination with public safety officials.

The incident is particularly significant when considered with the subsequent March 28–29 event.

March 28–29, 2026, 24-Hour Lock-In Event

On Saturday, March 28, 2026, beginning at approximately 11:00 a.m., the Baymont Hotel hosted what was advertised as the second annual 24-hour lock-in “Spring Break Edition.” The event continued until approximately 11:00 a.m. Sunday. The event organizers rented the entire hotel. Information obtained by the Shakopee Police Department indicated that rooms were being rented for approximately \$1,000 per room for the event.

The event included live musical performances and was advertised as including live entertainment, exotic dancers, a wet T-shirt contest with a \$1,000 prize, and vendors.

Upon learning of the event, the Police Department began gathering intelligence regarding the anticipated activities.

City officials served hotel management with written notice explaining potential ordinance violations associated with the event and the activities being advertised. Despite receiving the City's warning and being advised of the potential violations, hotel management allowed the event to proceed. Police personnel also contacted the event organizer. The event organizers reportedly provided approximately 80 armed private security personnel. Despite the size, duration, nature, and security concerns associated with the event, the City did not learn of the event until shortly before it was scheduled to occur.

The organizer cooperated with police, provided contact information, requested additional police patrols, and invited officers to walk through the event.

However, the organizer did not alter or cancel the planned event. At approximately 3:00 p.m. on Saturday, the Police Department received information that rival gangs were discussing coming to the event to "shoot it up." The receipt of a specific threat of potential gang violence substantially changed the public safety circumstances surrounding the event. The Police Department determined that additional personnel were necessary to protect the public and reduce the risk of a major incident. Two patrol officers and one detective were called in on overtime specifically to provide additional coverage for the event.

Although a mass-casualty incident was avoided, the event generated significant police and fire activity. A total of 16 calls for service were generated at the property during the event. The incidents included assaults, disturbances, and other calls requiring police intervention. One individual was arrested and taken to jail. The Shakopee Fire Department responded to three fire alarm calls.

According to information provided by public safety personnel, fire alarms were repeatedly activated because of the amount of marijuana smoke accumulating within the hotel.

Photographs and online videos reviewed by City staff showed substantial smoke inside the hotel and crowded interior conditions.

The Fire Department spent significant time responding to and addressing fire alarm activations at the property. The City's public safety response was necessary despite the presence of approximately 80 armed private security personnel.

The private security personnel were unable to adequately prevent, control, or resolve the

incidents occurring at the property without repeated intervention by City police and fire personnel. The Police Department subsequently indicated its intent to pursue criminal charges for ordinance violations associated with the event and to work with the Scott County Attorney's Office to determine whether charges should be pursued against hotel ownership, hotel management, event organizers, or other responsible parties.

Hotel Management's Knowledge and Responsibility

The circumstances surrounding the March 28–29 event are particularly significant because hotel management was aware of the event and knowingly permitted it to proceed. This was not a spontaneous gathering of hotel guests that unexpectedly became disorderly. The entire hotel had been rented for a planned, advertised, 24-hour event.

Hotel management had the ability to obtain information regarding the event, determine the expected attendance and activities, evaluate potential security and life-safety risks, establish conditions for use of the property, require adequate professional security and operational plans, prohibit activities that violated City Code, notify City public safety officials in advance, or decline to host the event.

Instead, the City learned of the event shortly before it was scheduled to begin. After the Police Department learned of the event, City officials specifically advised hotel management of potential ordinance violations associated with the activities being advertised.

Hotel management nevertheless allowed the event to proceed. The Police Department's account indicates that management did not intend to interrupt or materially alter the event despite the City's warnings.

The event organizer requested additional police patrols, further demonstrating that those responsible for the event recognized the potential for significant public safety concerns.

The City Council should consider whether a hotel operator that knowingly permits an event of this scale and nature, fails to provide meaningful advance notice to the City, proceeds after receiving warnings regarding potential ordinance violations, and subsequently requires extraordinary police and fire responses has demonstrated the judgment and management practices expected of the holder of a City-issued hotel license. Staff believes it has not.

Failure of Private Security and Inadequate Event Planning

The reported presence of approximately 80 armed private security personnel does not mitigate the hotel's responsibility.

The circumstances raise additional concerns regarding management's judgment and oversight. An event requiring approximately 80 armed security personnel, should have caused a reasonable hotel operator to recognize the extraordinary nature of the event and the potential risks to hotel employees, guests, neighboring properties, emergency responders, and the public.

Despite this level of private security, the event generated 16 calls for service, three fire alarm responses, assaults, disturbances, an arrest, and the need for additional Shakopee police officers to work overtime. Online videos and photographs showed significant smoke and crowded conditions within the hotel. Fire alarm activations are not minor inconveniences. Each activation requires an emergency response, consumes Fire Department resources, creates risks for responding personnel, and potentially reduces the availability of emergency services elsewhere in the community. Repeated fire alarm activations caused by activities knowingly permitted to occur at a licensed hotel are evidence of inadequate management and control of the premises.

The combination of crowded conditions, substantial smoke, repeated alarm activations, intoxicated individuals, disturbances, assaults, threats of potential gang violence, and the presence of firearms created significant risks to guests, employees, public safety personnel, and the public.

The private security personnel could not adequately manage the event without substantial assistance from City public safety agencies. The record does not demonstrate that the hotel presented the City with a comprehensive event management plan, crowd management plan, emergency response plan, fire and life-safety plan, security plan, or other operational plan before allowing the event to proceed.

The circumstances demonstrate a significant failure of management judgment, advance planning, coordination with public safety agencies, and oversight of activities occurring on the licensed premises.

Fire and Life-Safety Concerns

Pattern of Whole-Hotel Private Events

The Midwest Euphoria deaths and the March 28–29 event cannot be considered in isolation.

Both incidents occurred in connection with private organizations renting or reportedly renting the entire hotel for large gatherings.

Both involved circumstances creating substantial public safety and operational concerns.

Following the first event, two attendees were found deceased in a hotel room. Suspected

illegal narcotics and drug paraphernalia were found near the bodies, and substances recovered from the room reportedly tested positive for fentanyl, methamphetamine, and cocaine.

The second event involved threats of potential gang violence, approximately 80 armed private security personnel, assaults, disturbances, repeated fire alarms, extensive marijuana smoke, an arrest, 16 calls for service, and the assignment of additional Shakopee police officers on overtime.

The City is not suggesting that all private events or whole-hotel rentals are inherently problematic.

The relevant licensing issue is the judgment exercised by the licensee when evaluating proposed events, the adequacy of advance planning and coordination, the hotel's ability to control activities occurring on the premises, the effectiveness of security measures, and management's response when the City identifies significant concerns.

The record demonstrates a pattern in which the hotel permitted large private events presenting heightened and foreseeable public safety risks without adequate advance planning, monitoring, control, coordination with City public safety officials, or effective security measures.

Continuing Pattern of Problems

The two major events occurred against a broader background of continuing public safety and operational concerns at the Baymont.

During 2025, police responded to incidents involving disturbances, unwanted guests, suspicious persons and vehicles, intoxicated individuals, welfare checks, criminal sexual conduct, theft, warrants, a DWI-related incident, and other calls for service. During 2026, police continued to respond to disturbances, assaults, threats, suspicious activity, welfare checks, unwanted guests, domestic incidents, and other calls requiring intervention.

Police records document 13 disturbance calls and three assault incidents during 2026.

The recurring problems demonstrate more than the unavoidable risks associated with operating a hotel. The record reflects a pattern of management permitting activities at the property that present foreseeable and heightened public safety risks without adequate advance planning, oversight, security, policy enforcement, or coordination with the City.

Management Responsibility

The City does not expect a hotel operator to prevent every criminal act, disturbance, medical emergency, or request for police assistance occurring at the property. The City does expect a licensed hotel operator to responsibly manage the premises.

Responsible management includes maintaining adequate staffing, monitoring guests and visitors, controlling access to the property, promptly addressing disruptive behavior, enforcing hotel policies, evaluating the risks associated with large events, maintaining appropriate security procedures, coordinating with public safety officials, complying with applicable City Code requirements, and taking effective corrective action when recurring problems are identified.

The record demonstrates that significant problems have continued despite the City's involvement and the licensee's awareness of the City's concerns.

The licensee has not demonstrated implementation of effective and sustainable operational changes sufficient to address the recurring problems at the property.

Promises of future improvement are not a substitute for demonstrated compliance.

The City must evaluate the licensee based upon the actual operating history of the property and whether the licensee has demonstrated the ability and willingness to responsibly operate the hotel.

Based upon the record, staff does not believe that standard has been met.

Notice and Opportunity for Corrective Action

The City has communicated concerns regarding the operation of the property to hotel ownership and management.

The licensee has been aware of the City's concerns regarding public safety incidents, security, management practices, property operations, and the repeated use of City resources.

The City provided the licensee with opportunities to address these concerns.

Following the initiation of the revocation process, the licensee requested a hearing.

By letter dated May 5, 2026, the City scheduled the hearing before the City Council for July 16, 2026, consistent with the licensee's availability. The letter advised that the City expected full compliance with all applicable ordinances and licensing conditions during the interim period, including Chapter 118 of the City Code and all related public safety requirements contained in the original Notice of Intent. The City also expressly reserved

its right to advance the hearing or take additional enforcement action if further violations, criminal activity, or nuisance-related events occurred before the hearing.

The licensee has therefore received notice of the City's concerns, notice of the licensing action, an opportunity to request a hearing, and an opportunity to appear before the City Council, submit evidence, provide testimony, respond to the City's evidence, and present arguments regarding the revocation.

Burden on City Resources

The operation of the Baymont has required repeated responses from the Shakopee Police Department, Shakopee Fire Department, emergency medical services, inspection personnel, and other City staff.

The March 28–29 event provides a particularly significant example. The Police Department was required to gather intelligence regarding the event, investigate potential threats, communicate with hotel management and event organizers, provide additional patrols, assign two patrol officers and a detective on overtime, respond to 16 calls for service, investigate assaults and disturbances, make an arrest, and conduct follow-up investigations regarding potential ordinance violations. The Fire Department responded to three fire alarms and spent substantial time at the property addressing conditions associated with smoke inside the hotel.

The Midwest Euphoria incident required police officers to conduct a welfare check, investigate two unattended deaths, secure and process the scene, identify the deceased individuals, recover and test suspected illegal narcotics, obtain judicial authorization for further investigation where necessary, and investigate the source of the suspected controlled substances.

These responses impose direct costs upon the City and divert limited police and fire resources from residents, businesses, and other emergencies.

The City does not expect a licensed business to eliminate every request for public safety assistance.

The City can reasonably expect a licensed hotel operator to manage its premises in a manner that does not create recurring and disproportionate demands upon public resources. The Baymont has failed to meet that expectation.

Consideration of the Licensee's Evidence and Corrective Actions

The City Council should consider all evidence, testimony, explanations, security measures,

management changes, corrective action plans, and other materials submitted by or on behalf of the licensee.

The relevant question is not simply whether the licensee has proposed changes following the initiation of revocation proceedings.

The relevant question is whether the licensee's actual operating history demonstrates sustained compliance and whether proposed corrective measures provide reasonable assurance that the recurring conditions documented at the property will not continue. The City has previously communicated concerns to hotel ownership and management and provided opportunities for corrective action.

The March 28–29 event is particularly relevant because hotel management allowed the event to proceed despite receiving advance warnings from the City regarding potential ordinance violations.

Consideration of Lesser Sanctions

License revocation is a serious enforcement action.

Staff has considered whether warnings, additional license conditions, probation, suspension, event restrictions, enhanced security requirements, operational plans, or other lesser sanctions would adequately address the continuing problems at the property.

The City's prior efforts to obtain corrective action have not resulted in sustained improvement.

The City should not be required to continue repeated cycles of serious incidents, warnings, promises of corrective action, temporary improvements, and renewed incidents before taking effective licensing action.

Based upon the operational history of the property, the seriousness of the incidents, management's decisions regarding large private events, the risks created for the public and emergency responders, and the continuing burden upon City resources, staff does not believe that lesser sanctions will adequately protect the public health, safety, and welfare.

The decision before the City Council is not whether every police call occurring at the Baymont is attributable to hotel management.

The decision is whether, based upon the totality of the administrative record, the licensee has demonstrated the ability and willingness to responsibly operate a hotel under a license issued by the City of Shakopee.

The record demonstrates a continuing pattern of public safety incidents and demands upon City services. More significantly, the record includes two serious whole-hotel private events.

City officials warned hotel management of potential ordinance violations. Management allowed the event to proceed.

These incidents did not occur in isolation. They occurred against a broader background of 84 documented incidents at the property during 2025 and 2026. The City has provided notice, opportunities for corrective action, and an opportunity for the licensee to appeal the revocation and be heard by the City Council.

The licensee has failed to demonstrate sustained improvement or that additional warnings or lesser sanctions are reasonably likely to achieve compliance.

The licensing issue is whether management exercised reasonable judgment, maintained adequate control over the premises, responded effectively to recurring problems, coordinated appropriately with public safety officials, and demonstrated the ability and willingness to responsibly operate the hotel.

Based upon the totality of the administrative record, staff concludes that it has not.

Recommendation:

Approve Resolution R2026-106 Upholding the Revocation of the Hotel License for the Baymont Hotel and Adopting Findings of Fact, Conclusions and Order

Budget Impact:

Reduction in the calls for service.

Attachments:

[RESOLUTION on Baymont for City Council.docx](#)

[Baymont Revocation.pdf](#)

[Request for Hearing by Baymont](#)

[City Acknowledgement](#)